GOVERNANCE AND AUDIT COMMITTEE

Thursday, 29th September, 2022

2.00 pm

Council Chamber, Sessions House, County Hall, Maidstone

Kent County Council
kent.gov.uk

AGENDA

GOVERNANCE AND AUDIT COMMITTEE

Thursday, 29th September, 2022, at 2.00 pm
Council Chamber, Sessions House, County Hall, Maidstone

Ask for: **Katy Reynolds**
Telephone: **03000 422252**

Membership (12)

Conservative (7)	Mrs R Binks (Chairman), Mr N J D Chard, Mr D Jeffrey, Mr H Rayner, Mr R J Thomas, Mr S Webb and Vacancy
Labour (1)	Mr A Brady
Liberal Democrat (1):	Mr A J Hook
Green and Independent (1)	Mr M A J Hood
Independent Member (1)	Dr D A Horne

UNRESTRICTED ITEMS
(During these items the meeting is likely to be open to the public)

1.   Introduction/Webcasting

2.   Substitutes

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

4.   Minutes of the Meeting Held on 21 July 2022 (Pages 1 - 4)

5.   Annual Governance Statement - Verbal Update

6.   Internal Audit Progress Report (Pages 5 - 30)

7.   SEND Transport Review Report - To Follow

8.   Internal Audit Annual Report and Opinion (Pages 31 - 82)

9.   Other items which the Chairman decides are urgent

Motion to exclude the press and public for exempt business

That, under Section 100A of the Local Government Act 1972, the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act.

Paragraph 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information)

EXEMPT ITEMS

(During these items the meeting is likely NOT to be open to the public)

10.   Internal Audit Progress Report and Opinion on ICT04-2022 IT Data Security for DSP Toolkit (Pages 83 - 84)

Benjamin Watts
General Counsel
03000 416814

Wednesday, 21 September 2022

Please note that any background documents referred to in the accompanying papers maybe inspected by arrangement with the officer responsible for preparing the relevant report.

KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber on Thursday, 21 July 2022.

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

ALSO PRESENT: Mr P J Oakford and Mrs C Bell

IN ATTENDANCE: Mr B Watts (General Counsel), Mr J Idle (Head of Internal Audit), Mr M Scrivener (Corporate Risk Manager), Mr D Whittle (Director of Strategy, Policy, Relationships and Corporate Assurance), Mr Paul Dossett, Mr J Flannery (Counter Fraud Manager), Mr M Bridger (Commissioning Standards Programme Manager), Mr N Buckland (Head of Pensions and Treasury), Ms F Smith (Audit Manager), Mr R Smith (Audit Manager) and Mr J Graham (Pension Fund Treasury and Investments Manager) and Ms K Reynolds (Democratic Services Officer)

UNRESTRICTED ITEMS

37. Introduction/Webcasting
(Item 1)

Apologies had been received from Mr S Webb, Mr R Thomas and Mr Hook. Mr Weatherhead was present as substitute for Mr Webb.

38. Minutes - 27 April 2022
(Item 4)

RESOLVED that the minutes of the meeting held on 27 April 2022 were correctly recorded and that they be signed by the Chairman.

39. Corporate Risk Register
(Item 5)

(1) Mark Scrivener, Corporate Risk Manager & Interim Corporate Assurance Manager, introduced the item. The Governance & Audit Committee receives the Corporate Risk Register every six months for assurance purposes.

(2) During discussion of this item, Members of the Committee raised the following issues in respect of the various Risks set out in the Register:

(a) In respect of Risk CRR0003 (Securing resources to aid economic recovery and enabling infrastructure), early Member involvement was an important risk mitigation measure being carried out in different forms. The Leader said that national policies had a significant impact on the Council's ability to secure and enable infrastructure.

(b) Mr Whittle said that the controls and guidance relating to CRR0051 (Supporting the workforce transition to hybrid working) would be reviewed given the changing landscape of the COVID-19 pandemic.

(c) The high risk rating for CRR0042 (Border fluidity, infrastructure, and regulatory arrangements) would impact Kent tourism and hospitality industries. The effects were seen most immediately in east Kent.

(d) There was ongoing engagement with the Department of Education (DfE) regarding CRR0044 (High Needs Funding shortfall) and Mr Betts said that there was a well-established framework created by the DfE for 'safety valve' work in this area.

(3) The Committee asked for a briefing session on CRR0044 to be arranged for training purposes.

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

40. Update on the National Framework for External Audit (Public Sector Audit Appointments)
(Item 6)

(1) The Interim Corporate Director of Finance, introduced the report which provided Members with an update on the opt into the sector-led option for auditor appointments managed by Public Sector Audit Appointments (PSAA) as the appointing person.

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

41. 2021/22 External Audit Plan
(Item 7)

(1) Mr Paul Dossett from Grant Thornton UK LLP introduced the External Audit Plan for 2021/22. The report provided an overview of the planned scope and timing of the statutory audit of Kent County Council and group for those charged with governance.

(2) The General Counsel agreed to raise a query with Strategic Commissioning about the percentage of contracts and spend captured in the Contracts Register. He would also query the value of those contracts not captured.

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

42. External Audit Progress Report and Sector Update
(Item 8)

(1) Mr Paul Dossett from Grant Thornton UK LLP introduced the report on current progress on external audit work.

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

43. Internal Audit Progress Report
(Item 9)

Mr R Smith, Corporate Director of Adult Social Care and Health, attended virtually for this item.

(1) The Head of Internal Audit introduced the report which provided detailed summaries of completed Audit reports for the period April to June 2022

(2) The Internal Audit Manager highlighted that there were two limited audit summaries included in the Internal Audit Progress report: RB18-2022 (Supervision of Social Workers) and DP1-2022 (Provider data Protection Themed Review). She also outlined relevant matters relating to the resourcing of the Internal Audit function including the deployment of the team's resource to the SEND Transport Lessons Learned review.

(3) An overview of the implementation of agreed actions was provided by an Internal Audit Manager.

(4) In response to questions and comments from Members it was said that:
   (a) With regard to DP1-2022, it was confirmed that the review had been undertaken on 23 OP Care Home Providers.
   (b) In reference to RB12-2022 (Contract Management (ASCH)), a set of operating standards outlining best practice had been embedded into each stage of the commissioning life cycle, including at the contract management phase.

(5) At the end of the item the Head of Internal Audit provided a verbal update on the SEND Transport Review. He said that substantial progress had been made since the last meeting of the Committee. The review was expected to conclude in August 2022 and it was anticipated that the final report would be taken to the Governance and Audit Committee meeting on 29 September 2022.

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

44. Counter Fraud Update
(Item 10)

(1) The Counter Fraud Manager introduced the report on the Counter Fraud activity undertaken for the period April 2022 to July 2022, including reported fraud and irregularities. This report also contained an update on the Counter Fraud Action Plan for in 2022/23 covering reactive and proactive activity. The Counter Fraud Manager said that the prevented and potential losses in Kent County Council were significant. This was mainly attributed to mandate fraud which was becoming more cyber-enabled.

(2) It was said that the Fraud Risk on the Corporate Risk Register was under review and was subject to change. The team liaised with national bodies as part of the horizon-scanning process to assess this risk within local authorities. It was also highlighted that the Kent Intelligence Network board were assessing the fraud risks associated with the cost-of-living pressures.

(3) RESOLVED to note the Counter Fraud Progress report for 2022/23. The Chairman thanked the small team of Officers for their work which, since 2019, has retrieved or saved a considerable amount of money each year for both KCC and the District Councils.

40. Treasury Management Annual Review
(Item 11)

(1) The Head of Pensions and Treasury introduced the report which provided a summary of Treasury Management activity in 2021-22.

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

46. CIPFA Review of the Governance & Audit Committee
(Item 12)

(1) The General Counsel introduced the final report which outlined the findings of the review of the Governance and Audit Committee commissioned from CIPFA. He thanked Ms Elizabeth Humphrey and her team for their work.

(2) The recommendations of the report were agreed and allocated as outlined in Appendix 1. With regard to recommendation 6, it was agreed to continue to provide balanced internal audit reports. However, agenda time would be focused on material matters, where the Governance and Audit Committee could make a difference. A Microsoft Teams site would be developed for the Committee to receive information in a timelier manner.

(3) RESOLVED to discuss the report and recommendation of the report commissioned from CIPFA.

47. Annual Governance Statement
(Item 13)

(1) The General Counsel introduced the report which provided Members with an update on some of the ongoing activity that was being progressed. The report also brought Members up to date on the work on the Annual Governance Statement for 2021/22.

(2) RESOLVED to:
   (a) note the update on governance activity; and
   (b) approve the updated timetable for the Annual Governance Statement

48. Committee Work and Member Development Programme
(Item 14)

(1) The General Counsel said that an additional meeting would be added to the Autumn meeting cycle. This would be standard practice going forward given the volume of committee work undertaken between July and December each year.

(2) RESOLVED to note the verbal update.

By:	Jonathan Idle – Head of Internal Audit
To:	Governance and Audit Committee – 29 September 2022
Subject:	**INTERNAL AUDIT PROGRESS REPORT**
Classification:	Unrestricted

Summary:

This Progress Report details summaries of completed Audit reports for the period July – August 2022.

Recommendation:

The Governance and Audit Committee note the Internal Audit Progress Report for the period July to August 2022.

FOR ASSURANCE

1.   Introduction

1.1   Public Sector Internal Audit Standards (PSIAS) 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 August 2022 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 August 2022.

3.   Background Documents

Internal Audit Progress Report.

Jonathan Idle, Head of Internal Audit

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INTERNAL AUDIT PROGRESS REPORT

GOVERNANCE AND AUDIT COMMITTEE

29 September 2022

1. Introduction

1.1 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.

1.2 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.

1.3 This activity report provides Members of the Governance and Audit Committee and Management with 8 summaries of completed work between July and August 2022.

2. Key Messages

- 8 audits have been finalised in the period reported. See **Appendices A, B & C**
- 42 of 57 audits from the 2021/22 Audit Plan are either in progress, at draft report or complete
- 15 of 26 audits from the 2022/23 Audit Plan are in progress or being planned
- 21 grants have been certified since 01 April 2022

3.1 - 2021/22 Internal Audit Plan

This report provides an update on the work completed between July and August 2022 against the 2021/22 Audit Plan. The audit summaries are provided at **Appendix C**. The audit opinion Definitions are provided at **Appendix D**. Since the previous Committee, progress has continued with 64% of the Plan now either completed or at Draft Report stage. A further 10% of the Plan is either in planning or currently in progress.   The audits which have been deferred / removed from the Audit Plan, has primarily been to allow audit resources to be diverted to the SEND Transport Lessons Learned Review. **Table 1** below illustrates the status of the overall completion of the Audit Plan.

Table 1 – Status of 2021/22 Audit plan

Status	No Audits	%
Not Started	0	0
Planning	0	0
Fieldwork	3	5
Draft Report	1	2
Complete	35	62
Ongoing	3	5
Deferred / Removed	15	26

3.2 - 2022/23 Internal Audit Plan

This report provides an update on the work completed between July and August 2022 against the 2022/23 Audit Plan. There are currently 15 of the 26 audits being planned or in progress. See **Appendix B** below for more details.

3.3 - Resources

In accordance with the Public Sector Internal Audit Standards, Members need to be appraised of relevant matters relating to the resourcing of the Internal Audit function. A large amount of the team's resource has been deployed to the SEND Transport Lessons Learned review. However, these resources are now being diverted back to the main Audit Plan. The vacant Principal IT Auditor post is currently being advertised.

Table 2 – Summary of Audits by Committee Meeting

	Governance & Audit Committee – 30 November 2021		
	Audit	**Assurance**	**Prospects for Improvement**
1	Schools Themed Review - Cyber Security (**EXEMPT**)	ADEQUATE	GOOD
2	Imprest Accounts Follow-up (**EXEMPT**)	N/A	N/A
3	ACCESS Pool	SUBSTANTIAL	VERY GOOD
4	Strategic Commissioning Follow-up	N/A	N/A
5	Cyber Security - Management of Backups for Applications, Data and active Network Devices (**EXEMPT**)	ADEQUATE	VERY GOOD
6	Records Management	LIMITED	GOOD
7	ASCH Day Care Centre Review (**EXEMPT**)	N/A	N/A
8	Information Governance Assurance Map Update	N/A	N/A
9	Sessions House Data Centre Failure – Lessons Learnt Review (**EXEMPT**)	N/A	N/A
	Governance & Audit Committee – 25 January 2022		
10	Searchlight – Data Breaches	ADEQUATE	GOOD
11	General Ledger	SUBSTANTIAL	GOOD
12	Urgent Payments Follow Up	N/A	N/A
13	Data Protection – Adult Social Care & Health	ADEQUATE	VERY GOOD
14	Provider Invoicing	LIMITED	GOOD

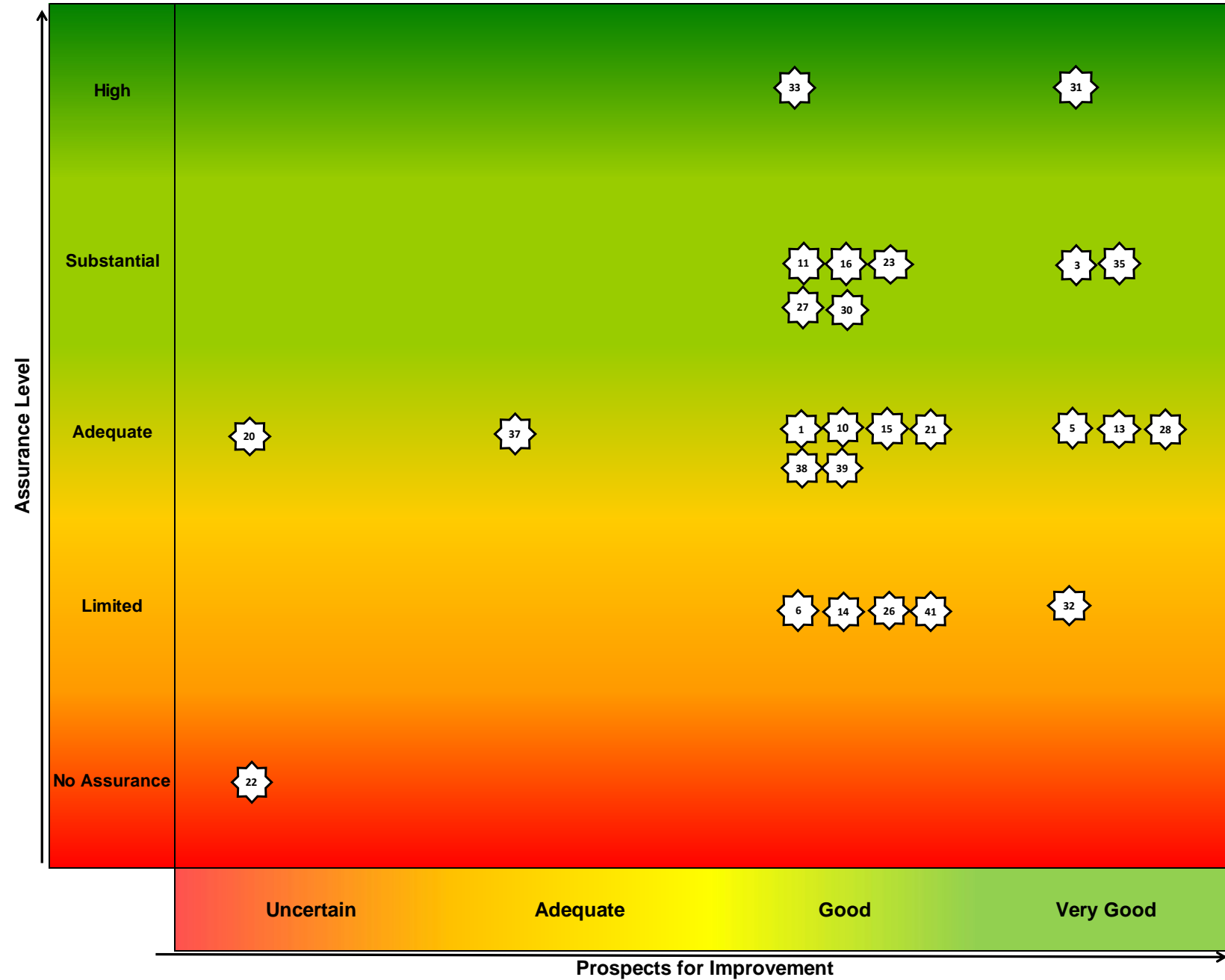|	Governance & Audit Committee – 27 April 2022		
15	Strategic Reset Programme – Top Tier Governance	ADEQUATE	GOOD
16	Data Security Protection Toolkit Audit	SUBSTANTIAL	GOOD
17	ICT Cyber Security Assurance Map **(EXEMPT)**	N/A	N/A
18	Strategic Reset Programme – People Strategy	N/A	N/A
19	Risk Management – Position Statement	N/A	N/A
20	ICT Cloud Strategy, Security and Data Migration	ADEQUATE	UNCERTAIN
21	Declaration of Interests Members	ADEQUATE	GOOD
22	Gypsy & Traveller Service – Site Allocation & Pitch Fee Collections	NO ASSURANCE	UNCERTAIN
23	New Grant Funding	SUBSTANTIAL	GOOD
24	Ashford Sevington Grant Certification	N/A	N/A
25	CIPFA Financial Management (FM) Code	N/A	N/A
26	Property Infrastructure – Functions and Processes Transferred to KCC from Gen2	LIMITED	GOOD

|	Governance & Audit Committee – 21 July 2022		
27	CS04-2022 Payroll	SUBSTANTIAL	GOOD
28	RB12-2022 Contract Management (ASCH)	ADEQUATE	VERY GOOD
29	RB19-2022 Accommodation for Young People / Care Leavers Follow Up	N/A	N/A
30	RB32-2022 New Local Infrastructure Projects Across Kent (SELEP)	SUBSTANTIAL	GOOD
31	RB20-2022 Business Continuity Planning (CYPE)	HIGH	VERY GOOD
32	RB18-2022 Supervision of Social Workers	LIMITED	VERY GOOD
33	RB09-2022 Public Health Covid-19 Ring-Fenced Grants	HIGH	GOOD
34	RB03-2022 Enterprise Business Capabilities (Oracle)	N/A	N/A
35	RB23-2022 Information Governance (CYPE)	SUBSTANTIAL	VERY GOOD
36	DP1-2022 Provider Data Protection Themed Review	LIMITED	N/A

	Governance & Audit Committee – 29 September 2022		
37	ICT04-2022 IT Data Security for DSP Toolkit (EXEMPT)	ADEQUATE	ADEQUATE
38	RB25-2022 School Themed Review – Credit Cards	ADEQUATE	GOOD
39	RB30-2022 Kent & Medway Business Fund	ADEQUATE	GOOD
40	RB05-2022 KCC Estate Review	N/A	N/A
41	CA03-2022 Equalities Act (Duties) 2010	LIMITED	GOOD
42	RB28-2022 Highways Term Maintenance Contract	N/A	N/A
43	RB15-2022 Making a Difference Everyday Programme	N/A	N/A
44	RB21-2022 Change for Kent Children	N/A	N/A

2021/22 Audit Assurance Levels and Prospects for Improvement of Audits

Assurance Level

High — 33 — 31

Substantial — 11 16 23 — 3 35 / 27 30

Adequate — 20 — 37 — 1 10 15 21 — 5 13 28 / 38 39

Limited — 6 14 26 41 — 32

No Assurance — 22

Uncertain   **Adequate**   **Good**   **Very Good**

Prospects for Improvement

Assurance Level	No	%
High	2	8%
Substantial	7	27%
Adequate	11	42%
Limited	5	19%
No	1	4%

Assurance Levels 2021/22
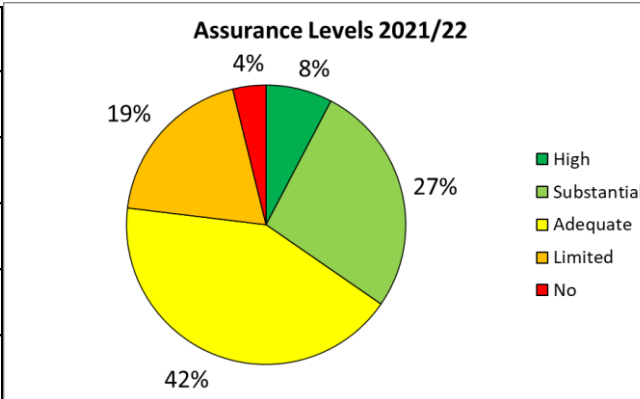
3.4 Grant Certification Work:

Internal Audit work on grant certification provides an essential service for the Council. Although it is not audit opinion work, the Audit team's schedule of grant certifications is an ongoing commitment of Internal Audit resources which requires adherence to strict timescales for the certification of claims submitted.

In **2022-23**, the team has to date audited and certified Interreg 19 grant claims with a value of **€1,679,023**. Additional On the Spot (enhanced re-audit) for 2 grant projects have been completed with a further 1 On the Spot check currently in progress.

The Audit team also provide a service to certify Interreg grant claims for external clients with 2 claims having been certified to date in 2022-23.

Grant work is also completed by the Audit team in respect of validating expenditure of various UK Government Grants awarded for activities such as Highways Travel Demand Management and Bus Service Operators Grant.

Details of all certifications for **2022-23** can be seen at **Appendix E**.

4. 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 B**, 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
RB15-2022 Making a Difference Everyday Programme	RB25-2022 School Themed Review – Credit Cards RB21-2022 Change for Kent Children
(C) Growth, Environment and Transport Cross Directorate	**(D) Strategic and Corporate Services**
RB30-2022 Kent and Medway Business Fund RB28-2022 Highways Term Maintenance Contract	CA03-2022 Equalities Act (Duties) 2010 RB05-2022 - KCC Estate Review ICT04-2022 – IT Data Security Audit for DSP Toolkit (EXEMPT)
(E) Cross Directorate	

Appendix A – 2021/22 Internal Audit Plan Status

Ref	Audit	Status	Assurance
CA01	Annual Governance Statement	In Progress	
CA02	Corporate Governance	Ongoing	
CA03	Equalities Act 2010 Duties	Final Report	Limited – GAC September 2022
CA04	Future of Sessions HQ		Deferred to 2022/23
CA05	Information Governance Assurance Mapping Update	Final Report	N/A – GAC November 2021
CA06	Records Management Follow Up		Deferred to 2022/23
CA07	Risk Management	Final Report	N/A – GAC April 2022
CA08	Strategic Commissioning		Deferred to 2022/23
CS01	CIPFA Financial Management Code (Part 1)	Final Report	N/A – GAC April 2022
CS01	CIPFA Financial Management Code (Part 2)	In Progress	
CS02	General Ledger	Final Report	Substantial – GAC January 2022
CS03	Imprest Accounts Follow Up		Deferred to 2022/23
CS04	Payroll	Final Report	Substantial – GAC July 2022
CS05	Pension Scheme Admin		Deferred to 2022/23
CS06	Urgent Payments Follow Up	Final Report	N/A – GAC January 2022
CR01	Annual Audit Opinion	Ongoing	
CR02	Annual Governance Statement	In Progress	
CR03	Information Governance Steering Group	Ongoing	
CR04	Provider Invoicing	Final Report	Limited - GAC January 2022
RB01	Declaration of Interests (Members)	Final Report	Adequate – GAC April 2022
RB02	Engagement of Consultants		Deferred to 2022/23
RB03	Enterprise Business Capabilities (Oracle) – Strategic Reset Programme	Final Report	N/A – July 2022
RB04	Information Governance – DSP Toolkit	Final Report	Substantial – GAC April 2022
RB05	KCC Estate Review – Strategic Reset Programme	Final Report	N/A – GAC September 2022
RB06	New Grant Funding	Final Report	Substantial – GAC April 2022
RB07	People Strategy – Strategic Reset Programme	Final Report	N/A – GAC April 2022
RB08	Property Infrastructure – Functions and Processes Transferred from Gen2	Final Report	Limited – GAC April 2022
RB09	Public Health – Covid 19 Ring Fenced Grants	Final Report	High – July 2022
RB10	Schools Financial Services		Deferred to 2022/23

Ref	Audit	Status	Assurance
RB11	Strategic Reset Programme – Programme Governance	Final Report	Adequate – GAC April 2022
RB12	Contract Management (ASCH)	Final Report	Adequate – GAC July 2022
RB13	Data Protection (ASCH)	Final Report	Adequate – GAC January 2022
RB14	Individual Contracts with Care Providers (ASCH)	Deferred to 2022/23	
RB15	Making a Difference Every Day (MADE) Assurance Board	Final Report	N/A – GAC September 2022
RB16	Provider Failure (Assurance Mapping)	Deferred to 2022/23	
RB17	Safeguarding Assurance Map (ASCH)	Deferred to 2022/23	
RB18	Supervision of Social Workers	Final Report	Limited – GAC July 2022
RB19	Accommodation for Young People / Care Leavers Follow Up	Final Report	N/A – GAC July 2022
RB20	Business Continuity Planning (CYPE)	Final Report	High - GAC July 2022
RB21	Change for Kent Children – Strategic Reset Programme	Final Report	N/A – GAC September 2022
RB22	Foster Care – Transition to Shared Lives	Deferred to 2022/23	
RB23	Information Governance (CYPE)	Final Report	Substantial – GAC July 2022
RB24	Safeguarding Assurance Map Update (CYPE)	Deferred to 2022/23	
RB25	School Themed Review – Corporate Credit Cards	Final Report	Adequate – GAC September 2022
RB26	SEN Assurance Mapping	Deferred to 2022/23	
RB27	Traveller Service – Site Allocation and Pitch Fee Collections	Final Report	No Assurance - GAC April 2022
RB28	Highways Term Maintenance Contract	Final Report	N/A – GAC September 2022
RB29	Inland Border Posts / Decision Making and Financial Management	Draft Report	
RB30	Kent and Medway Business Fund	Final Report	Adequate – GAC September 2022
RB31	Kent and Medway Energy and Low Emissions Strategy	Deferred to 2022/23	
RB32	New Local Infrastructure Projects Across Kent (SELEP)	Final Report	Substantial – GAC July 2022
ICT01	Cyber Security Assurance Map Update	Final Report	N/A GAC April 2022
ICT02	Information Technology Risk Management	Deferred to 2022/23	
ICT03	IT Cloud Strategy, Security and Data Migration	Final Report	Adequate - GAC April 2022
ICT04	IT Data Security Audit for DSP Toolkit (EXEMPT)	Final Report	Adequate – GAC September 2022
ICT05	Prevention of ICT Data Centre Outages Follow Up	Final Report	N/A GAC November 2021
DP1	Provider Data Protection	Final Report	Limited GAC July 2022

Appendix B – 2022/23 Internal Audit Plan Status

Ref	Audit	Status	Assurance
CA01	Annual Governance Statement	Planning	
CA02	Assurance Mapping	Not Started	
CA03	Informal Governance	Delayed until Q3/Q4	
CA04	Decision Making	Not Started	
CA05	Health & Safety	Planning	
CA06	Information Governance	Planning	
CA07	Procurement	Not Started	
CR01	Inflation	Planning	
CR02	Operating Standards	Not Started	
CS01	Budget Savings	Not Started	
CS02	Imprest Accounts	Planning	
CS03	Purchase Cards	Planning	
RB01	Data Mapping	In Progress	
AD01	SEND Transport	Final Report	See separate Agenda item
RB02	Talent Management	Planning	
RB03	Individual Contracts with Care Providers	Not Started	
RB04	Making a Difference Every Day (MADE)	Ongoing	
RB05	Change for Kent Children	Ongoing	
RB06	Recruitment and Retention of Social Workers (CYPE)	Planning	
RB07	Climate Change	Planning	
RB08	Highways Term Contract	Ongoing	
RB09	Estate Management / Maintenance	Not Started	
RB10	Modern Slavery	Draft Report	
ICT01	Cyber Security Patch Management	Not Started	
ICT02	Data Centre Outage Lessons Learned Review	Not Started	
ICT03	Information Technology Risk Management	Not Started	

Appendix C – Audit Summaries

A1. RB15- 2022 Making a Difference Everyday (MADE)	
Audit Opinion	N/A
Prospects for Improvement	N/A

The MADE Programme continues to progress, along with the governance arrangements that commenced in January 2022. A summary of updates is provided below:

- There are clear governance structures in place for the MADE programme, with operational progress meetings for individual projects and clear reporting to the MADE DMT.
- The MADE DMT is chaired by the Senior Accountable Officer and consists of the Corporate Director, DMT members, as well as key business staff and corporate partners from Finance, Policy, Organisational Development and Commissioning. This allows for consistent decision making and strategic direction.
- MADE DMT meetings give good oversight of the programme and its constituent projects, but also sets time for focus on individual projects with requirements for decisions, to escalate areas of concern and / or note progress.
- The MADE programme utilises a Project Management system (Verto) that allows management of each workstream by the programme management team.
- Each Project has Risks, Assumptions, Issues and Dependency (RAID) logs and there is a clear escalation process to MADE DMT. The MADE DMT receives top risks and issues at each meeting.
- There are milestones set for each project and these are monitored by MADE DMT in the form of high-level programme plan timeline. This allows easy identification and action on project slippage.
- The MADE DMT also reviews the monthly RAG Status Report which provides an overall status for the project, as well as breaking providing additional information for each of the following dimensions: scope, milestones, resource, risk, and cost.
- A full MADE report is circulated to the board members on a monthly basis with additional information and further detail on project / programme performance.
- There are clear benefits identified for each project and a Benefits Realisation Board has been established to allow focus on developing KPIs and monitoring information. That said this is currently heavily focused on financial benefits and further work is being undertaken to measure and report the non-financial benefits.
- Dashboards to monitor programme benefits are still to mature, however there are clear routes to monitor value for money and the continued feasibility of projects.
- There is pressure on resources for the project but there is monitoring/planning in place for internal, external, and staffing costs at an individual project level.
- The above monitoring allows the prioritisation and re-allocation of staff resources to new projects and areas of high, strategic importance.
- Savings/financial benefits are monitored at MADE DMT. Although transparent, there are still a number of savings that do not have detail plans to support them.
- There is a comprehensive Communications Plan, and dedicated lead. Progress against the plan has been presented to the MADE DMT.

From attendance at the MADE DMT, the Benefits Realisation Board and discussion with Programme Management there is adequate governance, internal control, and management of risk. There are elements of residual risk or weakness in the following areas:

- Further development and use of dashboards to monitor both financial and non-financial benefits of projects.
- Development of plans to support all identified savings.

B1 - RB25-2022 – School Themed Review – Credit Cards

Audit Opinion	Adequate
Prospects for Improvement	Good

As part of the review, data analytics was utilised such as Benfords Law and when purchases were made to inform targeted sampling.

Key Strengths:
- At all of the 12 schools sampled Employee Agreements have been signed by each credit card holder confirming they accept responsibility for the credit card.
- At 11/12 schools all credit cards and their limits have been authorised by the Headteacher or the Chair of Governors, if the Headteacher is a proposed card holder.
- Most of the schools sampled indicated that cards are held securely with restricted access.
- At all the schools sampled cash withdrawals for unauthorised usage had been blocked, including the two schools tested that had alternative credit cards (not Onecards).
- Unused credit cards are cancelled promptly, where appropriate.
- Direct debits are used to ensure that credit card balances are paid off in full every month.
- Credit card transactions are reconciled against supporting paperwork and the general ledger in most incidences.
- Credit card spend is coded in the General Ledger to the supplier and the correct budget code, to allow school governors to properly scrutinise spend.

Summary of Management Responses

Risk Rating	No. of Issues Raised	Action Plan Developed	Risk Accepted and No Action Proposed
High	1	1	
Medium	1	1	
Low	1	1	

Areas for Development:
- Single transaction limits were missing from school Finance Policies for 3 out of 12 school sampled (HIGH).
- A referral to the Counter Fraud Team was made as one purchase made on a school credit card was identified which was not for the benefit of the school but the cardholder.
- Two schools indicated that cards are kept in the school's safe and a different two schools referred to incidences when cardholders had lent their cards, contrary to guidance (MEDIUM).
- Review of school Finance Policies sampled identified areas for improvement which relate to monitoring of cumulative spend, purchase order processes, what types of purchases are allowed, receipting of goods and reconciliation. It is noted that the model Finance Policy does not cover these aspects, so schools are not clear regarding expectations (HIGH).
- The credit card administration process involves schools printing a number of documents which is inefficient and onerous (HIGH).
- Credit card statement reconciliations do not always take place within 7 days due to school holidays. In some schools, the Headteacher does not sign reconciliations and the Chair of Governors does not sign the reconciliation, if the Headteacher is a cardholder (HIGH).
- Two schools indicated that they split invoices to circumvent transaction limits and evidence was found at another two schools where transactions had indeed been split for the same reason (LOW).

B2. RB21- 2022 Change for Kent Children

Audit Opinion	N/A
Prospects for Improvement	N/A

Internal Audit have attended meetings of the Programme Board since April 2022, reviewed project documentation and had regular liaison with the programme lead. There have been recent changes in programme leadership, including consideration of governance structures and the approach to the programme. Internal Audit have fed back to programme leads regarding changes to the programme governance and attendance at Programme Boards will continue during 2022/2023.

C1 - RB30-2022 Kent and Medway Business Fund

Audit Opinion	**Adequate**
Prospects for Improvement	**Good**

Key Strengths:
- The loan scheme and guidance for prospective applicants has been publicised to the public via the Council's website, including ways on how businesses can apply.
- The eligibility criteria are predefined and published to help ensure that the application and appraisal process is fair and transparent.
- There is a Business Investment Team to track progress of applications, and Internal Audit found no obvious issues with timeliness of processing applications if/when the applicant has submitted all the necessary information.
- Full loan applications are subject of independent external financial appraisal.
- Creditworthiness of businesses applying for the loan is checked and evidence of match funding as well as management accounts and banks statements are obtained (where applicable).
- Members of the Kent & Medway Investment Advisory Board (KMIAB), who recommends approval to fund (or otherwise), are given the opportunity to declare potential conflicts of interest (if any) at meetings where funding decisions are made.
- Invoices raised on Oracle were found to be in line with the respective loan repayment agreement.
- There are adequate and effective controls in place to detect missed and/or overdue repayment.

Summary of Management Responses

Risk Rating	No. of Issues Raised	Action Plan Developed	Risk Accepted and No Action Proposed
High	1	1	-
Medium	3	3	-
Low	2	2	-

Areas for Development:
- Approximately £2.8m in RGF loans have been written off as bad debt over there last 3 financial years and another £2.3m have been identified as irrecoverable and are to be written off. Internal Audit found that high value debts (over £24k) are being written off without adequate scrutiny, challenge and authorisation by the delegated authority (the Corporate Director of Finance) as required under the Council's Financial Regulations (HIGH).
- Increase utilisation of available funds whilst operating within the Council risk appetite for bad debt (MEDIUM).
- Not all the predefined lending criteria (particularly the environmental impact criteria) are being assessed during the appraisal process (MEDIUM).
- Not all borrowers that took a repayment holiday due to the impact of the covid 19 pandemic have signed a repayment contract variation (MEDIUM).
- The ineligible sector list for KMBF will need to be reviewed when the Subsidy Control Act 2022 and the respective guidelines are fully adopted domestically in the UK (LOW).
- Decision letter(s) in respect of unsuccessful application(s) do not set out the applicant's right to appeal the Council's decision. (LOW).
- Internal Audit had planned to review the External Auditors report on KMBF to establish if there are any findings that is relevant to the scope of this review. However, the External Auditor's report was not yet available as at the time of concluding our fieldwork.

Prospects for Improvement
Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:
- The loan scheme and guidance is, in the main, being adhered to.
- The process for setting up repayments and identifying missed repayments is working effectively.
- Management has confirmed that it will adopt the write-off procedure for bad debt as specified in the Council's Financial Regulations with immediate effect.
- There is good awareness of the risk of bad debt, but Management may find it challenging to manage the risk of bad debt without being risk

	averse in the current economic climate.

C2. RB28- 2022 Highways Term Maintenance Contract

Audit Opinion	**N/A**
Prospects for Improvement	**N/A**

The Highways Term Maintenance Contract with AMEY has been extended until the end of August 2023. The Council need to determine the course of action to take with the contract. Options to extend the contract or proceed in procuring and implementing a new model were considered.

Internal Audit have attended meetings of the programme board since March 2022, reviewed project documentation and had regular liaison with the project lead. Proposals for, and routes to, extend the contract have been presented to the Programme Board. Legal advice was commissioned and considered by the board in making their decision.

There are now regular Programme boards set up to oversee the upcoming project, and Internal Audit will continue their role during 2022/23.

D1 – CA03-2022 Equalities Act (Duties) 2010

Audit Opinion	Limited
Prospects for Improvement	Good

Key Strengths:
- There is up to date guidance notes available to staff on KNet, that reflects the current Equality Impact Assessment (EqIA) process.
- The policy, which is available to all officers, references the importance of KCC paying 'due regard' to the Equality Act 2010 and was approved at Corporate Management Team (CMT).
- There is an optional DELTA e-learning module designed to inform officers about the importance of EqIAs and how to use the App.
- The App provides the means to carry out EqIAs in a streamlined, accessible way
- A walkthrough of the App confirmed that there are controls that ensure each EqIA is complete and evidence and approved by the responsible Head of Service.
- The SharePoint library stores approved EqIAs so they can be referred to when required.

Summary of Management Responses

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

Areas for Development:
- The standard of completion of EqIAs by responsible officers and approved by the relevant Heads of Services, is inconsistent and does not always comply with KCC's Policy and Procedures. This includes weaknesses in assessing the potential equality impacts for the protected groups and how action plans are reflected in the decision-making process. (HIGH)
- There is a gap in the awareness of what content is required when completing and approving EqIAs in the App. It was identified that for the EqIAs sample tested by Internal Audit, none of the responsible officers or Heads of Service involved had completed the EqIA e-learning module on DELTA. It is noted that the Equality Impact Analysis / Assessment Policy recommends the training though it is not mandated to those completing EqIA's, this is one of a number of root causes for this issue. (HIGH)
- There is a legal requirement to demonstrate 'due regard' to the Equality Act 2010 which can be demonstrated by publishing EqIAs with Key Decision documentation and within relevant committee papers, which has not consistently been complied with by officers. Although it is understood that EqIAs do not have to be published for certain decisions, there were some examples in our sample where EqIAs were expected. (HIGH)
- The guidance notes available on KCC's intranet do not include the next review date or version control. This is not raised as an issue in this report as these documents have been reviewed and updated within the past year.

Prospects for Improvement:
Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:

- Data from the App feeds into a PowerBI dashboard, which has already helped inform the new set of Corporate Equalities Objectives.
- An Power BI platform will be developed with functionality to drill down and interpret the EqIA data.
- The statistics from PowerBI will be reported to the Corporate Equalities Group for consideration within the coming months and then onwards to CMT.

D2. RB05-2022 – KCC Estate Review

Audit Opinion	**N/A**
Prospects for Improvement	**N/A**

Following discussion with the Property Infrastructure Team and a review of project documentation, there is adequate governance, internal control, and management of risk, given where they are respectively in their development. There are elements of residual risk or weakness in the following areas:
- Clarity around delegated authority
- Assurance that controls mitigating known risks are effective
- Tracking and reporting changes in known risks between reporting periods
- Assurance that issues are effectively managed and resolved
- A budget for the Office Strategy Project
- Project expenditure aligns with delivery of expected outputs.

Appendix D – Definitions

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.	**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.
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.	**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
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.		

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.
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.
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
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.

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.
Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system 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.

Appendix E – Grant Certifications (2022/23)

Grant	Description	Status
EU Interreg - Aspire	A holistic approach to lowering obesity and unemployment rates in identified communities where the two issues are linked.	1 claim completed
EU Interreg - BHC21	To contribute to the development of more efficient and effective vocational training services for low-skilled people and develop a generic 21st century training model to reduce unemployment rates amongst low-skilled people.	1 claim completed
EU Interreg – Blueprint	Upskill 18 social enterprises to training 2000 disadvantaged individuals with the skills they require to secure new jobs linked to circular economy growth (increased recycling, reverse logistics and secondary markets)	1 claim completed
EU Interreg – BoostforHealth	Supporting Kent based life sciences companies with internationalisation and in particular market entry in mainland Europe.	1 claim completed
EU Interreg – C5A	Aims to deliver a whole system approach to water and flood risk management in response to current and future risks from climate change.	1 claim completed
EU Interreg – C-CARE	To deliver a range of activities linked to Covid-19 response including: - A technology resilience voucher scheme for businesses (ED) - A green recovery voucher scheme for businesses (Environment Team) - A Covid-secure trading standards training module (Public Protection)	1 claim completed
EU Interreg – Connected Communities	To develop co-ordinated and integrated services for older people that help make communities more resilient and take early action to prevent or delay the need for long term care.	1 claim completed and On The Spot in progress
EU Interreg – Cool Towns	Spatial adaptation for heat resilience in small and medium sized cities to minimise the heat related effects of climate change.	1 claim completed
EU Interreg – DWELL	Empowerment programme enabling patients with type 2 diabetes to access tailored support giving them mechanisms to control their condition and improve their wellbeing.	1 claim completed
EU Interreg - Empower Care	To create resilient communities and reduce individual frailty and loneliness, addressing issues facing the care of our aging population	1 claim completed and 1 On The Spot
EU Interreg - Ensure	Making use of the community peer to peer support, which will allow societies to become proactive in addressing circumstances which create vulnerability across Kent.	1 claim completed and 1 On The Spot
EU Interreg - Experience	To provide the tools and infrastructure to capitalise on the emerging trend for personalised and local tourism experiences which provide reasons to visit at any time of the year.	1 claim completed
EU Interreg - H20	Overcoming barriers to integrated water and ecosystem management in lowland areas adapting to climate change.	1 claim completed
EU Interreg – IMPULSE2	Support innovation in order to address the economic and societal issues facing the FCE. This project aims to support 100 Life Sciences & nutrition SMEs & production sites from the FCE area to help them to become more innovative, to connect to	

Appendix E – Grant Certifications (2022/23)

EU Interreg - Inn2Power	Supporting Kent based companies in the offshore wind sector with internationalisation & market entry in mainland Europe	1 claim completed
EU Interreg - PATH2	Enabling women, families, and healthcare professionals to prevent, diagnose and successfully manage mild and moderate perinatal mental health issues.	1 claim completed
EU Interreg - Prowater	Contributing to climate adaptation by restoring the water storage of the landscape via ecosystem-based adaptation measures.	1 claim completed
EU Interreg - SHIFT	Engaging with people over 45 years of age to develop a tailored sexual health and wellbeing model.	1 claim completed
EU Interreg - SIE	Evaluating and improving business support services for SMEs specifically related to exporting and internationalisation.	
EU Interreg – Step by Step	Seeking to increase the impact of the internationally evidenced men's sheds programme in particular employment & health outcomes.	1 claim completed
EU Interreg - TICC	Implementing an integrated community team at a pilot site to work with the principles of Buurtzorg (A Dutch home-care model known for innovative use of independent nursing teams in delivering relatively low-cost care).	
EU Interreg - Upcycle your waste	The programme will run over three years and aims to support SMEs in reducing their running costs by handling and transforming their waste into new resources for the community.	
EU Interreg - USAC		1 claim completed
Department for Health	Public Health Universal Drug Treatment Grant 21/22 (£701k)	Complete
Department for Health	Contain Outbreak Management Fund (COMF) (£54.4m)	Complete
Department for Education	Local Transport Authority COVID-19 Bus Services Support Grant (CBSSG) and Local Transport Authority COVID-19 Bus Services Support Restart Grant (CBSSG Restart) (£6.2m total)	Complete
Department for Transport	Ashford Sevington IBF (Formerly MOJO) site funding - Tranche 8 (£8.6m)	Complete
Department for Transport	Dover Inland Border Facility	In Progress
Sport England	Sport England 21/22	Complete

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By: Jonathan Idle – Head of Internal Audit

To: Governance and Audit Committee –
                                 29th September 2022

Subject: **INTERNAL AUDIT ANNUAL REPORT AND OPINION
                                 FOR 2021-22**

Classification: Unrestricted

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Summary:

This Annual Report details:

- The overall outcomes and key themes from Internal Audit work undertaken during 2021-22.
- 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   Public Sector Internal Audit Standards (PSIAS) 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 PSIAS 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.

This year, an Annual Counter Fraud Report has been prepared separately, which outlines Counter Fraud activity for 2021-22.

1.4   The issues detailed in the attached report have been considered by the Council in the formulation of the draft Annual Governance Statement for 2021-22.

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 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 2021-22 Internal Audit work and the resultant **'Adequate'** opinion to the Annual Governance Statement.

3.   Background Documents

Appendix A: Internal Audit Annual Report 2021-22.

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September 2022

Kent County Council

Internal Audit Annual Report 2021-22

September 2022

Contents

1 Purpose and Background

1.1. This Annual Report provides a summary of the work completed by the Internal Audit service during 2021-22.

1.2. Public Sector Internal Audit Standards (PSIAS) 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 PSIAS 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;
- 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.

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
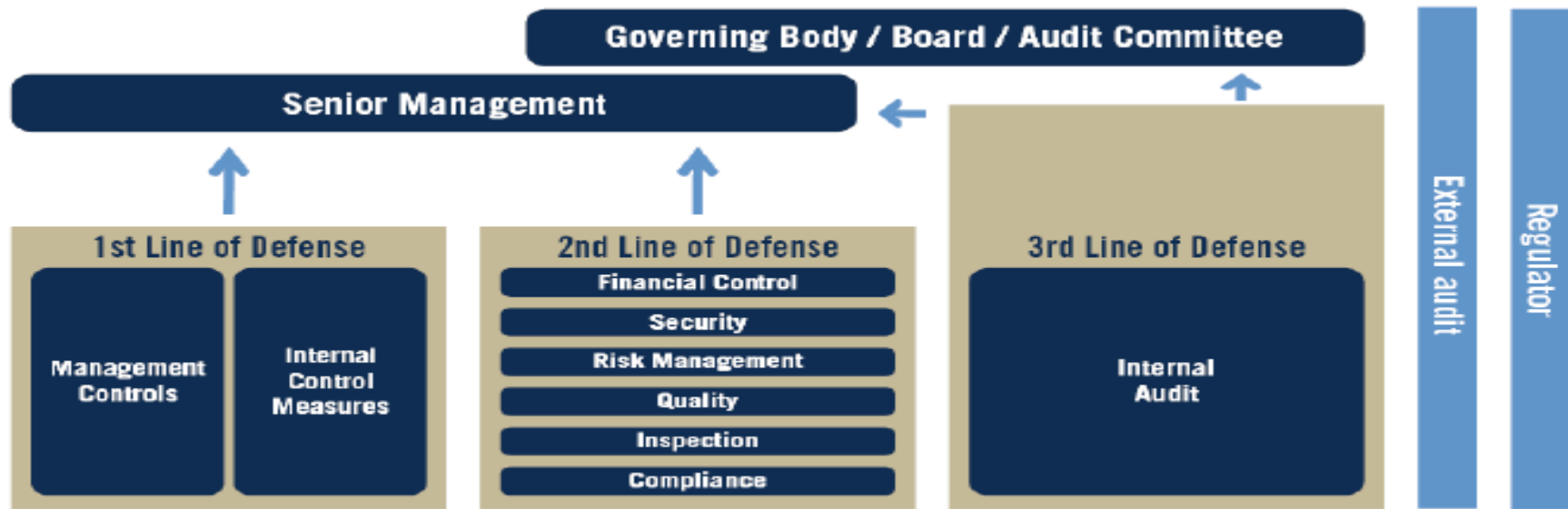
2 Annual Opinion

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 for each of the eight indicators. Although there has been an increase in the number of systems, processes or functions assigned a "high" assurance in 2021-22 to 8%, there has been a notable decrease in the assigning of ""Substantial" assurance opinions from 2020-21 to 2021-22 from 49% to 26%. There has also been an increase in the systems, processes and functions being assigned "limited" assurance in 2021-22 from 18% to 22%.

2.3. 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 2021-22, full implementation rates were broadly stable at 41% compared to 2020-21. The contrast to 2019-20, however, when full implementation rates were at 62% combined with an accompanying increase in the proportion of actions "in progress" is significant. It has been highlighted in Annual Opinion reports since 2019-20 that there was a concerning trend which required improvement and this concern remains.

2.4. It should be emphasised that the assignment of an overall "Adequate" assurance opinion in 2021-22 is consistent with the overall opinion in 2019-20 and 2020-21. The Adequate" assurance opinion should be considered in the context of the unprecedented challenges faced by the Council in the last two years and the significant risks it continues to address.

2.5. No incidences of material external or internal fraud have been detected or reported and there was positive external assurance that the Council has effective arrangements in place to manage the risk of fraud.

2.6. Areas for further improvement have also been highlighted and reported in the Internal Audit Annual Report and the Council has been receptive to addressing issues raised by Internal Audit.

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 Strategic Reset programme;
- Auditing what matters and revising areas of coverage to reflect new risks such as the SEND Transport Lessons Learnt Review 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;
- Input to Council wide Information Governance and Risk groups; and
- The provision of an extensive grant certification programme for the Council.

2.8.   There have been no 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.

3   Summary of Internal Audit Work 2021-22

Delivery Against the Internal Audit Plan

3.1   Appendix 1 details delivery against the 2021-22 Internal Audit Plan including amendments and changes. During the year, several planned audits were cancelled or deferred which enabled audit resources to be redirected to high priority audit and advisory work.

Assurance Opinions from Audit Assignments

3.2   Assurance levels are assigned to completed risk-based audit reviews based on the criteria in Appendix 2. For the 2021-22 Audit Plan, a total of 49 audit engagements were undertaken of which 28 were opinion based and the assurance levels assigned are set out in Appendix 3.

3.3   Overall, 67% of systems or functions have been assigned with "Adequate" assurance or lower with 41% assigned Adequate and 26% assigned Limited or No assurance. This represents a notable decrease in the assigning of "Substantial" assurance opinions in 2021-22 and a continued increase, compared to the previous two years, of the assigning of "Limited" and "No" assurance opinions in 2021-22, as illustrated in Table 1.

Audit Opinion Annual Comparison
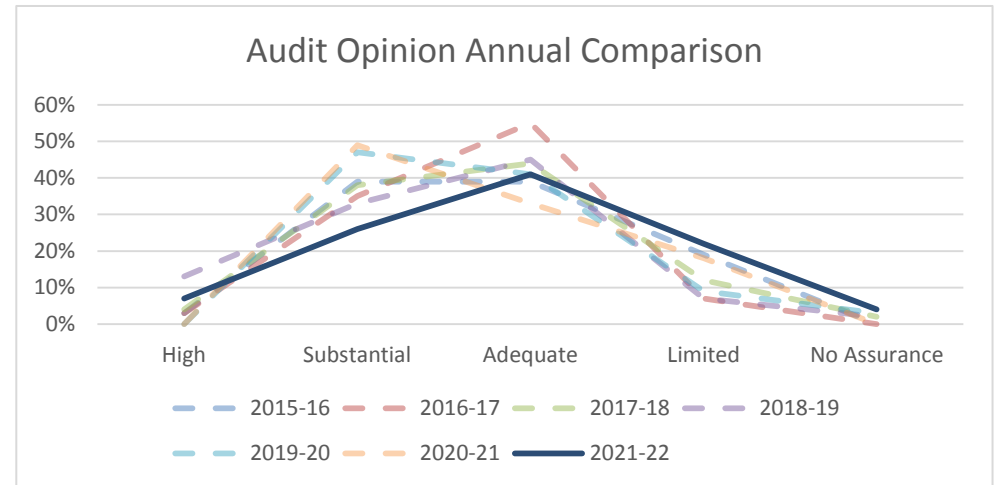
Table 1: Summary of Assurance Opinions 2015-16 to 2021-22

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

3.4 Detailed summaries on the outcomes from Internal Audit work completed for 2021-22 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 2.

3.6 Overall, 88% of systems or functions have been assessed as having good, or better, prospects for improvement. This is broadly similar to the previous year, as illustrated in Table 2:
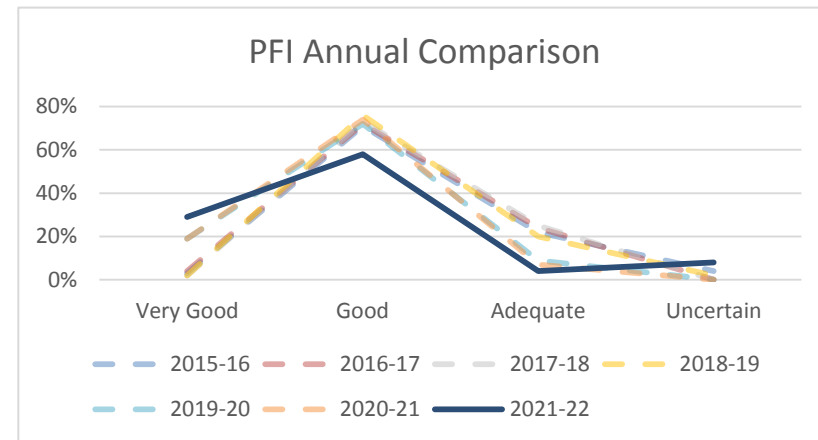
Table 2: Summary of Prospects for Improvement to 2021-22

29%	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22
Very Good	3%	4%	2%	2%	19%	26%	27%
Good	71%	72%	73%	76%	72%	65%	61%
Adequate	22%	24%	25%	20%	9%	6%	4%
Uncertain	4%	0%	0%	2%	0%	3%	8%
Good or above	**74%**	**76%**	**75%**	**78%**	**91%**	**91%**	**88%**

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			2021-22 Assessment: ↓
				No / Limited / Adequate / Substantial / High
No.	**Audit**	**Opinion**	**Prospects for Improvement**	**Summary to Committee**
15	RB11-2022 – Strategic Reset Programme – Programme Governance	Adequate	Good	GAC April 2022
21	RB01-2022 – Declaration of Interest (Members)	Adequate	Good	GAC April 2022
	CA01-2023 – Annual Governance Statement	In Progress		
	CA02-2022 – Corporate Governance	N/A	N/A	GAC July 2022
41	CA03-2022 – Equalities Act 2010 Duties	Limited	Good	GAC September 2022
	CR02-2022 – Annual Governance Statement (Consultancy)	N/A	N/A	GAC July 2022
22	RB27-2022 – Traveller Service – Site Allocation and Pitch Fee Collections	No	Uncertain	GAC April 2022

Corporate Governance Opinions

|	High	Substantial	Adequate	Limited	No
■ Audit	0	0	2	1	1
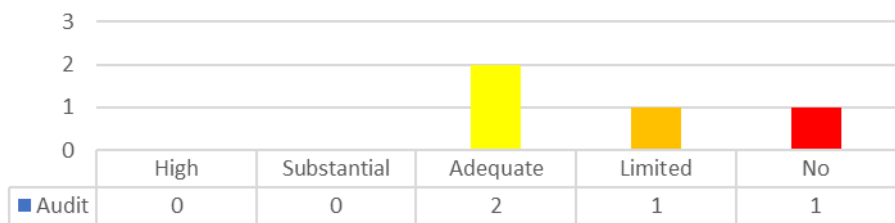
The work undertaken in respect of Traveller Site Allocation and Pitch Fee Collections highlighted that relevant policy had not been reviewed for 9 years which had been highlighted during the course of initial work undertaken during 2020-21.

The significant findings from the SEND Transport Lessons Learnt Review in relation to governance and decision making contributed to the evaluation for this theme.

2.	Risk Management

2021-22 Assessment:

↓

No	Limited	Adequate	Substantial	High

No.	Audit	Opinion	Prospects for Improvement	Summary to Committee
19	CA07-2022 - Risk Management (Position Statement)	N/A	N/A	GAC April 2022
29	RB19-2022 – Accommodation for Young People / Care Leavers Follow-up	N/A	N/A	GAC July 2022
31	RB20-2022 – Business Continuity Planning (CYPE)	High	Very Good	GAC July 2022

Risk Management Opinions

	High	Substantial	Adequate	Limited	No
■ Audit	1	0	0	0	0
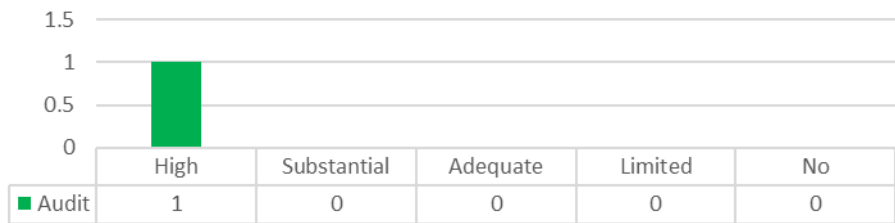
A position statement for Risk Management was completed on the basis of previous assessments of Risks Management assurances.
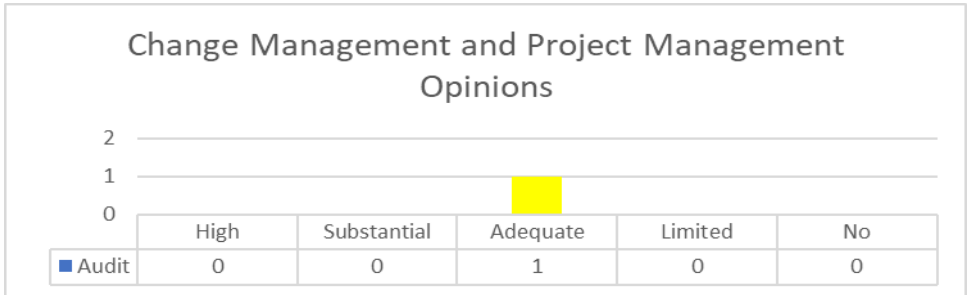
Business Continuity Planning arrangements were found to be operating effectively with strong governance arrangements established and clearly defined roles and responsibilities.

The significant findings from the SEND Transport Lessons Learnt Review in relation to risk management contributed to the evaluation for this theme.

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3.	Financial Control			2021-22 Assessment: ↓
				No · Limited · Adequate · Substantial · High

No.	Audit	Opinion	Prospects for Improvement	Summary to Committee
2	CS01-2021 - Imprest Accounts Follow-up	N/A	N/A	GAC November 2021
3	CS08-2021 - ACCESS Pool	Substantial	Very Good	GAC November 2021
11	CS02-2022 - General Ledger	Substantial	Good	GAC April 2022
12	CS06-2022 - Urgent Payments Follow-up	N/A	N/A	GAC April 2022
14	CR04-2022 – Provider Invoicing	Limited	Good	GAC January 2022
22	RB27-2022 – Traveller Service – Site Allocation and Pitch Fee Collections	No	Uncertain	GAC April 2022
23	RB06-2022 – New Grant Funding	Substantial	Good	GAC April 2022
24	Ashford Sevington Grant Certification	N/A	N/A	GAC April 2022
25	CS01-2022 – CIPFA Financial Management Code	In Progress		
27	CS04-2022 - Payroll	Substantial	Good	GAC July 2022
33	RB09-2022 – Public Health – Covid 19 Ring Fenced Grants	High	Good	GAC July 2022
38	RB25-2022 – School Themed Review – Corporate Credit Cards	Adequate	Good	GAC September 2022
39	RB30-2022 – Kent and Medway Business Fund (KMBF)	Adequate	Good	GAC September 2022

Financial Control

	High	Substantial	Adequate	Limited	No
Audit	1	4	2	1	1

70% of the assurance opinions in relation to Financial Control were found to be 'Adequate' or above.

The Traveller Site Allocation and Fee Collection review highlighted that the debt recovery / write-off process for pitch rental debt was ineffective.

The KMBF audit highlighted non-compliance with Financial Regulations in relation to debt write off procedures.

The Imprest Accounts Follow-up identified that a number of actions had not been fully implemented with 3 out of the 10 actions being assessed as implemented. This is currently being re-audited as part of the 22-23 Internal Audit Plan.

The significant findings from the SEND Transport Lessons Learnt Review contributed to the evaluation for this theme.

4. Change Programme and Project Management				2021-22 Assessment: ↓

				No	Limited	Adequate	Substantial	High

No.	Audit	Opinion	Prospects for Improvement	Summary to Committee
15	RB11-2022 - Strategic Rest Programme – Programme Governance	Adequate	Good	GAC April 2022
40	RB05-2022 – KCC Estates Review – Strategic Reset Programme	N/A	N/A	GAC September 2022
42	RB28-2022 – Highways Term Maintenance Contract	N/A	N/A	GAC September 2022
43	RB15-2022 – Making a Difference Every Day (MADE) Assurance Board – Strategic Reset Programme	N/A	N/A	GAC September 2022
44	RB21-2022 – Change for Kent Children – Strategic Reset Programme	N/A	N/A	GAC September 2022

Change Management and Project Management Opinions

	High	Substantial	Adequate	Limited	No
■ Audit	0	0	1	0	0

The Strategic Reset Programme Board established a dedicated Strategic Reset Programme (SRP) Team, whose members collectively have the skill sets needed to support the 13 programmes as they navigate through stakeholder management and the SRP's interdependencies. A Strategic Outline Case has been or will be prepared for each of the individual programmes. However, some lack robust rationales to support the required investment.

Internal Audit have conducted on-going consultancy work on the Making a Difference Everyday (MADE) Programme Board.

There are clear governance structures in place for the MADE programme, with operational progress meetings for individual projects and clear reporting to the MADE Board, which is led by the Corporate Director for Adult Social Care and Health (Senior Responsible Officer).

Internal Audit's role in the Highways Contract Project evidenced the decision making relating to extending the contract was based on the effective identification and mitigation of key risks.
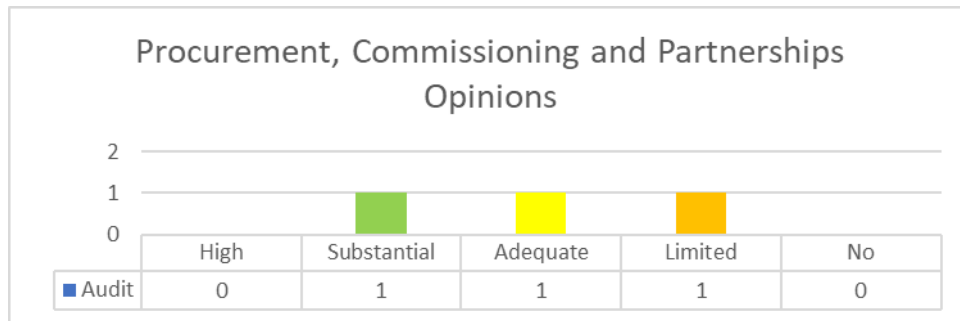
The significant findings from the SEND Transport Lessons Learnt Review in relation to change and project management contributed to the evaluation for this theme.

5.	Procurement, Commissioning and Partnerships			2021-22 Assessment:

| | | | | No | Limited | Adequate | Substantial | High |

No.	Audit	Opinion	Prospects for Improvement	Summary to Committee
4	RB39-2021 -Strategic Commissioning Follow-up	N/A	N/A	GAC November 2021
7	ASCH Day Centre	N/A	N/A	GAC November 2021
28	RB12-2022 – Contract Management (ASCH)	Adequate	Very Good	GAC April 2022
30	RB32-2022 – New Local Infrastructure Projects Across Kent (SELEP)	Substantial	Good	GAC July 2022
34	RB03-2022 – Enterprise Business Capabilities (Oracle) – Strategic Reset Programme	N/A	N/A	GAC July 2022
36	DP1-2022 - Provider Data Protection Audits (ASCH)	Limited	N/A	GAC July 2022
42	RB28-2022 – Highways Term Maintenance Contract	N/A	N/A	GAC July 2022
45	RB29-2022 – Inland Border Posts / Decision Making and Financial Management	N/A	N/A	GAC September 2022

Procurement, Commissioning and Partnerships Opinions

	High	Substantial	Adequate	Limited	No
Audit	0	1	1	1	0

A review of Provider Data Protection was commissioned in which the design of the controls in place to safeguard the Councils Information was undertaken in which themes and trends were identified so that wider learning could be understood. Commissioners are working with each provider within the sample to address areas for development. Strategic Commissioning are currently developing toolkits to support Contract management conversations in relation to data protection arrangements.

Internal Audit's role in the Highways Contract Project evidenced the decision making relating to extending the contract was based on the effective identification and mitigation of key risks.

Additionally, the overall evaluation of this theme also includes an awareness that Strategic Commissioning have developed a suite of commissioning standards, such as for contract management. Furthermore, Internal Audit is aware that although work in progress relating to there being an effective Contract Register for planning contractual requirements.

The significant findings from the SEND Transport Lessons Learnt Review in relation to procurement making contributed to the evaluation for this theme.

6.   Information Technology and Information Security

2021-22 Assessment: ↓

No	Limited	Adequate	Substantial	High

No.	Audit	Opinion	Prospects for Improvement	Summary to Committee
1	RB24-2021 - School Themed Review – Cyber Security	Adequate	Good	GAC November 2021
4	ICT03-2021 - Cyber Security – Management of Backups for Applications, Data and Active Network Devices	Adequate	Very Good	GAC November 2021
6	CA03-2021 - Records Management	Limited	Good	GAC November 2021
8	CA05-2022 – Information Governance Assurance Mapping Update	N/A	N/A	GAC November 2021
9	ICT05-2022 – Prevention of ICT Data Centre Outages Follow-up	N/A	N/A	GAC November 2021
10	AD02-2022 - Searchlight – Data Breaches	Adequate	Good	GAC November 2021
13	RB13-2022 – Data Protection (ASCH)	Adequate	Very Good	GAC January 2022
16	RB04-2022 – Information Governance – DSP Toolkit Audit	Substantial	Good	GAC April 2022
17	ICT01-2022 – Cyber Security Assurance Map Update	N/A	N/A	GAC April 2022
20	ICT03-2022 – IT Cloud Strategy, Security and Data Migration	Adequate	Uncertain	GAC April 2022
35	RB23-2022 – Information Governance (CYPE)	Substantial	Very Good	GAC July 2022
36	Provider Data Protection Audits – Themed Report	Limited	N/A	GAC July 2022
37	ICT04-2022 – IT Data Security Audit for DSP Toolkit	Adequate	Adequate	GAC September 2022

Information Technology and Information Security Opinions

	High	Substantial	Adequate	Limited	No
Audit	0	2	6	2	0
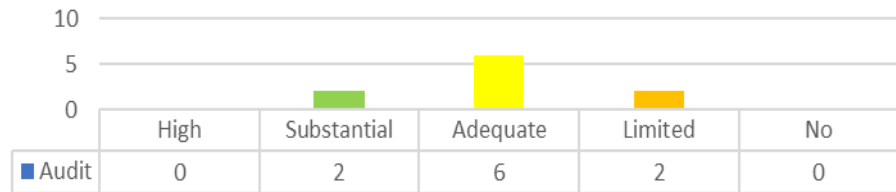
The majority of audits undertaken relating to elements of Information Technology and Information Security received 'Adequate' assurance (60%). There is a continued importance for robust controls to be in place with the continued prevalence of cyber security risks.

The increase in data breaches across the Council has been considered in the opinion assessment.

Other sources of assurance to support assessment include the Internal Audit attendance at Information Governance forums during the course of 21/22, Information Governance Assurance and Cyber Security Assurance Maps.
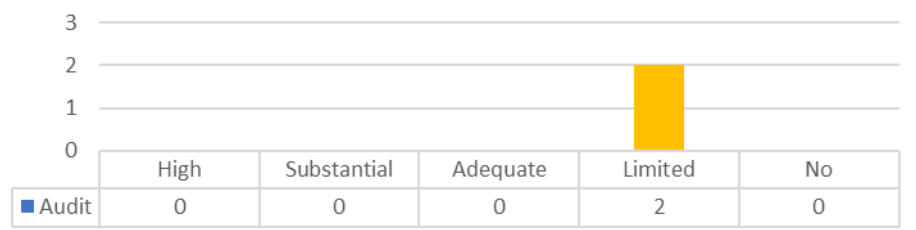
The Information Governance Assurance map identified that there are a broad range of controls and sources of assurance in place to mitigate IG Risks to the Council. Similarly, the Cyber assurance map highlighted that there are a number of sources of assurance available however, the risks surrounding Cyber security are ever changing and will need to remain at the forefront of future Audit Plans.

Internal Audit have attended and contributed to Information Governance forums such as the Corporate Information Governance Group across the 21-22 financial year. An Information Governance Dashboard has been developed and potential to utilise the Information Governance Assurance Map moving forward to focus work of the group on areas of significant risk to the Council.

The issues identified in the Prevention of Data Centre Outage/ Lessons Learnt Review surrounded the project management of the consolidated plan however, since the review a Director of IT has now been appointed to the Council and this area will be followed up further during the course of the 22/23 Audit Plan.

7. Asset Management			2021-22 Assessment: ↓
			No | Limited | Adequate | Substantial | High

No.	Audit	Opinion	Prospects for Improvement	Summary to Committee
15	RB07-2022 – People Strategy – Strategic Reset Programme	N/A	N/A	GAC April 2022
26	RB08-2022 - Property Infrastructure – Functions and Processes Transferred to KCC from Gen2	Limited	Good	GAC July 2022
32	RB18-2022 - Supervision of Social Workers	Limited	Very Good	GAC July 2022
40	RB05-2022 – KCC Estate Review – Strategic Reset Programme	N/A	N/A	GAC September 2022

Two audit assurance opinion audits were undertaken both receiving 'Limited' Assurance.
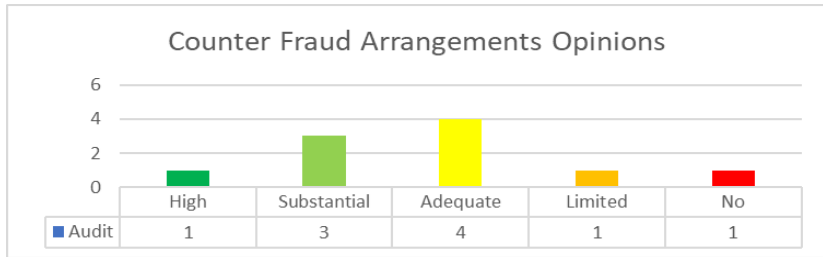
This included the Supervision Arrangements for Social Workers which highlighted a number of supervision agreements had become out of date.

The second 'Limited' opinion related to the transfer of property functions back to KCC which found that performance management activity had not been established.

Internal Audit also undertook advisory work surrounding the Council's People Strategy which found that its success will be determined not only by the Strategy itself but by the individual and collective accountability taken by Leaders and Managers to deliver their roles in a way that reinforces inclusive practice, connects to the strategic themes and provides clarity and ownerships for decisions and actions taken. It is intended to build on KCC strengths, learn from one another and support the future goals of the organisation by retaining and attracting talented individuals, who are celebrated for their unique contribution.

Internal Audit's review of KCC Estate Management found that there is adequate governance, internal control, and management of risk, given where they are respectively in their development.

2021-22 Assessment:

8.	Counter Fraud Arrangements			No	Limited	Adequate	Substantial	High

No.	Audit	Opinion	Prospects for Improvement	Summary to Committee
10	AD02-2022 – Searchlight – Data Beaches	Adequate	Good	GAC January 2022
11	CS02-2022 – General Ledger	Substantial	Good	GAC January 2022
12	CS06-2022 - Urgent Payment – Follow-up	N/A	N/A	GAC January 2022
14	CR02-2022 - Provider Invoicing	Limited	Good	GAC January 2022
21	RB01-2022 – Declaration of Interests - Members	Adequate	Good	GAC April 2022
22	RB27-2022 – Traveller Service – Site Allocation and Pitch Fee Collections	No	Uncertain	GAC April 2022
23	RB06-2022 – New Grant Funding	Substantial	Good	GAC April 2022
27	CS04-2022 - Payroll	Substantial	Good	GAC July 2022
33	RB09-2022 – Public Health Covid-19 Ring-Fenced Grants	High	Good	GAC July 2022
38	RB25-2022 – School Themed Review – Corporate Credit Cards	Adequate	Good	GAC September 2022

| 39 | RB20-2022 – Kent and Medway Business Fund | **Adequate** | **Good** | GAC September 2022 |

Counter Fraud Arrangements Opinions

	High	Substantial	Adequate	Limited	No
■Audit	1	3	4	1	1

40% of the audits linked to Counter Fraud arrangements were found to be adequate in relation to controls. One of the audits highlighted as adequate linked to an investigation following data breaches.

Arrangements in respect of the Counter Fraud Team in place to support the organisation in meeting its objectives are Substantial. This is based on the Peer Review completed in April 2021 that provided assurance that the learning and development of Counter Fraud Staff is at the forefront of the counter fraud function. This has resulted in Counter Fraud Specialists being "grandfathered" into the Governments Counter Fraud Profession. The Counter Fraud Profession requires members to demonstrate their ability to meet nine standards of competency, including stakeholder engagement, multi-track investigations, legislation and departmental policies and quality performance and capability.

Counter Fraud Arrangements in place within the organisation (1st & 2nd Line of Defence) to prevent and detect fraud is Adequate. This is based on a review of a number of audits within the 2021- 22 Audit Plan that have an identifiable or inherent fraud risk. There was high assurance for Public Health Covid-19 Ring-Fenced Grants, substantial assurance for Payroll administration, General Ledger, New Grant Funding and New Local Infrastructure Projects Across Kent, however it is noted that in particular with the grant schemes, management had not completed a fraud risk assessment on these new initiatives as required by the Anti-Fraud and Corruption Strategy.

There was adequate assurance on the School Themed Review of School Purchase Cards, Searchlight, Declaration of Interests – Members and Kent and Medway Fund.

Limited assurance was provided in Provider Invoicing, which identified a high-risk issue on the provider invoice and reconciliation process which is a key control to mitigate the risk of false or duplicate invoices going undetected. The follow up audit on Urgent Payment identified that management have implemented all the management actions identified in the previous audit that had a limited opinion, however an increased risk on email hacks changes the dynamics of the fraud risks associated to the process.

Given this basis, it is concluded that there are adequate provisions in place across the Council to manage the risk of fraud and corruption. .

This assessment of Audit outcomes indicates an overall opinion of "Adequate Assurance" as summarised in Table 4:

Table 4: Audit Opinion based on Reasonable Assurance Model

No.	Theme	Overall Opinion	No.	Theme	Overall Opinion
1	Corporate Governance	↓ No / Limited / Adequate / Substantial / High	5	Procurement, Commissioning and Partnerships	↓ No / Limited / Adequate / Substantial / High
2	Risk Management	↓ No / Limited / Adequate / Substantial / High	6	Information Technology and Information Security	↓ No / Limited / Adequate / Substantial / High
3	Financial Control	↓ No / Limited / Adequate / Substantial / High	7	Asset Management	↓ No / Limited / Adequate / Substantial / High
4	Change Programme and Project Management	↓ No / Limited / Adequate / Substantial / High	8	Counter Fraud Arrangements	↓ No / Limited / Adequate / Substantial / High

Overall Assurance Opinion	↓ No / Limited / Adequate / Substantial / High

Strengths and Areas for Development

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

Strengths:

- 33% of systems and functions that were assigned a Substantial Assurance opinion or better;
- 88% of systems and functions assessed as having good or better prospects for improvement; and
- Adequate arrangements in place to manage the risk of fraud.

Areas for further development:

- The prioritising of governance improvements including compliance with expected Council arrangements and for it to be a continual process.
- Enhanced commitment and actions for the full implementation of agreed actions to address internal control and risk management issues identified by Internal Audit reports; and

Assessment against Significant Risks at KCC

3.10 Appendix 4 details the significant risks with a risk rating of 25 at KCC as reported to the Governance and Audit Committee in July 2022 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.

Other Sources of Assurance

3.11 In line with Institute of Internal Auditors' Practice Guidance, there is a criteria, summarised in Appendix 5, 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. An extensive review of recent assurance sources will be undertaken during the course of 2022-23 and fed into the Annual Opinion for 2022-23. This may include reviews in relation to Care Quality Commission inspections, Ofsted and ISO certifications for various services.

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 This collating of assurance sources will provide the basis for the development of a more rigorous evaluation to draw conclusions from other assurance providers for 2021-22.

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 will be refreshed as part of the 2022-23 Audit Plan. The maps currently completed are as follows in Table 5:

Table 5: Summary of Assurance Mapping

Risk	Last Reviewed	Risk Register		1st Line of Defence				2nd Line of Defence				3rd Line of Defence						Legend
		Current	Tolerance	Policies and Procedures	Training	Mgmt. Info	Self assess Process	Compliance	Quality	Internal Groups	Risk Mgmt.	3rd Parties	Partners	Regualtors	Internal Audit	External Audit	Other	
Information Governance	2021-22	High	Medium	amber	green	green	amber	green		green	green			amber	green			No Assurance Available
ICT	2021-22	High	Medium	amber	green	green	green	green		green	green	amber	amber	amber	green		green	Some Assurance
Safeguarding Children	2020-21	Medium	Medium	green	green	green	amber	green	green	green	green		green	green	green	green		Assurance Available
Safeguarding Adults	2020-21	Medium	Medium	green	amber	red	amber	amber	red	green	green	red	amber	amber	amber			N/A

3.15   The assurance mapping exercises to date have highlighted a number of areas for further review from Internal Audit such as Patch Management and Records Management. More broadly, the maps have highlighted there are internal working groups to provide oversight for each risk reviewed. Risk management is also present for each area however, greater focus around the management of ICT associated risks will be picked up as part of the 2022-23 Audit Plan which was deferred from this year's Audit Plan.

4   Implementation of Agreed Actions

4.1   Details of the year end position on the implementation of actions from Internal Audit reports was reported to July GAC. This set out the implementation status of 78 actions categorised by the age of actions assigned to the original report. 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

	Total Number due for implementation		Implemented		In Progress		Not Implemented		Superseded	
Risk Priority	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
Total	22	56	10	22	11	33	0	1	1	0
Total %	41%		41%		57%		1%		1%	

Overall Implementation of Agreed Management Actions

41% Implemented   57% In Progress   1% Not Implemented   1% Superseded
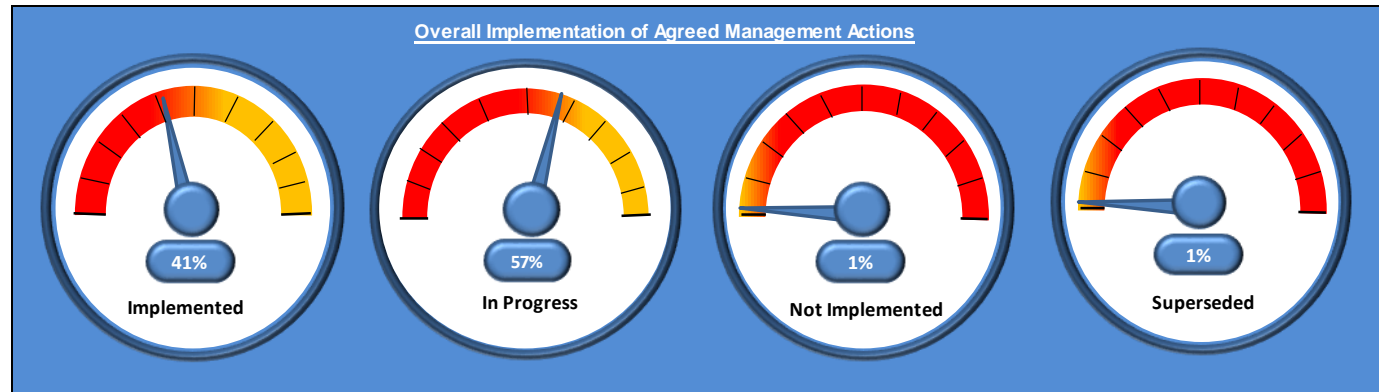
4.3 The analysis of the implementation of actions to address internal control and risk management actions following Internal Audit reports, highlights a more stable position in 2021-22 for the majority of implementation indicators compared with the previous financial year as shown in the graph.

4.4 Implementation of issues has remained stable, however, and the overall full implementation rate of 41% leaves room for significant improvement. A dashboard of outstanding actions has been developed and shared with Directorates to aid implementation toward the suggested improvement.

KCC IMPLEMENTATION OF ISSUES
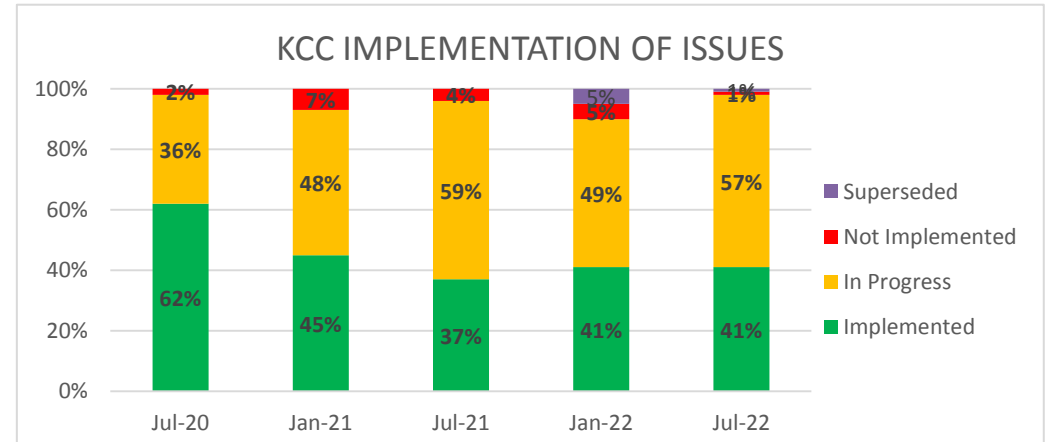
Programmed Follow Ups

4.5 Programmed Follow Ups undertaken as part of the 2021-22 Internal Audit Plan were reported to July GAC which included, two 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 2021-22

Audit	Previous Opinion	Number of Issues Previously Raised		Implemented		In Progress		Not Implemented	
		High	Medium	High	Medium	High	Medium	High	Medium
Urgent Payments	**Limited**	3	3	3	3	0	0	0	0
Accommodation for Young People / Care Leavers	**Limited**	3	2	3	1	0	1	0	0
Total		6	5	6	4	0	1	0	0

*Includes updated position following additional follow-up work undertaken and also awaiting evidence / evaluation at the time of this draft report.

4.6 The Urgent Payments Follow Up audit highlighted that there had been significant progress since the original audit including completion of all management actions for the 3 high and 3 medium priority issues that were raised.

4.7 There has been good progress in the full implementation of agreed actions with 91% fully implemented. 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.

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 2021-22, Internal Audit audited / certified 52 grants to the value of £126.5m and €4.1m Euros.

The breakdown of the 52 grants was:

- 42 EU Interreg grant returns;
- 1 Bus grant returns
- 1 Sport England grant; and
- 8 Department for Transport grants.

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

5.3 The increase in the volume of grant certification work undertaken by the Internal Audit service for the Council has continued to be challenging in respect of providing core assurance work and has utilised a greater proportion of Internal Audit resources.

5.4 The diversification of Internal Audit by offering a proportion of our services to other public sector related or associated bodies has continued throughout 2021-22, including:

- KCC LATCos and Kent HoldCo – including Kent Commercial Services, 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; and
- Management of the audit and fraud service at Tonbridge and Malling Borough Council.

6   Conformance with Public Sector Internal Audit Standards (PSIAS)

6.1   All internal audit work completed during 2021-22 has been conducted in accordance with the Standards, our Internal Audit Manual and our Quality and Assurance Improvement Programme.

6.2   The Standards require all public sector internal audit functions to be externally assessed on a five-yearly basis, to assess conformance with the Standards. In 2021, an independent assessor was appointed to complete the External Quality Assessment (EQA). The EQA assessed that the service "Generally Conforms with the Public Sector Internal Audit Standards". This was the highest possible assessment available and reconciled with our own internal self-assessment.

6.3   The EQA report recognised a number of areas of existing Good Practice and in addition, some issues were raised for consideration regarding continuous improvement. KCC Internal Audit prepared an Action Plan to address the recommendations and suggested enhancements identified in the EQA.

6.4   In summary, good progress has been made with 19 of the 21 actions now considered to be 'complete'. The remaining 2 actions are 'in progress' and a way forward has been determined to ensure that all actions are embedded into Internal Audit processes.

Table 8 EQA Action Plan Status

Category	Recommendations Raised	To Review	To Consider
Resources	3	1	2
Competency	5	4	1
Delivery	5	3	2
Enhancements for Consideration	8	N/A	8
Total	**21**	**8**	**13**

	Complete	In Progress	Total
Status at September 2022	19	2	**21**

6.6   There has been continual review against the Internal Audit Quality Assurance and Improvement Programme (QAIP) in 2021-22. This has confirmed that the quality standards continue to be generally complied with. Significant progress against recommendations made as part of the EQA has also been made which was reported to April 2022 GAC. Some areas for improvement have been identified and will be addressed through staff training sessions over the coming months. The key features of the QAIP are set out in Appendix 6.

7   Internal Audit Performance

Internal Audit

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 9 below:

Table 9: Internal Audit Performance 2021-22

Performance Indicator	Target	18-19	19-20	20-21		21-22		Performance Against previous Period
Outputs				Original Plan	Revised Plan	Original Plan	Revised Plan	
90% of audits completed (by year end)	**90%**	97%	93%	67%	96%	69%	100%	●
Outcomes								
% of high priority / risk issues agreed	**N/A**	100%	100%	100%	NA	100%	NA	●
% of high priority / risk issues implemented	**N/A**	56%	57%	34%	NA	45%	NA	●
% of all other issues agreed	**N/A**	100%	100%	100%	NA	98%	NA	●
% of all other issues implemented	**N/A**	55%	34%	46%	NA	39%	NA	●
Client satisfaction	**90%**	91%	97%	98%	NA	95%	NA	●

Plan Delivery

7.2   Table 9 highlights performance in respect of the Audit Plan, reflecting a challenging year in respect of delivering the Original Audit Plan, which has been reported to the Committee at previous meetings.

Client Satisfaction

7.3 At the end of each audit review, a client satisfaction questionnaire is sent to the auditee. The cumulative result for these surveys was 95% satisfaction, which is above target and shows similar position from 2021-22 performance.

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

- *"The Auditors approach was open and pragmatic throughout the course of the audit and in the backdrop of a challenging set of circumstances at service level. The final report provides the incoming Head of Service a comprehensive plan to address a series of well documented operational issues. It has also significantly increased the level of awareness and involvement of senior management and Elected Members in the immediate and medium-term issues facing the service which require deliverable solutions."*

- *"The Auditor was very professional, friendly and knowledgeable throughout the whole process. The Auditor quickly learnt KCC and ASCH processes and ensured I was kept up to date on report / audit progress and ensured my opinion was sought to ensure findings had been accurately reflected."*

- *"The Auditor is extremely professional and undertook the audit in the timescales agreed. The Auditor also provided some very helpful guidance and information."*

- *"The auditors were very clear on their intentions and requirements and worked with our team very well, showing an understanding or our business pressures and providing flexibility where necessary. Response times were excellent and everything ran to anticipated timescales."*

- *"The Auditor was as professional as always and sought to offer constructive challenge and improvement. It was particularly good to have Audit's engagement at such an early stage of development."*

<u>Client Perception</u>

7.5 In addition to the Client Satisfaction surveys, an annual Perception Survey has been completed requesting views of senior management and the Chair of the Committee on the quality of Internal Audit services. 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 in Appendix 7 and the key responses were:

- 100% strongly agree / agree that Internal Audit understands the Council, its needs and objectives;
- 89% strongly agree / agree that Internal Audit works with the Council to assist in achieving its objectives;
- 100% strongly agree / agree that Internal Audit demonstrates competence and due professional care;
- 89% strongly agree / agree that Internal Audit adds value;
- 88% strongly agree / agree that Internal Audit is insightful, proactive and future focused;
- 67% strongly agree / agree that Internal Audit promotes and supports organisational change and transformational change;
- 89% strongly agree / agree that Internal Audit provides timely reports which are of a high standard and meet the readers' needs;
- 45% strongly agree / agree that Internal Audit enables benchmarking and the sharing of good practice;

- 100% strongly agree / agree that Internal Audit demonstrates quality and continuous improvement; and
- 89% strongly agree / agree that Internal Audit provided an effective service in 2021-22.

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

- *"A very effective and responsive service."*

- *"Internal Audit reports should be and are independent and uncompromising, reflecting both positives and negatives within the organisation. The focus is on improving current risk management as well as recognition and management of future risks within the Council."*

- *"KCC Internal Audit and Counter Fraud is well led, very competent and a pleasure to work* with."

- *"Audit have had an outstanding year and the team is unrecognisable from a few years back. It has been a joy to watch a number of the team really hit their straps and develop and the value they add is considerable. Two small thoughts. Firstly, it is important that audit receives the resources it needs to map up against the organisation's current risk profile and operating environment. Secondly, on some areas it is important to remember context. In many cases those being audited are under pressure and do not have the time they once did to keep things under review. The same challenges and pressures felt by internal audit over the past year are also the experience of those being audited. That context is key and a kindness in delivering robust audit opinions will help keep the organisation safe and learning valuably from the work that audit do."*

8   Internal Audit Resources

8.1   In accordance with the PSIAS, members of the Committee need to be appraised of relevant matters relating to the resourcing of the Internal Audit function. During 2021-22, the restructure initiated in February 2021 was implemented, which included the recruitment of trainees to the team and an emphasis upon increasing the level of qualified auditors. There has, however, been challenges with some aspects of implementing the required resources, for example Council pay grades being insufficient to attract a permanent in-house specialist I.T Auditor within a challenging market.

8.2   During 2021-22, the in-house team has been enhanced by additional capacity from a contracted provider, fixed term and agency recruitments, albeit on a significantly reduced scale to 2020-21.

8.3   The resourcing of the service, which includes the needs of delivering services for external clients, has therefore continued to be challenging in 2021-22, which was evident when resources were insufficient to undertake all agreed audits within the Audit Plan in addition to undertaking the SEND Transport Lessons Learnt Review. This review could only be undertaken via deferring 8 planned audits, all of which were important areas where assurance was required for the Governance and Audit Committee.

8.4   Conversely, the redirection of resources into the scope of the SEND Transport Lessons Learnt Review has ensured that coverage has been sufficient to enable an annual Internal Audit opinion to be derived. Therefore, with reference to the CIPFA Guide on Head of Internal Audit Opinions, issued in November 2020, which relates to the ability of Internal Audit to deliver sufficient assurance, it is concluded that there was no limitation of scope which adversely impacted upon the ability to provide an annual opinion.

8.5   Although there has been insufficient time to analyse in detail the resourcing requirements and prepare a revised Business Case, several factors have been identified to be considered to ensure the resources of the Internal Audit service can remain as "fit for purpose." This aims to provide the necessary level of assurance service to reflect current risks faced by Council and to ensure there is sufficient level of resources to meet demand for assurance and consultancy services within the Council and its external clients to continue to deliver assurance and income to support the maintenance and retention of an experienced skills base.

8.6   The short-term priority, following the completion of the SEND Transport Lessons Learnt Review, which has led to the suspension of various areas to improve the Internal Audit service in 2022-23, is, therefore, to prepare a Business Case on required resources for consideration which aims to facilitate the continuous development of the service.

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, Head of Paid Service, Senior Management Boards, which includes the s.151 Officer, and the Chair of the Governance and Audit Committee.

9.4 There has been no restriction on the scope of Internal Audit work findings during 2021-22. In any instance where there is a potential or perceived impairment to independence, such matters would be addressed with management accordingly.

9.5 Consequently, 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 2021-22.

9.6 Summaries of audit work completed have been provided to the Committee throughout the year and have identified areas that have required escalation.

Appendix 1 – Delivery Against Internal Audit Plan 2021-22

Ref	Audit	Status as at 20/09/22	Assurance	Prospects for Improvement	Summary to Committee
CA01	Annual Governance Statement	Draft Report	TBC	TBC	
CA02	Corporate Governance	Complete	N/A	N/A	
CA03	Equalities Act 2010 Duties	Final Report	Limited	Good	GAC September 2022
CA04	Future of Sessions House HQ	Deferred to 2022/23			
CA05	Information Governance Assurance Mapping Update	Final Report	N/A	N/A	GAC November 2021
CA06	Records Management Follow-up	Deferred to 2022/23			
CA07	Risk Management	Final Report	N/A	N/A	GAC April 2022
CA08	Strategic Commissioning	Deferred to 2022/23			
CS01	CIPFA Financial Management	Final Report Subsequent work in progress	N/A	N/A	GAC April 2022
CS02	General Ledger	Final Report	Substantial	Good	GAC January 2022
CS03	Imprest Accounts Follow-up	Deferred to 2022/23			
CS04	Payroll	Final Report	Substantial	Good	GAC July 2022
CS05	Pensions Scheme Admin	Deferred to 2022/23			
CS06	Urgent Payment Follow-up	Final Report	N/A	N/A	GAC January 2022
CR01	Annual Audit Opinion	Complete	N/A	N/A	GAC July 2022
CR02	Annual Governance Statement	Complete	N/A	N/A	GAC July 2022
CR03	Information Governance Steering Group	Complete	N/A	N/A	
CR04	Provider Invoicing	Final Report	Limited	Good	GAC January 2022
RB01	Declaration of Interests (Members)	Final Report	Adequate	Good	GAC April 2022
RB02	Engagement of Consultants	Deferred to 2022/23			
RB03	Enterprise Business Capabilities (Oracle) – Strategic Reset Programme	Complete	N/A	N/A	GAC July 2022
RB04	Information Governance – DSP Toolkit	Final Report	Substantial	Good	GAC April 2022
RB05	KCC Estate Review – Strategic Reset Programme	Complete	N/A	N/A	GAC September 2022

Ref	Audit	Status as at 20/09/22	Assurance	Prospects for Improvement	Summary to Committee
RB06	New Grant Funding	Final Report	Substantial	Good	GAC April 2022
RB07	People Strategy – Strategic Reset Programme	Final Report	N/A	N/A	GAC April 2022
RB08	Property Infrastructure – Functions and Processes Transferred from Gen2	Final Report	Limited	Good	GAC July 2022
RB09	Public Health – Covid 19 Ring Fenced Grants	Final Report	High	Good	GAC July 2022
RB10	Schools Financials Services	Deferred to 2022/23			
RB11	Strategic Reset Programme – Programme Governance	Final Report	Adequate	Good	GAC April 2022
RB12	Contract Management (ASCH)	Final Report	Adequate	Very Good	GAC July 2022
RB13	Data Protection (ASCH)	Final Report	Adequate	Very Good	GAC January 2022
RB14	Induvial Contracts with Care Providers	Deferred to 2022/23			
RB15	Making a Difference Every Day (MADE) Assurance Board	Complete	N/A	N/A	GAC September 2022
RB16	Provider Failure Assurance Map	Deferred to 2022/23			
RB17	Safeguarding Assurance Map (ASCH)	Deferred to 2022/23			
RB18	Supervision of Social Workers	Final Report	Limited	Very Good	GAC July 2022
RB19	Accommodation for Young People / Care Leavers Follow-up	Final Report	N/A	N/A	GAC July 2022
RB20	Business Continuity Planning (CYPE)	Final Report	High	Very Good	GAC July 2022
RB21	Change for Kent Children – Strategic Reset Programme	Final Report	N/A	N/A	GAC September 2022
RB22	Foster Care – Transition to Shared Service	Deferred to 2022/23			
RB23	Information Governance (CYPE)	Final Report	Substantial	Very Good	GAC July 2022
RB24	Safeguarding Assurance Map (CYPE)	Deferred to 2022/23			
RB25	School Themed Review – Corporate Credit Cards	Final Report	Adequate	Good	GAC September 2022
RB26	SEN Assurance Map	Deferred to 2022/23			
RB27	Traveller Service – Site Allocation and Pitch Fee Collection	Final Report	No Assurance	Uncertain	GAC April 2022
RB28	Highways Term Maintenance Contract	Final Report	N/A	N/A	GAC July 2022
RB29	Inland Border Posts / Decision Making and Financial Management	Final Report	N/A	N/A	GAC September 2022
RB30	Kent and Medway Business Fund	Final Report	Adequate	Good	GAC September 2022

Ref	Audit	Status as at 20/09/22	Assurance	Prospects for Improvement	Summary to Committee
RB31	Kent and Medway Energy and Low Emission Strategy	Deferred to 2022/23			
RB32	New Local Infrastructure Projects Across Kent (SELEP)	Final Report	Substantial	Good	GAC July 2022
ICT01	Cyber Security Assurance Map Update (**EXEMPT**)	Final Report	N/A	N/A	GAC April 2022
ICT02	Information Technology Risk Management	Deferred to 2022/23			
ICT03	IT Cloud Strategy, Security and Data Migration	Final Report	Adequate	Uncertain	GAC April 2022
ICT04	IT Data Security Audit for DSP Toolkit	Final Report	Adequate	Adequate	GAC September 2022
ICT05	Prevention of ICT Data Centre Outages Follow-up	Final Report	N/A	N/A	GAC November 2021

B. Work Carried Forward From 2019-20:

Ref	Audit	Status as at 6/4/2021	Assurance	Prospects for Improvement	Summary to Committee
1	School Themed Review – Cyber Security (**EXEMPT**)	Final Report	Adequate	Good	GAC November 2021
2	Imprest Accounts Follow-up (**EXEMPT**)	Final Report	N/A	N/A	GAC November 2021
3	ACCESS Pool	Final Report	Substantial	Good	GAC November 2021
4	Strategic Commissioning Follow-up	Final Report	N/A	N/A	GAC November 2021
5	Cyber Security – Management of Backups for Applications, Data and active Network Devices (**EXEMPT**)	Final Report	Adequate	Very Good	GAC November 2021
6	Records Management	Final Report	Limited	Good	GAC November 2021

C. Additions:

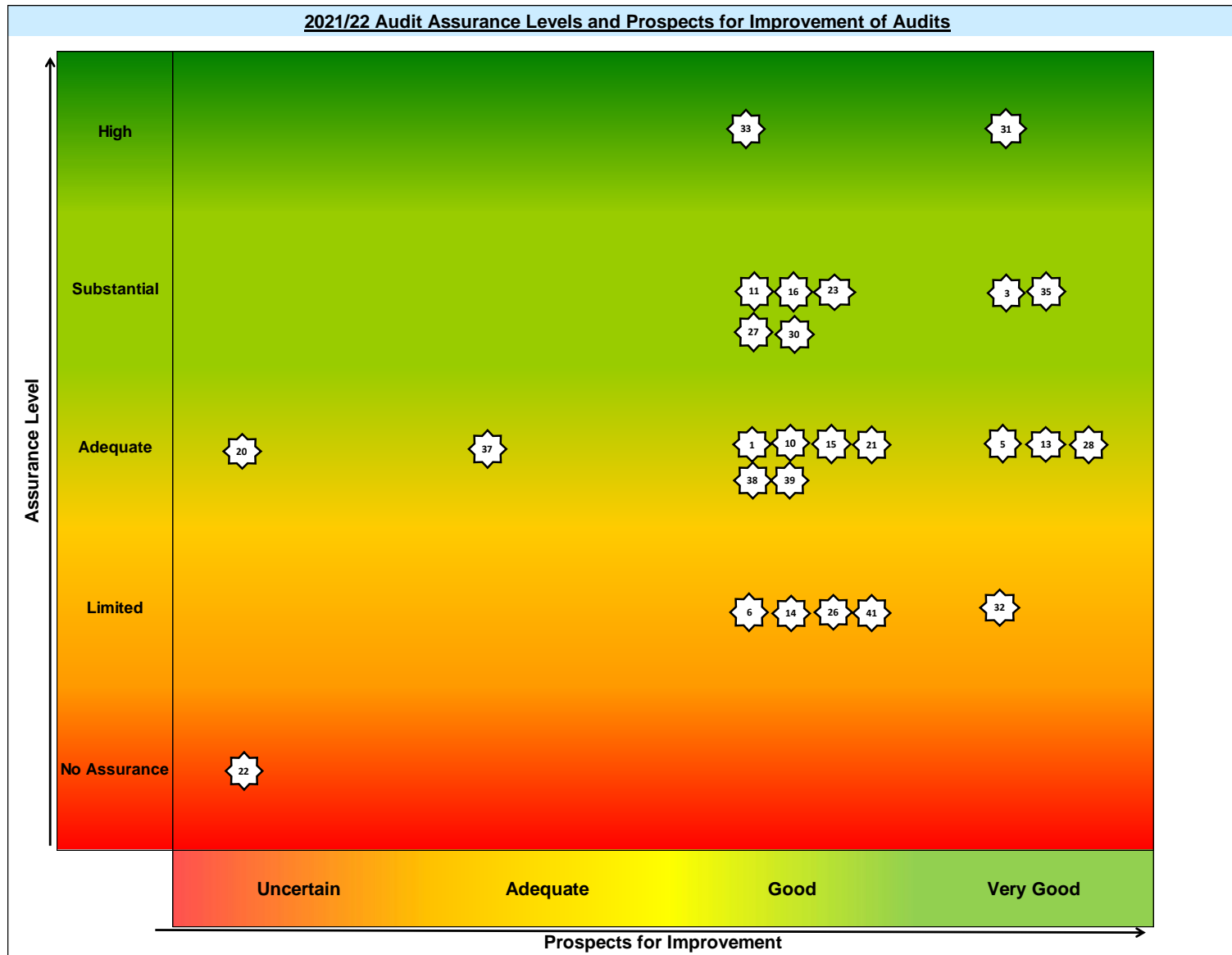| Ref	Audit	Status as at 6/4/2021	Assurance	Prospects for Improvement	Summary to Committee
1	ASCH Day Centre Review	Final Report	N/A	N/A	GAC November 2021
2	Sessions House Data Centre Failure – Lessons Learnt Review (EXEMPT)	Final Report	N/A	N/A	GAC November 2021
3	Searchlight – Data Breaches	Final Report	Adequate	Good	GAC January 2022
4	Provider Data Protection Themed Report (ASCH)	Final Report	Limited	N/A	GAC July 2022
5	SEND Transport	Final Report	N/A	N/A	GAC September 2022

Appendix 2 – Internal Audit Assurance Levels

Assurance Opinion	Definition
High	There is a sound system of control operating effectively to achieve service/system objectives. Any issues identified are minor in nature and should not prevent system/service objectives being achieved.
Substantial	The system of control is adequate, and controls are generally operating effectively. A few weaknesses in internal control and/or evidence of a level on non-compliance with some controls that may put system/service objectives at risk.
Adequate	The system of control is sufficiently sound to manage key risks. However, there were weaknesses in internal control and/or evidence of a level of non-compliance with some controls that may put system/service objectives at risk.
Limited	Adequate 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 if unresolved they may result in system/service objectives not being achieved.
No Assurance	The system of control is inadequate and controls in place are not operating effectively. The system/service is exposed to the risk of abuse, significant of error or loss and/or misappropriation. This means we are unable to form a view as to whether objectives will be achieved.
Not Applicable	Internal audit advice/guidance only - no overall opinion provided.

Prospects for Improvement	Definition
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.
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.
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.
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.
Not Applicable	Internal audit advice/guidance only - no overall opinion provided.

Appendix 3 – Distribution of Internal Audit Assurances 2021-22

2021/22 Audit Assurance Levels and Prospects for Improvement of Audits

Assurance Level (y-axis)

- High: 33, 31
- Substantial: 11, 16, 23, 3, 35, 27, 30
- Adequate: 20, 37, 1, 10, 15, 21, 5, 13, 28, 38, 39
- Limited: 6, 14, 26, 41, 32
- No Assurance: 22

Prospects for Improvement (x-axis): Uncertain | Adequate | Good | Very Good

No	Audit Opinion October / November G&A Committee	Assurance	Prospects for Improvement	No	Audit Opinion January G&A Committee	Assurance	Prospects for Improvement
1	Schools Themed Review - Cyber Security (RB24-2021)	Adequate	Good	10	Searchlight - Data Breaches (AD02-2022)	Adequate	Good
2	Imprest Accounts Follow Up (CS01-2021) EXEMPT	N/A	N/A	11	General Ledger (CS02-2022)	Substantial	Good
3	ACCESS Pool (CS08-2021)	Substantial	Very Good	12	Urgent Payment - Follow-up (CS06-2022)	N/A	N/A
4	Strategic Commissioning - Follow Up (RB39-2021)	N/A	N/A	13	Data Protection (ASCH) (RB13-2022)	Adequate	Very Good
5	Cyber Security - Management of Backups for Applciations, Data and Active Network Devices (ICT03-2021) EXEMPT	Adequate	Very Good	14	Provider Invoicing (CR04-2022)	Limited	Good
6	Records Management (CA03-2021)	Limited	Good				
7	Laineys Farm	N/A	N/A				
8	Information Governance Assurance Map (CA05-2022)	N/A	N/A				
9	Sessions House Data Centre Failure - Lessons Learnt Review	N/A	N/A				

No	Audit Opinion April G&A Committee	Assurance	Prospects for Improvement	No	Audit Opinion July G&A Committee	Assurance	Prospects for Improvement
15	Strategic Reset Programme (RB11-2022)	Adequate	Good	27	KCC Payroll 2021-22 (CS04-2022)	Substantial	Good
16	DSP Toolkit (RB04-2022)	Substantial	Good	28	Contract Management (ASCH) (RB12-2022)	Adequate	Very Good
17	Cyber Security Assurance Map (ICT01-2022)	N/A	N/A	29	Accommodation for Young People Follow Up (RB19-2022)	N/A	N/A
18	People Strategy - Strategic Reset Programme (RB07-2022)	N/A	N/A	30	New Local Infrastructure Projects Across Kent (SELEP) (RB32-2022)	Substantial	Good
19	Risk Management (CA07-2022)	N/A	N/A	31	BCP (CYPE) (RB20-2022)	High	Very Good
20	ICT Cloud Strategy, Security & Data Migration (ICT01-2021)	Adequate	Uncertain	32	Supervision of Social Workers (RB18-2022)	Limited	Very Good
21	Declaration of Interest (Members) (RB01-2022)	Adequate	Good	33	Public Health C19 Funding (RB09-2022)	High	Good
22	Gypsy & Traveller Service - Site Allocation and Pitch Fees Collections (RB27-2022)	No	Uncertain	34	Enterprise Business capabilities (Oracle) (RB03-2022)	N/A	N/A
23	New Grant Funding (RB06-2022)	Substantial	Good	35	Information Governance (CYPE) (RB23-2022)	Substantial	Very Good
24	Ashford Sevington	N/A	N/A	36	Provider Data Protection Themed Report (DP1-2022)	Limited	N/A
25	CIPFA Financial Management (FM) Code Management Letter	N/A	N/A				
26	Property Infrastructure - Functions and Processes Transferred to KCC from Gen2 (RB08-2022)	Limited	Good				

|	Audit Opinion October / November G&A Committee		
No	**Audit**	**Assurance**	**Prospects for**
37	IT Data Security for DSP Toolkit (ICT04-2022)	**Adequate**	**Adequate**
38	School Themed Review - Credit Card (RB25-2022)	**Adequate**	**Good**
39	Kent & Medway Business Fund (RB30-2022)	**Adequate**	**Good**
40	KCC Estate Review (RB05-2022)	**N/A**	**N/A**
41	Equalities Act (Duties) 2010 (CA03-2022)	**Limited**	**Good**
42	Highways Term Maintenance Contract (RB28-2022)	**N/A**	**N/A**
43	Making a Differnce Everyday Programme (MADE) (RB15-2022)	**N/A**	**N/A**
44	Change for Kent Children (RB21-2022)	**N/A**	**N/A**

Assurance Level	No	%
High	2	7%
Substantial	7	26%
Adequate	11	41%
Limited	6	22%
No	1	4%
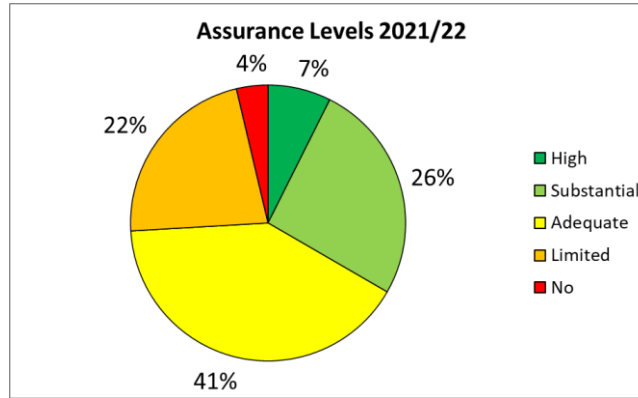
PFI	No	%
Very Good	7	27%
Good	16	61%
Adequate	1	4%
Uncertain	2	8%

Assurance Levels 2021/22

Appendix 4 - Extract of KCC Significant Risks

The detail below shows Internal Audit projects against the Corporate Risk Register reported to July GAC

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0002	Safeguarding - Protecting Adults at Risk	High (20)	Medium (15)	At Target	RB15	Making a Difference Every Day (MADE)	N/A	N/A
					RB18	Supervision of Social Workers	Limited	Very Good

Risk response is Treat

A quality assurance framework has been developed and is ready to go live in the coming months, to aid analysis and evidence quality of practice. At the end of February 2022 safeguarding teams were realigned into four locality teams moving away from the previous specialisms, to improve the safeguarding pathway. The rest of the locality model is due to be implemented towards the end of 2022, which is expected to lead to further improvements in safeguarding practice. The Kent and Medway Adults Safeguarding Board have developed a strategic plan for 2022-2025 to support the achievement of the overall ambitions.

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0003	Securing resources to aid economic recovery and enabling infrastructure	High (20)	High (16)	3+ Years	RB30	Kent and Medway Business Fund	Adequate	Good
					RB32	New Local Infrastructure Projects Across Kent (SELEP)	Substantial	Good

Risk response is Treat

The medium-term timescale reflects the time it will take to introduce, but more importantly, embed the necessary relevant strategies, policies etc

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0004	Simultaneous Emergency Response and Resilience	High (20)	Medium (15)	3+ Years	RB20	Business Continuity Planning (CYPE)	High	Very Good

Risk response is Treat

The controls continue to be implemented however there continues to be

pressure on resources with the ongoing response requirements which are resourced from KCC, as well as pushing 'business as usual' forward

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0009	Future financial and operating environment for local government	High (20)	High (16)	1-2 Years	CS01	General Ledger	Substantial	Good
					CS05	Urgent Payment Follow-up	N/A	N/A
					RB06	New Grant Funding	Substantial	Good
					CA09	CIPFA Financial Management	TBC	TBC

Risk response is Treat

There has been a recent Government commitment to a 2-year spending review for local government, although the medium-term picture is still unclear and therefore difficult to state a timescale to achieve target at this point. The one-year settlement previously received means greater risk.

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0014	Technological resilience and information security threats	High (20)	High (16)	1-2 Years	ICT01	Cyber Security Assurance Map (Exempt)	N/A	N/A
					ICT03	IT Cloud Strategy, Security and Data Migration	Adequate	Uncertain
					ICT04	IT Data Security Audit for DSP Toolkit	Adequate	Adequate
						Cyber Security - Management of Backups for Applications, Data and Active Network Devices	Adequate	Very Good
						Sessions House Data Centre Follow-up	N/A	N/A

Risk response is Treat

A plan is being developed to bring risk to target level (risk will always be high and changes all the time - hence high target) by gradual and incremental improvements over the next 1-2 years. Of key importance are the robustness and continual reviewing of controls, with constant work required to keep pace with the threat. Changes have been made with our key supplier to support the approach to the security environment management.

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0015	Managing and working	High	Medium	1-2 Years	CR04	Provider Invoicing	N/A	N/A

with the social care market   **(20)**   **(15)**

RB12	Contract Management (ASCH)
	Strategic Commissioning Follow-up

Adequate	**Very Good**
N/A	**N/A**

Risk response is Treat

The recently approved Adult Social Care Strategy 2022-2027 sets out the future direction of travel, as wells as development of our commissioning strategy with underpinning delivery plans to support, grow and develop the market in line with strategic direction

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0039	Information Governance	**High (20)**	**Medium (12)**	TBC	RB04	Information Governance - DSP Toolkit	**Substantial**	**Good**
					CR02	Information Governance Steering Group	**N/A**	**N/A**
					RB23	Information Governance (CYPE)	**Substantial**	**Very Good**
					RB13	Data Protection (ASCH)	**Adequate**	**Very Good**
					CA05	Information Governance Assurance Map	**N/A**	**N/A**
						Searchlight - Data Breaches (Exempt)	**Adequate**	**Good**
						Records Management	**Limited**	**Good**

Risk response is Treat

Timescale to target to be discussed at next Corporate Information Governance Group meeting 27/07.

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0042	Border fluidity, infrastructure and regulatory arrangements	**High (20)**	**High (16)**	1-2 Years	RB29	Inland Board Posts / Decision Making and Financial Management	TBC	TBC

Risk response is Treat

Initial timescale response given by GET DMT

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0044	High Needs Funding shortfall (risk to be merged with CRR0047)	**High (20)**	**High (16)**	3+ Years		SEND Assurance Map	**Deferred**	

Risk response is Treat

KCC are in discussions with the DfE to gain access to the Safety Valve funding to meet some of the High Needs Funding (HNF) shortfall. These discussions need to conclude in the coming months. This will require a firm commitment to change and to delivering better value for money and will be a three-year plan.

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
						SEND Assurance Map	Deferred	
CRR0047	Adequacy of support for children with Special Educational Needs and Disabilities (SEND) – response to Written Statement of Action (risk to be merged with CRR0044)	High (20)	Medium (10)	3+ Years				

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Risk response is Treat

This risk is linked to CRR0044 and requires both a redesign and re-configuration of the SEN service. This is currently underway and will form the basis from which the HNF requirements of the Safety Valve programme will be met

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0050	CBRNE incidents,	High (20)	Medium	1-2 Years	RB09	Public Health - Covid 19 Ring Fenced Grants	High	Good

communicable diseases and incidents with a public health implication – KCC response to and recovery from the impacts of the Covid-19 public health emergency

(15)

Risk response is Treat

The pandemic was a global emergency and disasters management and aftermath recovery shows that the period of recovery has a long tail.

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0051	Supporting the workforce transition to hybrid working (target level of risk previously raised from 8 to 12)	High (16)	Medium (12)	1 Year	RB07	People Strategy - Strategic Reset Programme	N/A	N/A
					RB11	Strategic Reset Programme - Programme Governance	Adequate	Good

Risk response is Treat

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0052	Impacts of Climate Change on KCC Services	High (20)	High (16)	3+ Years	RB31	Kent and Medway Energy and Low Emission Strategy	Deferred to 22/23	

Risk response is Treat

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0053	Capital Programme affordability	High (20)	High (16)	3+ Years		Inflation	To be completed 22/23	

Risk response is Treat

Inflation is having a disproportionate impact on the capital programme.

Risk No	Risk Title	Current Rating	Target Rating	Timescale to Target	Audit Ref	Title	Opinion	PFI
CRR0054	Supply Chain and Market Factors	High (20)	TBC	1-2 Years	RB30	Kent and Medway Business Fund	Adequate	Good

Risk response is Treat

Visibility and access to data across KCC is essential to enable us to treat and mitigate this risk. Directorates are required to populate the central contract register and commissioning pipeline in order for to ensure all information is captured in the first instance. The Commissioning Standards and templates provide information and consideration about sub-contracting arrangements and proportional treatment of risk and reward. Greater emphasis is required on upstream and downstream supply chains within contracts and across KCC to look at trends and cost implications to help reduce costs, improve and maintain logistical arrangements and improve and / or maintain efficiency and collective organisational targets and priorities

Appendix 5 - IIA Assessment Criteria Other Sources of Assurance

Assessment Criteria Other Sources of Assurance

Low Reliance

High Reliance

• Program commitment
• Broad expertise
• Assess and report risk

• Common purpose
• Process expertise
• Inspection discipline
• Point-in-time conclusion

• Common purpose
• Process expertise
• Repeatable testing
• Issue tracking
• Analytics

• Integral purpose/priority
• Technical expertise
• Rigorous practice
• Sustained remediation
• Continuous monitoring
• Communicate emerging risk

Appendix 6 - Quality Assurance & Improvement Programme (QAIP)

The Public Sector Internal Audit Standards (PSIAS) 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. In 2021-22, there has been insufficient time to undertake Cold Reviews.
- **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 2021-22, the following Improvement areas were addressed:

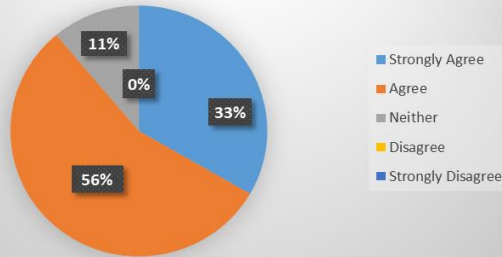| Improvement Issue |
|---|
| Implement Restructure including recruitment |
| To implement agreed actions from the External Quality Assessment |
| Review Data Analytics Strategy following training to monitor and enhance utilisation of Data Analytics |
| Commission bespoke training in Agile Auditing for managers and Principal Auditors to enhance approaches |
| To refresh IACF team members with Process Mapping training |
| To refresh IACF team members with Root Cause Analysis training |

Improvements required for the service in 2022-23 include:

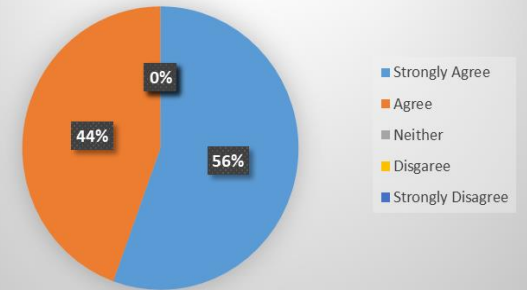| Improvement Issue |
|---|
| Review Assurance Mapping and Reliance on Other Assurances Methodology |
| Implement a more effective approach to following up Cold Reviews |
| Develop an Audit Manual procedure note to reflect engagement planning requirements for consultancy reviews |
| Continue review of report formats on lean principles with aim of reducing report length |
| Refresh Performance Management system |

Appendix 7 – Senior Management Survey
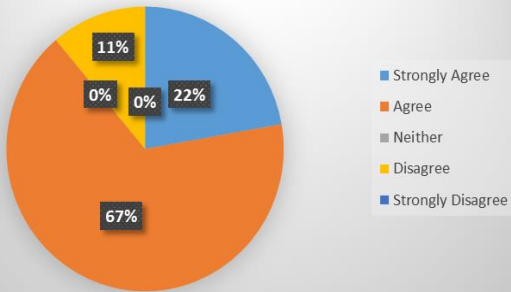
1. Understands the Council, its needs and objectives.

- Strongly Agree
- Agree
- Neither
- Disagree
- Strongly Disagree
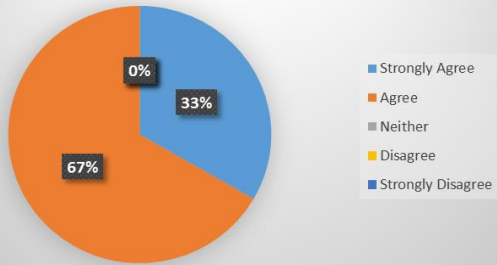
2. Works with the Council to assist you in achieving your objectives and managing your risks.

- Strongly Agree
- Agree
- Neither
- Disagree
- Strongly Disagree

3. Consistently demostrates competence and due professional care.

- Strongly Agree
- Agree
- Neither
- Disgaree
- Strongly Disagree

4. Adds value with the work delivered.

- Strongly Agree
- Agree
- Neither
- Disagree
- Strongly Disagree

5. Is insightful, proctive and future-focused.

- Strongly Agree
- Agree
- Neither
- Disagree
- Strongly Disagree
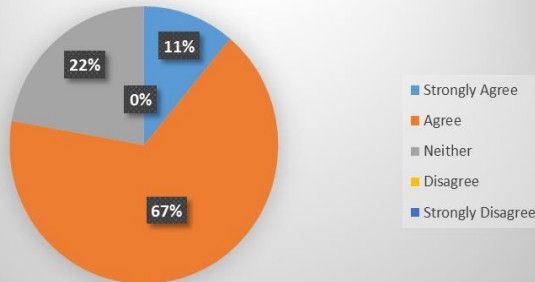
6. Promotes and supports organisational improvement and transformation.

- Strongly Agree
- Agree
- Neither
- Disagree
- Strongly Disagree
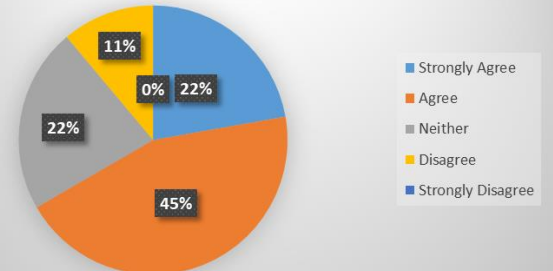
7. Provides timely reports which are of a high standard and meet your needs.

Strongly Agree 33%
Agree 56%
Neither 11%
Disagree 0%
Strongly Disagree
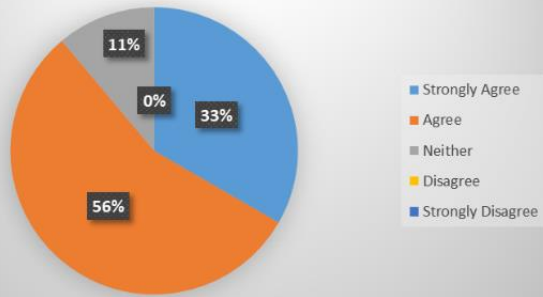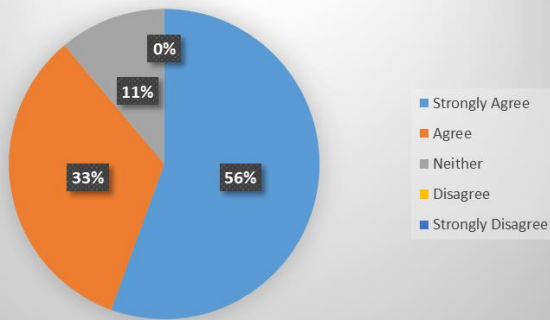

8. Enables benchmarking and the sharing of good practice, solutions and experience across Kent County Council.

Strongly Agree 11%
Agree 34%
Neither 33%
Disagree 22%
Strongly Disagree 0%
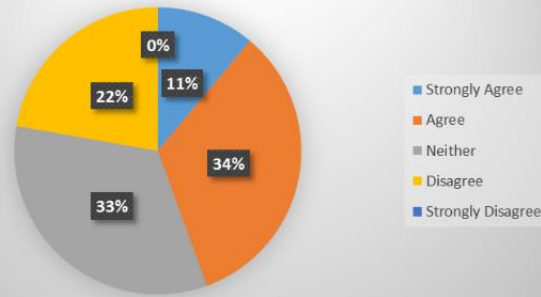
9. Demonstrates quality and continuous improvement in the Audit Service.

Strongly Agree 56%
Agree 44%
Neither
Disagree
Strongly Disagree 0%
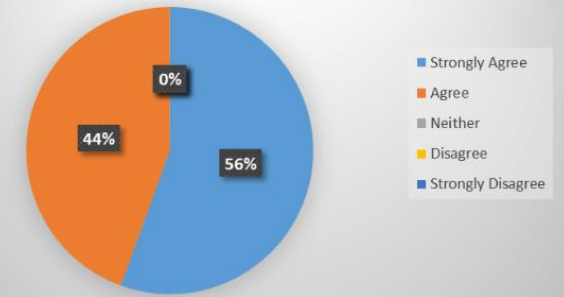
10. Has provided an effective service for the Council in 2021/22.

Strongly Agree 56%
Agree 33%
Neither 11%
Disagree
Strongly Disagree 0%

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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