

**GOVERNANCE AND AUDIT COMMITTEE**

**Thursday, 26th January, 2023**

**2.00 pm**

**Council Chamber, Sessions House, County Hall,  
Maidstone**







## AGENDA

### GOVERNANCE AND AUDIT COMMITTEE

**Thursday, 26th January, 2023, 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 Meetings Held on 19 October 2022 and 15 November 2022 (Pages 1 - 10)
5. Annual Governance Statement (Pages 11 - 28)
6. Committee Terms of Reference (Pages 29 - 34)
7. Internal Audit Progress Report (Pages 35 - 70)
8. External Audit Progress Report – to follow

9. Counter Fraud Update (Pages 71 - 106)
10. Schools Audit Annual report – to follow
11. Review of the Risk Management Strategy, Policy and Programme (Pages 107 - 130)
12. 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)

13. Internal Audit Progress Report (EXEMPT) (Pages 131 - 136)

Benjamin Watts  
General Counsel  
03000 416814

**Wednesday, 18 January 2023**

*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

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### GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Tuesday, 15 November 2022.

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

ALSO PRESENT: Mr P Oakford

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mr B Watts (General Counsel), Mr J Idle (Head of Internal Audit), Mr Parris Williams, Mrs R Spore (Director of Infrastructure), Mr J Sanderson (Head of Property Operations), Mr K Bulled (Policy and Business Planning Manager), Mr J Graham (Pension Fund Treasury and Investments Manager), Mrs S Hammond (Corporate Director Children, Young People and Education), Mr S Jones (Corporate Director of Growth, Environment and Transport), Ms N Liddiard (Head of Gypsy and Traveller Service), Mr T Marchant (Interim Head of Countryside and Community), Mr M Rolfe (Head of Kent Scientific Services), Ms P Blackburn-Clarke (Customer Experience and Engagement Manager) and Miss K Reynolds (Democratic Services Officer)

### UNRESTRICTED ITEMS

#### **69. Substitutes**

*(Item 2)*

Apologies for absence had been received from Mr Hook for whom Mrs Dean was present as substitute.

#### **70. Declarations of Interest in items on the agenda for this meeting**

*(Item 3)*

In relation to agenda item 5, Mr Webb declared that he was in receipt of a KCC Pension. In relation to agenda item 8, Mr Webb declared that he was a Maidstone Borough Council elected Member.

#### **71. Minutes of the Meeting Held on 29 September 2022**

*(Item 4)*

RESOLVED that the minutes of the meeting held on 29 September 2022 were correctly recorded and that they be signed by the Chairman.

#### **72. Treasury Management Update**

*(Item 5)*

1. The Pension Fund and Treasury Investments Manager introduced the report which provided an overview of Treasury Management activity and developments in 2022-23 to the end of September 2022. The omitted Appendix ('Investments as at 30 September 2022') had been circulated to Committee Members at the start of the meeting and is appended to these minutes.
2. In response to questions from Members it was said that LOBO (Lender's Option Borrower's Option) loans were a relatively low proportion of the Council's borrowing portfolio. The Council maintained short-term liquidity and there was a facility to borrow from PWLB. The Pension Fund and Treasury Investments Manager said that a risk model was in development and that he expected this to inform future updates to the Committee.
3. RESOLVED that the report be endorsed for onward submission to the County Council.

### **73. Committee Chairman's Annual Report to the Council**

*(Item 6)*

1. The Chairman introduced the report which highlighted the role and work of the Committee, drew attention to some of the governance issues the Committee had considered and highlighted key themes that all Members should be sighted on.
2. RESOLVED that the report be endorsed for onward submission to the County Council, subject to further revision outside of the formal meeting.

### **74. SEND Transport Review Report - Management Response Update (to follow)**

*(Item 7)*

1. The General Counsel introduced the report which provided a summary table of a range of management actions and activity that were being undertaken by officers in the areas identified in the SEND Transport Lessons Learned Review report. The Corporate Director for Children's, Young People and Education said that the recommendations of the report were being prioritised.
2. In response to questions and comments from Members it was said that:
  - i. The Committee would receive the Ofsted SEND report for consideration at the January 2023 meeting. The Corporate Director of Children, Young People and Education said that the directorate was working with the Department for Education to produce an Accelerated Progress Plan to respond to the recommendations of the report and to transform services.
  - ii. In response to Member concerns regarding officers working excessive hours during the SEND Transport re-tendering exercise, the General Counsel advised he would work with colleagues to ensure that officers at all levels were aware of the Council's Whistle Blowing procedure.
  - iii. There would be scope for the Internal Audit team to carry out a review of the SEND Transport management response and to provide the Committee with independent assurance at a future meeting.
  - iv. It was agreed that the Committee would receive updates on the Management Action Table at every meeting until further notice.

3. The Chair of Kent PACT thanked officers for the work undertaken in response to the SEND Transport Lessons Learned Review report. However, she raised concern that there had been a distinct lack of communication with parents, carers or Kent PACT on planned meetings. It was requested that service users be included in relevant discussions and proposed that Kent Pact have a place on the new Home to School Transport Board.
4. RESOLVED to:
  - a) note the update on management action taken and planned in relation to the Review Report; and
  - b) agree the regularity of future updates to be brought before the Committee.

**75. Update Report on Audit RB27 - 2022 (Traveller Service - Site Allocation and Pitch Fee Collections) and RB08-2022 (Transfer of Property Functions to KCC from GEN2 - Performance Management)**  
(Item 8)

1. Update Report on Audit RB27 - 2022 (Traveller Service - Site Allocation and Pitch Fee Collections)
  - 1.1. The Cabinet Member for Community and Regulatory Services introduced the report which provided an update on the Management Response to the Internal Audit conducted on the Gypsy and Traveller Service -Site Allocation and Pitch Fee Collections completed in February/March 2022. The new Head of Gypsy and Traveller Service highlighted the Gypsy and Traveller Pitch Allocation Policy which was to be considered at the Growth, Economic Development and Communities Cabinet Committee on 22<sup>nd</sup> November 2022. In relation to the outstanding debt for pitch fees, it was highlighted that KCC Debt Recovery processes had been adopted and a clear escalation process established, resulting in a reduction in overall debt of approximately 11% since June 2022.
  - 1.2. In response to questions from Members it was said that:
    - i. Due to overdue pitch maintenance work, the service did not consider it appropriate to charge annual pitch fees at present.
    - ii. The case management system had not been procured specifically for the Gypsy and Traveller Service. The system had originally been procured for a separate service within Public Protection and a module was identified as appropriate for use in the Gypsy and Traveller Service. However, the case management system had been deemed as 'not fit for purpose' and work was underway to procure a more suitable case management system to benefit the Service.
    - iii. An aged debt analysis and prospects for recovery would be provided to Members by the Head of Gypsy and Traveller Service.
    - iv. The Head of Internal Audit said that many positive actions had been taken by the Gypsy and Traveller Service in recent months.
  - 1.3. RESOLVED to note progress made so far.
2. Update Report on RB08-2022 (Transfer of Property Functions to KCC from GEN2 - Performance Management)
  - 2.1. The Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services introduced the report which updated the Committee on the progress of the Transfer of Property Functions to KCC from Gen<sup>2</sup> – Performance Management Action Plan being implemented and sought to provide assurance that robust procedures and processes were in place.

- The Director of Infrastructure said that significant progress had been made in progressing the solution to the outcomes of the audit.
- 2.2. In response to questions and comments from Members it was said that the Corporate Director of Finance would provide the Committee with a breakdown of the costs incurred by the transfer of Gen<sup>2</sup> Property Staff under TUPE arrangement and the initial start-up cost of Gen2 Property Limited.
  - 2.3. The Head of Internal Audit said that positive actions had been undertaken by the service in response to the areas of development outlined in the audit report.
  - 2.4. RESOLVED to note the progress that has been made following the initial presentation of the Audit RB08-2022 and the further improvement work underway to embed the Performance Information Management System (PIMS) in the division.

## **76. KCC Annual Customer Feedback Report 2021-22** *(Item 9)*

1. The Customer Experience and Engagement Manager provided a summary of the compliments, comments and complaints recorded by the Council. The report included statistics relating to customer feedback received by the Council and a sample of complaints considered by the Ombudsman.
2. In response to questions from Members it was said that:
  - a. The delays in Deprivation of Liberty Safeguards assessments were due to a shortage of qualified Best Interest Assessors nationwide. Members requested that a report outlining the actions taken to overcome these pressures across the Council be brought back to the Committee by Adult Social Care & Health officers at a future meeting.
  - b. The Customer Experience and Engagement Manager would provide the Committee with the Children, Young People and Education report when available which will include a detailed breakdown of the complaints relating to Special Educational Needs (SEN)
3. RESOLVED to note the report for assurance.

## **77. Covert Enforcement Techniques Activity** *(Item 10)*

1. The Head of Kent Scientific Services reported on the use of covert investigative techniques surveillance, covert human intelligence source and telecommunications data requests carried out by KCC between 1 April 2021 – 31 March 2022. The Committee was told that since the publication of the report, the two defendants identified using various covert techniques had been sentenced to prison terms following the investigation of illegal television streaming.
2. RESOLVED to note for assurance the use of covert investigative techniques during the period and endorse the policy in relation to the use of covert investigative techniques.

## **78. External Audit - Progress Report and Sector Update** *(Item 11)*

1. Mr Parris Williams from Grant Thornton UK LLP introduced the report on current progress on external audit work. It was highlighted that a technical accounting



issue had led to delays in local authority audits, principally for highways authorities. This was a material issue which impacted Kent County Council as the Council reported to hold over £600m of infrastructure assets as at 31 March 2021. A statutory override was expected to be introduced in November 2022. This would allow audit opinions to be completed for Kent's 2021/22 financial statements.

2. In response to questions and comments from Members it was agreed that due to the Council's financial position and the current exceptional economic climate, a Cabinet meeting may be arranged for late July or August 2023 to avoid delays to quarter one reporting.
3. RESOLVED that the report be noted for assurance.

**79. Other items which the Chairman decides are urgent**  
*(Item 12)*

There were no matters arising.

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## KENT COUNTY COUNCIL

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### GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 19 October 2022.

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

ALSO PRESENT: Mr P J Oakford

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mr B Watts (General Counsel), Mr J Idle (Head of Internal Audit), Miss E Feakins (Chief Accountant), Mr Paul Dossett, Mr J Flannery (Principal Auditor), Miss K Reynolds (Democratic Services Officer) and Mr S Jones (Corporate Director of Growth, Environment and Transport)

### UNRESTRICTED ITEMS

#### **59. Substitutes**

*(Item 2)*

Apologies for absence had been received from Mr Thomas and Mr Webb. The Democratic Services Officer informed the Committee that Mr Hook was attending the meeting virtually.

#### **60. Declarations of Interest in items on the agenda for this meeting**

*(Item 3)*

In relation to item 4, Mr Jeffery declared that he was a member of the Kent Pension Board.

#### **61. External Audit Findings Report for Kent Pension Fund 2021-22**

*(Item 4)*

1. Mr Richmond Nyarko from Grant Thornton UK LLP introduced the report which set out the External Auditor's Annual Findings for the Kent Pension Fund in 2021/22. He highlighted the determination of materiality for Kent Pension Fund and significant audit risks identified in the External Audit Plan.
2. RESOLVED that the report be noted for assurance.

#### **62. Counter Fraud Update**

*(Item 5)*

1. The Counter Fraud Manager introduced the report which detailed Counter Fraud activity undertaken during the period April 2022 to September 2022, including reported fraud and irregularities. The report also gave an update on the Counter

Fraud Action Plan for 2022/23 covering reactive and pro-active activity. It was said that mandate fraud continued to be the highest area of financial risk to KCC, schools and businesses across Kent.

2. In response to questions and comments from Members it was said that there was ongoing collaborative work with district councils to address the risk of blue badge misuse across Kent. It was highlighted that while referral rates were at a manageable level based on the resources available, some low-level risk referrals had not been progressed due to other priorities.
3. RESOLVED to note the Counter Fraud Progress report for 2022/23.

### **63. Annual Governance Statement - Presentation**

*(Item 6)*

1. The General Counsel gave a presentation on the Annual Governance Statement (AGS). The slides can be viewed on the Kent County Council (KCC) webpage for this meeting.
2. The General Counsel briefed Members on the key elements of the Statement; the AGS journey in KCC; the current operating environment and challenges facing the Council; the work being undertaken to produce the AGS; and what Members could expect from the document.
3. In response to questions and comments from the Members it was said that the statutory officers were working on further arrangements to encourage good governance in the Council.
4. RESOLVED to note the content of the presentation.

### **64. Review and Approval of Kent County Council's Tax Strategy and Corporate Criminal Offence Policy**

*(Item 7)*

1. The Senior Accountant introduced the report which summarised the importance of the implementation of the Tax Strategy and the Corporate Criminal Offence (CCO) policy.
2. RESOLVED to approve the implementation of the Tax Strategy and Corporate Criminal Offence policy.

### **65. Internal Audit Progress Report - RB30 - Kent and Medway Business Fund**

*(Item 8)*

*Mr Murphy (Cabinet Member for Economic Development), Mr Robey (Deputy Cabinet Member for Economic Development) and Mr David Smith (Director of Economic Development) were in attendance for this item.*

1. The Head of Internal Audit introduced the item which had been brought back for the Committee's consideration. He reminded Members of the high-risk area for development relating to the previously written off high value debts without adequate scrutiny, challenge and authorisation by the Corporate Director of

Finance as required under the Council's Financial Regulations. It was said that Members had received additional information which set out the issues identified, the response from management in the Growth, Environment and Transport (GET) directorate, and the expectations of the KCC Financial Regulations in relation to debt.

2. The Cabinet Member for Economic Development said that since the area for development had been brought to the attention of the service, a new write-off process had been implemented. The new process complied with the Council's Financial Regulations and would also be used retrospectively to rectify the issues raised.
3. The Deputy Cabinet Member for Economic Development emphasised the success of the Kent and Medway Business Fund scheme and highlighted that the loan write-offs identified in the audit represented a small proportion of overall debt. He confirmed that a robust write-off procedure for bad debt had been followed in all cases and this had been considered appropriate for external funding. The Director of Economic Development reiterated that this was a rigorous write-off process which had been satisfactory to the Department for Business, Energy & Industrial Strategy. Committee Members and the Head of Internal Audit expressed concern that the Deputy Cabinet Member for Economic Development and Director of Economic Development had made assertions that demonstrated a failure to understand the breach of financial regulations and its significance.
4. The Corporate Director of Growth, Environment and Transport assured the Committee that he would work with the Corporate Director of Finance to develop robust finance and governance arrangements for the Kent and Medway Business Fund with consideration of the findings of the Internal Audit Report.
5. In response to questions and comments from Members it was said that:
  - a) an update would be provided to the Committee at a future meeting date.
  - b) The Corporate Director of Finance would seek explicit assurance from Corporate Director colleagues that the Council's debt write-off processes were being followed in other areas.
  - c) Grant Thornton would provide an update to the Committee on the progress of the external audit on the Kent and Medway Business Fund.
6. RESOLVED that the report be noted for assurance.

**66. Other items which the Chairman decides are urgent**  
(Item 9)

There were no matters arising.

**67. External Audit Progress Report**  
(Item 9a)

1. Mr Paul Dossett from Grant Thornton UK LLP introduced the report which provided an update on the Financial Statements Audit of Kent County Council (KCC). It was said that the overall status remains 'On track'. It was said that the reporting of infrastructure assets had led to delays nationally in local authority audits. This was a material issue which impacted KCC as the Council was reported to hold over £600m of infrastructure assets as at 31 March 2021. It was

expected that a statutory override to the requirements of the CIPFA/LASAAC Code of Practice for Local Authority Accounting for infrastructure assets would be finalised by the end of November 2022.

2. RESOLVED that the report be noted for assurance.

## **68. Mandate Fraud Update**

*(Item 10)*

1. The Counter Fraud Manager informed the Committee of the arrangements in place to address the risk of mandate fraud.
2. RESOLVED to note the report for assurance.

From: Ben Watts, General Counsel  
To: Governance and Audit Committee, 26 January 2023  
Subject: Annual Governance Statement 2021/22  
Status: Unrestricted

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## **1. Introduction**

- a) There are many aspects to good governance within a local authority. Done properly, they are mutually reinforcing. The Code of Corporate Governance for example has its roots in financial governance but has wider implications. The Constitution as a document sets out the formal governance rules but also establishes side-constraints for the use of informal governance mechanisms. Even were the Annual Governance Statement not required by law, it would be a useful control mechanism and enable a full judgment to be made on whether the different components are working in an aligned way.
- b) Since 2018, we have been materially changing the way that we do the Annual Governance Statement. The statutory officers, with advice from the Head of Internal Audit have been improving the way in which we collect responses and build up the Annual Governance Statement.
- c) Members received a presentation in the autumn in relation to the challenges of preparing this year's Annual Governance Statement and the need to ensure that it was something that the statutory officers felt able to sign. It is also important to note that the Annual Governance Statement reflects the position at the point of signature, not preparation.
- d) We are now in a position to present to you the final draft of the Annual Governance statement for 2021/22. This is set out as the Appendix.

## **2. Annual Governance System**

- a) Behind the development of how we do the Annual Governance Statement has been the belief that it is more than a once and done tick box exercise where the Council briefly considers its governance and then pays it no heed for another year. It is instead part of a live governance system, annual in so much as there is a core of undertakings which must be performed every year, however much they are impacted by the unforeseen, such as the Covid-19 pandemic.
- b) We are self-aware in relation to the need to continuously improve both the way in which the Council operates and the way in which we manage and monitor that.

That is an ongoing challenge and the way in which the statement is drafted and the information collated reflects the significantly challenging operating position for the Council. This year's statement sets out an unprecedented programme of activity reflective of the commitment to continuously improve and to seek to address the challenges faced and key findings identified. Some of that programme was already planned and contemplated but the statement is the annual recognition of the steps needed to improve.

- c) We are already advanced in our planning our approach for the Annual Governance Statement for the current year which given the delay in this year's statement will follow on quickly in draft in the first quarter of the new financial year.
- d) Subsequent to the Committee meeting, the General Counsel will arrange for any further final changes before adding any signature statements and signatures from the Chief Executive, Corporate Director of Finance and himself before providing it to the Leader for his consideration and signature.
- e) A final copy of the Annual Governance Statement will be sent to the Members of the Governance and Audit Committee and to all Corporate Directors and Directors. It is also recommended that a copy of the Annual Governance Statement is sent to all Members.

### **3. Recommendations**

The Governance and Audit Committee is asked to:

- a) Approve the Annual Governance Statement; and
- b) COMMENT on whether the Annual Governance Statement should be sent to ALL members.

### **4. Background Documents**

None.

### **5. Report Author and Relevant Director**

Ben Watts, General Counsel  
03000 416814  
[benjamin.watts@kent.gov.uk](mailto:benjamin.watts@kent.gov.uk)



# **Kent County Council**

# **Annual Governance Statement**

# **2021/22**

# **Kent County Council**

## **Annual Governance Statement 2021/22**

### **Purpose of Statement**

The Annual Governance Statement (AGS) is a key document which provides Members and officers with the opportunity to reflect on the processes, activities and behaviours which deliver decision making and activity within the Council.

It is vital that the statement itself, the process to develop it and the political review and discussion of the statement are taken within the operating context of the organisation and the emerging opportunities, risks, and threats that the Council faces.

The AGS provides an overview of the controls that are in place to manage key governance risks. In instances where key governance issues have been identified, the detail of actions taken to make improvements and work still to be undertaken are documented in action plans. Kent County Council is required to produce an Annual Governance Statement under the regulations issued by Government.

It is hoped that the reader will find this statement a thorough and honest account of the operation of Kent County Council's governance arrangements which highlights both strengths and the areas requiring further improvement. It is important to acknowledge that the authority's governance journey is an ongoing one, and this statement recognises the Council's position at a point in time.

In the spirit of seeking improvement, the statement naturally concentrates on areas for further improvement and development. Accordingly, by its very nature it reflects on things that can and should be done differently and contemplates the planned activity necessary to address the issues that have arisen. Importantly, the statement is about continuous improvement and provides challenge. It relies on transparent assessment and it remains important that all those playing a role in the Council's governance continue to openly discuss issues and challenges as they arise and that the Council maintains an environment where those discussions are encouraged.

The Governance and Audit Committee continue to play an important role in ensuring that the authority's corporate governance framework meets recommended practice, is embedded across the whole Council, and is operating throughout the year with no significant lapses.

Previous readers of the AGS will note that this year's statement does not include a detailed overview of the financial year in activity terms by each directorate. This is in pursuance of discussions at previous Governance and Audit Committees, through the CIPFA review, the view of the Chief Executive and the advice of the Head of Internal Audit and the Monitoring Officer to focus on the areas of finding and activity.

This statement is required to reflect the position at point of signature and therefore reflects a range of activities and issues that fall in 2022/23 financial year. It is important to note though that whilst some of those significant issues that have arisen or been reported on during 2022/23 are contemplated as part of the ongoing work that we are doing, they will formally be reported as part of the next Annual Governance Statement.

## **Scope of Responsibility**

Kent County Council is responsible for ensuring that services and operations are conducted in accordance with the law and proper standards. The authority has a specific responsibility to ensure that public money is used carefully and effectively and is properly accounted for. There is also a duty to continuously review and improve the way we work whilst offering services that are efficient and provide value for money.

Kent County Council operates an Executive scheme of governance with major decisions taken by nine Cabinet Members and a Leader executing the policies and strategies supported by a majority of Members. Where there are powers and functions reserved to the Council, these are taken by or on behalf of the full Council. The County Council sets an annual budget which determines the resource available to deliver these decisions, strategies, and functions.

During the 2021/22 financial year, the Council maintained the officer structure of its recent history. For completeness, in May 2022, the Council voted to change that structure and create a Chief Executive role starting from July 2022 and which is referenced elsewhere as part of this statement.

## **What is governance?**

Governance is about how the Council ensures it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. It comprises of systems and processes, cultures, and values by which the Council is directed and controlled. The Council has responsibility for conducting an annual review of the effectiveness of its governance framework, including the system of internal control.

Good governance is an essential part of local democracy and through the continued adoption of transparent processes Kent County Council will strive to ensure that strategies, policies, and operational matters are understood by Kent residents.

## **The Code of Corporate Governance**

Kent County Council's Code of Corporate Governance describes the principles applied by Kent County Council as the framework for good corporate governance, how we are achieving these, and the key policies and plans in place to support this.

During 2021/22 and in response to previous audit findings, the Council's Code of Corporate Governance was considered, reviewed and changed by Governance and Audit Committee. The updated Code was proposed and agreed by the County Council in March 2022.

The Code now follows the seven principles identified in 'Delivering Good Governance in Local Government (2016)', published jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Society of Local Authority Chief Executives and Senior Managers (SOLACE), as a best practice framework for local authorities.

- Principle 1 – Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- Principle 2 - Ensuring openness and comprehensive stakeholder engagement.
- Principle 3 - Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Principle 4 - Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Principle 5 - Developing the local authority's capacity, including the capability of its leadership and the individuals within it.
- Principle 6 - Managing risks and performance through robust internal control and strong public financial management.
- Principle 7 - Implementing good practices in transparency, reporting and audit to effective accountability.

All elected Members have an important role to play acting on behalf of the Council and their residents. Officers serve the Council as a corporate body rather than any political group, combination of groups or any individual Member.

Members and Officers have distinct codes of conduct, reflecting the legal differences between the two groups.

For Members there is the Kent Code of Member Conduct that is adopted under Section 27 (12) of the Localism Act 2011. It is the responsibility of Members to comply with the provisions of this code and these provisions are set out in the authority's Constitution.

All employees are required to abide by the Code of Officers Conduct, declare personal interests which may conflict with KCC's own interests, and treat all colleagues and customers with dignity and respect.

Members and Officers are expected to work together on a basis of mutual respect and trust. Members set the County Council's policy direction and Officers are responsible for implementing decisions taken and providing professional

advice. KCC's Scheme of Delegation sets out the framework for how specific delegations are allocated to Officers.

Kent Council Council's Cabinet Committees are constituted of elected Members and are established as advisory Committees of the Executive. Cabinet Committees review most key decisions prior to their being taken, together with related matters affecting Kent or its residents, in the subject area covered by the Committee. The Council also has a Scrutiny Committee whose role is to scrutinise the actions and decisions of the Executive and a suite of other Committees which undertake specific functions on behalf of the Council. The remit and membership of each Committee is set out on the County Council's website.

The County Council has designated Officers to act as each of the following: Head of Paid Service (Chief Executive), the Monitoring Officer (General Counsel), the Section 151 Officer (Corporate Director of Finance), Director of Adult Social Services, Director of Children's Services, and Director of Public Health. Their functions are explained in KCC's Constitution.

## **2021/2022 Operating Environment**

At the outset of this statement, it is important to record the operating environment and context in which services were delivered and this AGS was drafted.

The financial year 2021/22 was one of the most challenging operationally, strategically and fiscally in the Council's entire history. Whilst ultimately reporting a modest underspend, the financial year included unprecedented external pressures which impacted on the Council.

Early in the financial year was an election for all 81 Council seats with the campaign, voting and the count all conducted amidst continuing COVID restrictions. The election was successfully delivered within budget and without challenge.

The relevant onboarding procedures were undertaken for all Members, with new Members inducted into the Council. The first two Council meetings of the new administrative cycle were conducted at external venues to manage concerns and legal liabilities around COVID. Despite the considerable hard work of all concerned, this was inevitably imperfect as is recorded elsewhere in this statement and induction and the training offer is being relaunched to Members throughout 2023.

COVID continued to impact on the operating capacity of the Council even after the relaxation of restrictions in the summer of 2021. Similarly, services began to see growth in demand as the impact of the pandemic were reflected in communities across the Council.

As the financial year progressed, the Council, as with much of the sector, experienced unprecedented service demand which spending did not keep pace with

and representations were made by the Council to Government about the pressures within the system and within Kent specifically.

During the relevant period there were a number of significant issues that arose, primary amongst which was the experience of parents, carers and children with SEND as the Council made changes to transport arrangements for those children in early 2022 and the issuing of a section 5 report in relation to the operationally unavoidable decision to stop receiving children into the care of the local authority at the port of Dover, which was taken with the awareness of the breach of the Council's statutory duty.

The Council's position as a gateway authority brought additional challenges in relation to unaccompanied asylum seeking children and a robust position was adopted by the Council. The Government subsequently launched a new national approach which alleviated some of the pressure on the County and which will hopefully improve outcomes for the young people concerned.

The Council responded to the government schemes around resettlement from Afghanistan and Ukraine. The invasion of Ukraine and resulting geopolitical and financial consequences placed (and continues to place) further pressure on the operating position of the Council.

Elsewhere within the sector, government interventions, public interest reports and section 114 notices continued to occur as local authorities struggled under increasing pressures. Members and Officers were apprised of the key reports into other authorities to be sighted on the types of issues and activities that caused other local authorities to fall into significant difficulty.

These are things that are often said and are easily dismissed but it is important in this statement to explicitly reflect on the realities of the operating environment within the sector generally and within Kent specifically. Over the past decade, in real terms the Council's budget has significantly reduced whilst the demand from the public for support and services has significantly increased. In previous years, this statement has warned about the impact of this gap and it is important that Members and Officers keep the reality of the operating environment of the Council and the sector at the forefront of their minds when prioritising activity and funding.

The outcomes of two Ofsted inspections (into KCC's Children's Social Services and services across the public sector in Kent to Children with SEND) have reported since the financial year and will be more fully considered in the next AGS. However, given the materiality of some of the findings, these are reflected in some of the identified actions.

Local government needs to be seen in a national and international context with Kent County Council and its residents being impacted by events that may once have been considered exceptional but are now having to be factored in on a longer-term basis. Macro events have local impacts, and all tiers of local government are seeing ever more people turn to them for statutory and other services.

This statement concentrates on the things that can and should be done to make improvements and by its very nature focuses on things that are not operating well or where the realities of the operating environment have overwhelmed the way that things have previously been done. The statutory officers and previous iterations of this statement have rehearsed over previous years the continuous work that is ongoing to improve the way in which the Council operates and the way in which rules and governance work. The operating environment for the Council and its services is significantly changed and continues to dynamically adjust to the pace of activity, and the pressure to respond. Responding with agility, the Council has made improvements which have helped the Council avoid some of the more challenging, and headline grabbing, events at other Councils over the same period.

The combination of the wider operating environment and the cumulative impact of financial austerity on Councils since 2010 has produced significant governance challenges to the Council. There is evidence of decision-making not being executed appropriately, and tensions around different expectations of behaviour.

Since 2019, the Council's Annual Governance Statement has charted the challenges, issues, and actions to ameliorate these things but the reality for all of local government is stark.

As such, with each passing year the proactive steps and activity delivered in seeking to manage the challenges increases. The need to produce a robust statement has also increased and the delay this year is a reflection of the consequent need to secure additional assurances in some key areas in response to these pressures.

There is a clear separation of roles between Members and Officer in law – for both practical reasons and the need for democratic accountability. The knowledge and expertise of Officers is there to enable clear advice and support to be provided while Members take and scrutinise the strategic decisions, and to implement them once they have been taken. Processes to be introduced over the course of the coming year will focus on ensuring that these accountabilities are clear and that there is a proper record of Members and Officers acting effectively, accountably and appropriately in their distinct spheres.

It is ever more necessary that Officers must have the time and ability to advise fully as is expected of them with statutory and managerial responsibilities not inappropriately interfered with or diverted. Members can best have confidence in the advice being given to them if Officers are confident that it will be respected and appreciated.

It is also vital that the limited capacity of the Council is prioritised to the activities and challenges of greatest impact and importance to the Council.

## **Audit Review of AGS Process**

*Opinion from Head of Internal Audit will be inserted here in the final version of the Annual Governance Statement.*

### **Review of effectiveness**

Kent County Council has a responsibility to review the effectiveness of its governance. This review has been co-ordinated by the General Counsel and the Governance, Democracy and Law division and has involved a range of different activities.

Over recent years the way in which this review has been conducted has materially changed as a result of conversations between the statutory officers and the Head of Internal Audit. This aligns with the earlier comments in the statement about the need to transform to meet the changing realities of the Council and its services. Accordingly, the static pro forma documents which sought narratives were replaced with questionnaires that sought direct answers and came from reviewing other arrangements in other authorities and the experience of the statutory officers and the input and advice from the Head of Internal Audit and his team.

This year that approach has been modified with a changed question set for Corporate Directors and then subsequently tested with a further questionnaire sent to officers across the Council involved at an operational level in the delivery of governance. That additional questionnaire which was always part of the planned arrangements for this year and has been hugely helpful in providing granularity to inform some of the improvements that are planned for the year ahead and the 162 officers who responded are thanked for their time and assistance in that survey.

Again, as part of planned improvements for this year, the General Counsel and his team have met with the Leader and Cabinet to discuss decision making, governance and the changes needed as a result of the operating environment.

The review has also reflected on conversations with the Leaders of Opposition Groups and non-executive Members throughout the year who have raised concerns and issues.

As part of the review, the Chief Executive and General Counsel have reflected on the activity delivered and planned changes that have already formed part of the Council's ongoing strategy alongside the additional changes contemplated and needed to both respond to the operating environment, the future anticipated challenges, and the need to embed the necessary arrangements to reflect the introduction of the Chief Executive post.

The review has considered the Annual Opinion of the Head of Internal Audit, the audit reports and summaries that have been shared with statutory officers and the



report provided by Internal Audit into changes made to SEND transport arrangements for those children in early 2022. It has also included a review of key decisions taken within the relevant period.

As referenced elsewhere, the relevant period for this statement has presented a number of material challenges that have also resulted in further direct conversations between the General Counsel and relevant officers to seek assurance where there were inconsistencies and where clarity was required in order to form a judgment for the purposes of this statement.

Finally, the review has included a look at the best value/public interest/section 114 reports issued into or by other authorities to reflect on any learning necessary to prompt steps that can be taken now.

## **Key Findings**

- 1. The vast majority of the Council's activity is delivered in accordance with the governance arrangements. The written governance of the Council (as amended throughout the period) has been tested and found to be fit for purpose. Activity in the main is delivered in compliance with the letter and spirit of the Council's agreed practices and procedures.**
- 2. The process of updating the Council's governance is akin to painting the Forth Bridge and is a task that is constantly ongoing with considerable activity delivered during the year.**
- 3. The overheating mentioned in previous years has become a significant ongoing pressure in terms of meeting the statutory duties owed to individual residents and difficult decisions around prioritisation will need to be taken in order to ensure the effective provision of statutory services (see Section 5 Note below).**
- 4. It is vital that Cabinet Members and Corporate Directors carefully and fully ensure that all relevant information and the full range of advice is in place and considered before taking decisions for which they are accountable. The Council needs to improve the way in which scrutiny of these decisions and activity is undertaken, recognising its importance and then delivering a meaningful and effective programme within the context of resources with balanced non-executive participation.**
- 5. Contexts differ, but the findings and recommendations in reports into other local authorities, as well as sector-wide reports validate the changes already made to the Council's governance. However, there is further learning that can and will be embedded in the year ahead if Kent**

is to avoid making similar mistakes, particularly so in relation to the involvement and resourcing of corporate controls.

6. **Greater realism is required on the actual available capacity to deliver the core activities of the Council. There is evidence of considerable commitment on the part of Officers and Members to deliver for the people of Kent but there needs to be reflection on the realities of the available resources and what is actually achievable in order to remain sustainable.**
7. **Like many other organisations, “recovery” to some kind of “normal” from events of the past two years is not a possibility. Positive work has already been done and priority must continue to be given to reviewing our governance and procedures (by Members and operationally) given the new operating reality.**
8. **Greater focus must be paid to complying with the written governance and governance arrangements of the Council. This is widely done, but is not universal. Where these are seen as unhelpful, they can be changed (within certain limits) by using the established procedures for such changes, which is a better choice to purposely bypassing them. Non-compliance is a false economy – additional time and resources are required to restore matters to how they should have been, it leaves the Council more exposed to challenge and reputational risk, and diverts attention from delivering on the key corporate priorities. Ultimately, the cost is borne by the residents of Kent.**
9. **Where failures occur, given the operating environment the consequences for residents, Members, staff and the organisation alike are more severe than they were in times of greater resource.**
10. **The governance of the Council is clearly framed by legislation and while there is a lot of flexibility, there is much that is defined and non-negotiable – the distinct roles of Members and Officers, the division between Executive and Non-Executive function. These need to be understood and all activities undertaken within these parameters. These parameters need to be seen as enabling rather than restricting, with greater effectiveness achieved where activity better matches role.**
11. **There have been a range of issues and complaints raised with the Monitoring Officer regarding the experience and feeling of safety for all Members and Officers at meetings of the Council and its Committees.**

12. **Members must use the time in Committees and the available Officer capacity supporting that work to address the greatest priorities that the Council faces. The Council and its resources are too often diverted towards activity which is not a core function nor fundamental to the challenges that the Council and the sector face. Member behaviour and prioritisation in this regard must also be reviewed to avoid the challenges faced in Liverpool, Northamptonshire and elsewhere.**
  
13. **It has already been determined that there is a need to move to a more mandated system to underpin the necessary behaviours but that is stated here for completeness. The Council will define the activities that will be done and plan coherently around the resources needed to achieve these and activity will be delayed if it is not presented in sufficient time and/or in a manner compliant with this system.**
  
14. **It is vital that all decisions and delivery are subject to appropriate professional advice. This is a key theme of failures in other authorities and will be an area of considerable focus for the year ahead.**
  
15. **Proper consideration of equality, diversity and inclusion is vital to ensuring that the Council delivers services that meet the needs of all of our residents and staff.**
  
16. **The increasing levels of information gained through questionnaires for this year's AGS was vital. Whilst this resulted in inconsistencies and a need for further challenge it has resulted in further and important conversations that have improved the governance position of the Council.**
  
17. **The important role of Governance and Audit Committee and the Scrutiny Committee within our governance means that the continued professional development of Committee Members and effectiveness of these Committees is vital for the Council. The development of the Governance and Audit Committee should continue and proposals for a similar journey for the Scrutiny Committee are recommended.**

## **Report of the Monitoring Officer**

1. Section 5 of the Local Government and Housing Act 1989 designates the Monitoring Officer as having a range of responsibilities regarding the lawful conduct of the County Council. These responsibilities include a duty to

provide a report to all Members in circumstances where a contemplated decision, act or omission by or on behalf of the Executive leads (in their view) to maladministration or a contravention of the rule of law. During 2021/22 this duty was triggered by way of a report issued to the Council and considered at the meeting of 23 July 2021 ([Item 8 - Section 5 Report - UASC.pdf](#) ([kent.gov.uk](http://kent.gov.uk)))

2. In those circumstances, the Council made the choice (for the reasons set out in the report and elsewhere) to suspend compliance with their duties under the Children Act and other related legislation and guidance regarding collecting unaccompanied asylum seeking children from the Port of Dover.
3. In any given year, there is always the possibility that circumstances lead to situations where the Council may be said or may be found to have acted contrary to its statutory duties without this having been done deliberately or with full awareness of this being the case. Where there are such decisions, there is always an impact on individuals or groups of individuals.
4. This report identifies the operating environment and the challenges faced by the Council and has referred to overheating throughout. The issuing of a Section 5 report is intended to be used only as a last resort. To mitigate the risk of needed to do so in the future, there are a number of matters that he wishes to record here, and which inform both the findings and the consolidated actions.
5. There continue to be at any given time, a number of people who are not receiving the services to which they are entitled. This is, in part an inevitability of the challenges faced or on occasion because of mistakes made. It is important to note that this not because of a deliberate decision to avoid providing the services although it is recognised that the genesis of this does not alter the effect felt.
6. Notwithstanding the efforts made within the resources available, in relation to the following areas the Council continues to face challenges in meeting duties in all circumstances:
  - a. Deprivation of Liberty Safeguards
  - b. Children presenting as in need within our area
  - c. Services to Children and Young People with SEND
7. An assessment and plan will be developed for each of these areas as part of the consolidated AGS actions and will be reported to the mid-year review in June.

8. Finally, as part of the AGS, the Monitoring Officer normally provides an assurance that all decisions have been taken in accordance with the Council's governance. Members will be aware that given events during the relevant period that no such assurance is possible for this year. However, the Monitoring Officer is able to provide assurance that those decisions that were presented for key decision and taken through formal governance did meet the requirements of the Council's governance, albeit in a couple of cases the publication was slightly delayed.

## **Consolidated AGS Identified Actions**

Updates on on actions for prior years has been reported to the Governance and Audit Committee in presentations provided by the Monitoring Officer. However, as part of improvements introduced as part of this year's AGS we will be tracking actions in a different way going forwards.

Detailed below are the consolidated actions arising from this year's AGS and prior years. These will be monitored and updated in a timely manner for Members of Governance and Audit, Cabinet and Corporate Management team. They will also be formally reported on at the mid point of the AGS in June with a full written update. This is the further step in moving the AGS into a process which is continually living and updating throughout the year rather than waiting to the formal reporting points.

1. **Member Roles within the Governance – Formal definition and training provided to all Members relating to the roles as set out in the constitution and at law of:**
  - a. **Executive Members**
  - b. **Non-Executive Members**
  - c. **Opposition Members**
  - d. **Officers**
2. **New mechanism for the development and delivery of key decisions, Officer decisions under delegation and papers for Committees to include:**
  - a. **appropriate professional advice is sought and provided before the FED stage**
  - b. **meaningful assessment of equality, diversity and inclusion impacts before FED publication**
  - c. **reduced use of delegations for undefined purposes**
  - d. **new timetable to allow for corporate review**
  - e. **new templates for key decisions and papers to include advice on all options and costs (including commissioning and opportunity costs)**
  - f. **clear separation between advice from officers and decisions from and for politicians**



**13. Finalisation of detailed arrangements for operational level governance (arrangements for Officers and Members) pursuant to 6.15 (a) of the Constitution.**

Signature Section and statements to be added in Final Document in following order:

Monitoring Officer  
Corporate Director Finance  
Chief Executive  
Leader

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By: Ben Watts, General Counsel (Monitoring Officer)  
To: Governance and Audit Committee – 26 January 2023  
Subject: Review of the Terms of Reference for the Governance and Audit Committee  
Classification: Unrestricted

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**1. Background**

- a. Building on a series of discussions about the development of this Committee, on 25 January 2022, work has been undertaken to review the terms of reference for the Committee.
- b. The latest draft of these terms of reference is attached for discussion by the Committee ahead of them being brought back for approval at the next meeting.

**2. Recommendation:**

The Committee is asked to DISCUSS the Terms of Reference and make COMMENTS ahead of the final draft being prepared.

**3. Background Documents**

None.

**4. Report Author and Relevant Director**

Ben Watts  
General Counsel  
Tel No: 03000 416814  
[benjamin.watts@kent.gov.uk](mailto:benjamin.watts@kent.gov.uk)

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## *Governance and Audit Committee*

- 1.1 Membership: 11 Members; plus, 1 independent member.
- 1.2 Political Groups can only nominate Members as regular Members or as substitutes on the Governance and Audit Committee (and on Panels of the Committee) if they have had training in the relevant procedures.
- 1.3 The purpose of this Committee is to provide independent and high-level focus on the adequacy of governance, risk, and control arrangements. Towards this purpose, its role is to:
  - (a) ensure there is sufficient assurance over governance risk and control and provide reports to full Council on the effectiveness and adequacy of these arrangements;
  - (b) have oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability, and
  - (c) through a and b above, give greater confidence to all those charged with governance for Kent County Council that its arrangements are effective.
  - (d) through an annual report, ensure that the County Council is sighted on the activity of the Committee alongside the importance of financial probity, good governance and learning lessons from audit activity.
- 1.4 The Governance and Audit Committee is responsible for the following:
  - (a) monitoring the development and operation of governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions in the Council,
  - (b) oversight of the Council's corporate governance framework to ensure it meets recommended practice, is embedded across the whole Council and is operating consistently throughout the year
  - (c) oversight of the Council's framework of assurance, to ensure that it adequately addresses the risks and priorities of the Council,
  - (d) oversight of the Council's Internal Audit function and reviewing assurances that it is independent of the activities it audits, is effective, has sufficient experience and expertise and the scope of work to be carried out is risk-based, and appropriate,

- (e) reviewing the annual audit plan and considering reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of any external providers of internal audit services,
- (f) oversight of the appointment and remuneration of external auditors to ensure they are approved in accordance with relevant legislation and guidance, and the function is independent and objective,
- (g) monitoring the effectiveness of the external audit process , to help ensure that it is of appropriate scope and depth, and gives value for money taking into account relevant professional and regulatory requirements, and is undertaken in liaison with Internal Audit,
- (h) considering the external auditor's annual letter, and any other specific reports by, and with the agreement of, the external auditors,
- (i) monitoring the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met,
- (j) receiving reports on the effectiveness of financial management arrangements, including compliance with the Financial Management Code,
- (k) monitoring the Council's arrangements to secure value for money and reviewing assurances and assessments on the effectiveness of these arrangements,
- (l) considering reports on the effectiveness of internal controls and monitor the implementation of agreed actions,
- (m) monitoring any public statements in relation to the Council's financial performance to help ensure they are accurate, and the financial judgements contained within those statements are sound,
- (n) reviewing assurances that accounting policies are appropriately applied across the Council,
- (o) monitoring the robustness of the Council's counter-fraud arrangements, including the assessment of fraud risks, backed by well designed and implemented controls and procedures which define the roles of management and Internal Audit,
- (p) reviewing assurances that the Council monitors the implementation of the whistle-blowing policy and Bribery Act policy to ensure that they are adhered to at all times,
- (q) reviewing assurances that the Council has appropriate governance arrangements in place to manage the relationship between the Council

and significant partnerships or collaborations, as well as any company in which the Council has majority control,

- (r) reviewing assurances that the Council has appropriate arrangements in place to ensure that the commercial opportunities and risks presented through company ownership are managed effectively,
- (s) oversight of the Executive's shareholder strategy regarding companies in which the Council has an interest,
- (t) review and approval of the Statement of Accounts and Annual Governance Statement, and ensure that they properly reflect the risk environment and supporting assurances of the Council, and
- (u) reporting to full Council where appropriate on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.

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By: Jonathan Idle – Head of Internal Audit  
To: Governance and Audit Committee – 26 January 2023  
Subject: **INTERNAL AUDIT PROGRESS REPORT**  
Classification: Unrestricted

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**Summary:**

This Progress Report details summaries of completed Audit reports for the period September to December 2022.

**Recommendation:**

**The Governance and Audit Committee note the Internal Audit Progress Report for the period September to December 2022.**

**FOR ASSURANCE**

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**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 September to December 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 September to December 2022.

**3. Background Documents**

Internal Audit Progress Report.

**Jonathan Idle, Head of Internal Audit**

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**IACF**

Improving Outcomes  
Creating Value

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**INTERNAL AUDIT PROGRESS REPORT  
GOVERNANCE AND AUDIT COMMITTEE**

**26 January 2023**

## 1. Introduction

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

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

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

## 2. Key Messages

- 7 audits have been finalised in the period reported. **Appendix A**
- All audits from the 2021/22 have now been completed. **Appendix B**
- 21 of 26 audits from the original 2022/23 6-month rolling Audit Plan are either in planning, fieldwork or reporting stage. **Appendix C**
- Some potential new audits have been identified as part of the quarterly Rolling Audit Plan review exercise. **Appendix D**
- 38 grants have been certified since 01 April 2022. **Appendix F**

### 3.1 2021/22 Internal Audit Plan

This report provides an update on the work completed between September and December 2022 against the 2021/22 Audit Plan. All of the 2021/22 audits have now been completed. Those audit summaries, not yet reported to Governance and Audit Committee are provided at **Appendix A**. The audit opinion Definitions are provided at **Appendix G**.

### 3.2 - 2022/23 Internal Audit Plan

This report also provides an update on the work completed between September and December 2022 against the original 2022/23 Audit Plan. The audit summaries are provided at **Appendix A**. A summary is provided below on current progress against the original 2022/23 Audit Plan.

Status	Number of Audits	%
Not yet started	3	12
Planning	6	23
Fieldwork	3	12
Ongoing	3	12
Draft report	5	19
Final report	4	15
On hold	2	7
<b>Total</b>	<b>26</b>	

**Appendix D** sets out new potential audits which have been added to the Rolling 2022-23 Audit Plan following a review of the original 2022/23 Audit Plan, alongside the Council's emerging risks and priorities. Coverage will be prioritised with reference to the assurances required to provide an Annual Audit Opinion on the 8 pillars of Corporate Health as referred to in each Annual Internal Audit Report.

### 3.3 - Resources

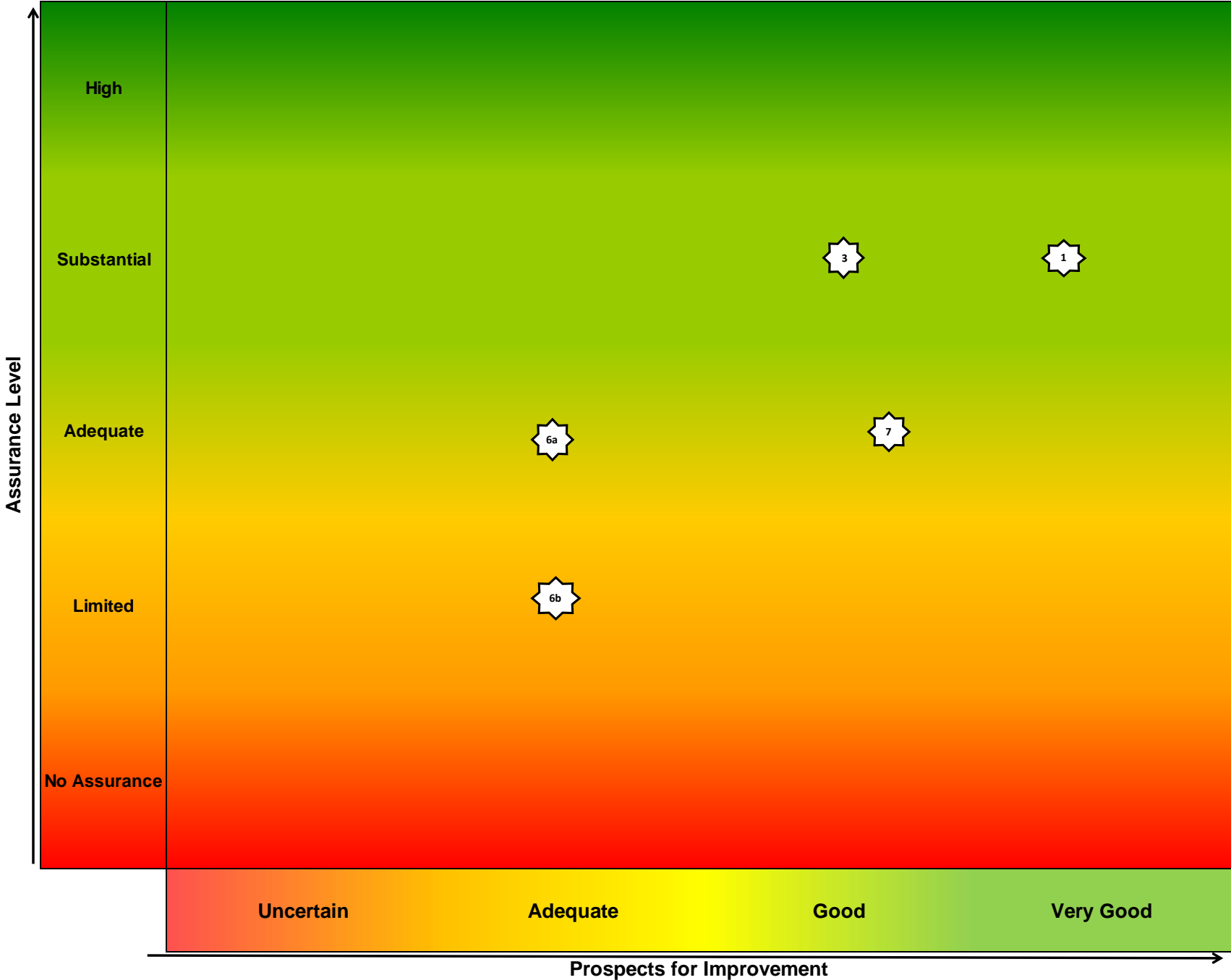
In accordance with the Public Sector Internal Audit Standards, Members need to be appraised of relevant matters relating to the resourcing of the Internal Audit function. The key updates are as follows:

- The recently appointed Principal IT Auditor has now joined the Team
- Permanent recruitment is underway for the vacant Audit Manager
- Consideration is being given to the potential recruiting of more Principal Auditors in the near future
- Additional temporary contract audit resources are currently being recruited to support Audit delivery for the remainder of 2022/23

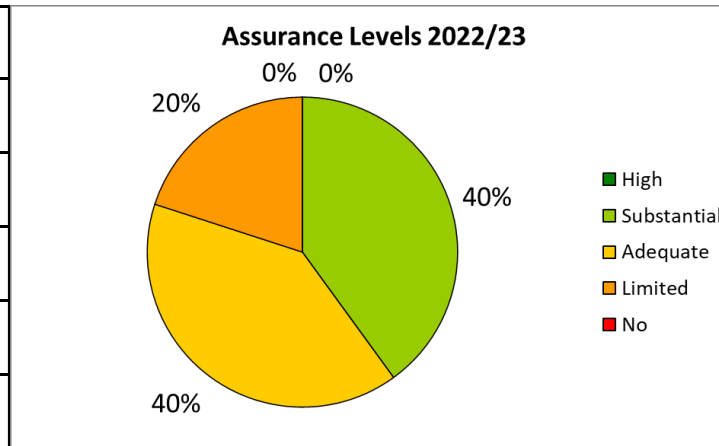
**Governance & Audit Committee – 26 January 2023**

1	CS01-2022 CIPFA Financial Management Code – Part 2	SUBSTANTIAL	VERY GOOD
2	RB29-2022 Inland Border Posts / Decision Making and Financial Management	N/A	N/A
3	RB02-2023 Talent Management	SUBSTANTIAL	GOOD
4	RB10-2023 Modern Slavery	N/A	N/A
5	CA02-2023 Assurance Mapping (1) – Simultaneous Response, Recovery & Resilience (EXEMPT)	N/A	N/A
6a	CA01-2023 Annual Governance Statement - PROCESS	ADEQUATE	ADEQUATE
6b	CA01-2023 Annual Governance Statement - RETURNS	LIMITED	ADEQUATE
7	RB11-2023 Data Mapping	ADEQUATE	GOOD

2022/23 Audit Assurance Levels and Prospects for Improvement of Audits



Assurance Level	No	%
High	0	0%
Substantial	2	40%
Adequate	2	40%
Limited	1	20%
No	0	0%



### 3.4 Grant Certification Work:

Internal Audit’s 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 27 grant claims with a value of **€2,810,544**. Additional On the Spot (enhanced re-audit) for 6 grant projects have been completed with a further 4 On the Spot check currently in progress.

The Audit team also provide a service to certify Interreg grant claims for external clients with 4 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 F**.

### 3.5 Issue Implementation

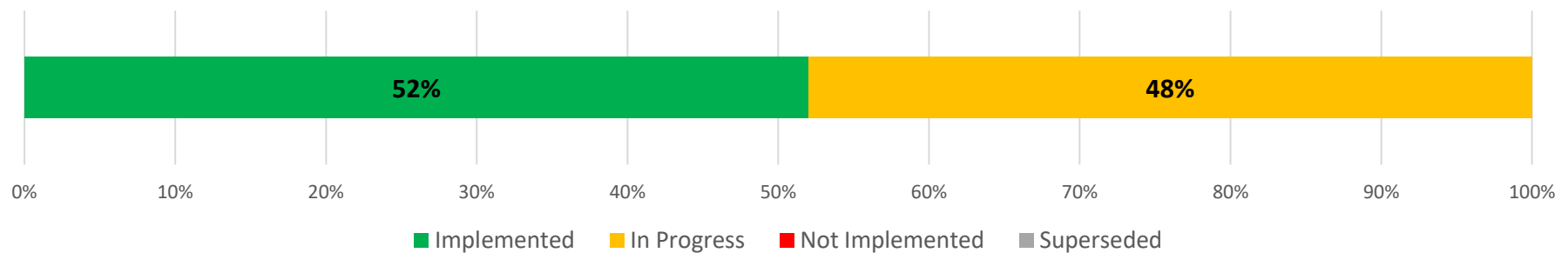
Details of the current position on the 'Implementation of Agreed Management Actions' is set out at **Appendix E**. This details the implementation status of 75 actions categorised by the assurance level assigned to the original report.

The status of implementation agreed actions is summarised below:

#### Summary of Issue Implementation

	Total Number due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
Total	19	56	10	29	9	27	0	0	0	0
Total %			53%	52%	47%	48%	0%	0%	0%	0%

**Overall Implementation of Agreed Management Actions**



The level of implementation compared between 2021-22 and 2022-23 is set out below:

**Summary of Implementation of Issues 2021-2022 to 2022-23**

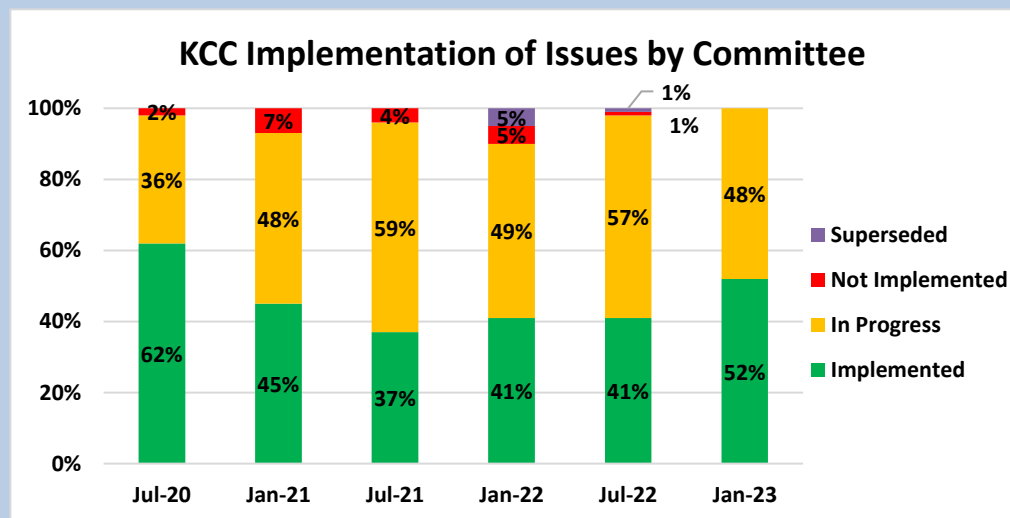
Indicator	22-23 to date	2021-22	Change
High ranked actions had been implemented	53%	45%	▲
Medium ranked actions had been implemented	52%	39%	▲
High and Medium ranked actions had been implemented	51%	41%	▲
High ranked actions were in progress and not fully implemented	47%	41%	▲
Medium ranked actions were in progress and not fully implemented	48%	59%	▼
High and Medium ranked actions were in progress and not fully implemented	48%	57%	▼

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The analysis of the implementation of actions to address internal control and risk management actions following Internal Audit reports, therefore, highlights an increase in implementation indicators compared to 2021-22 but still remain below 2019-20 figures.

It is important that the implementation of agreed actions continues to gain momentum to ensure that full implementation rates increase moving forward. To assist in this matter more regular discussions will be undertaken with Directorates as part of relationship management conversations moving forward.

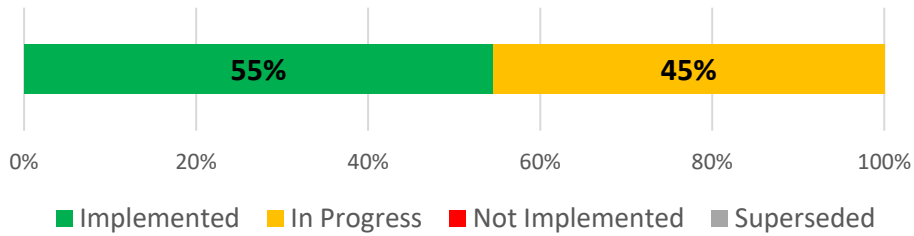
Internal Audit maintain analysis of outstanding recommendations to all Corporate Directorates and Directorate Management Teams and this is utilised in the monitoring and promotion of action implementation which is documented on the following page.



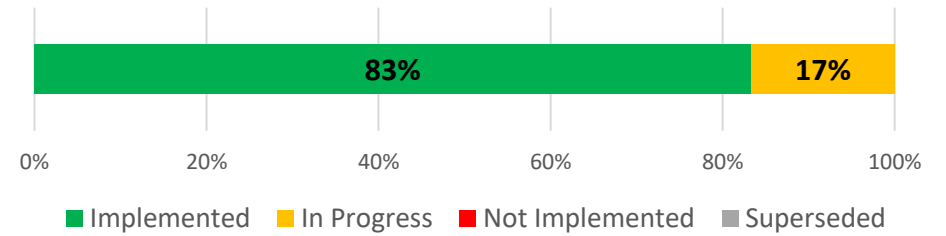


	Total Number due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
ASCH	4	7	2	4	2	3	0	0	0	0
CYPE	3	3	2	3	1	0	0	0	0	0
GET	3	3	2	3	1	0	0	0	0	0
CED	7	31	4	13	3	18	0	0	0	0
DCED	2	12	0	6	2	6	0	0	0	0
<b>Total</b>	<b>20</b>	<b>59</b>	<b>10</b>	<b>28</b>	<b>9</b>	<b>27</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total %</b>			<b>53%</b>	<b>52%</b>	<b>47%</b>	<b>48%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>

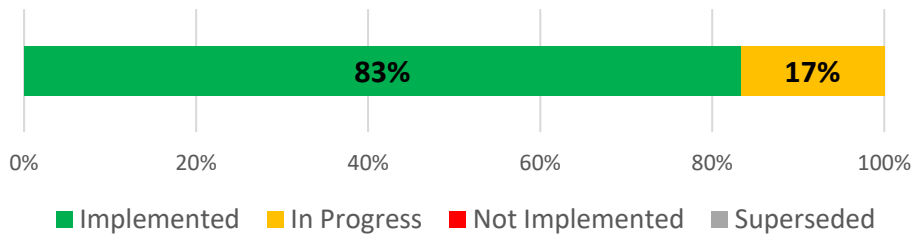
### ASCH Implementation of Agreed Management Actions



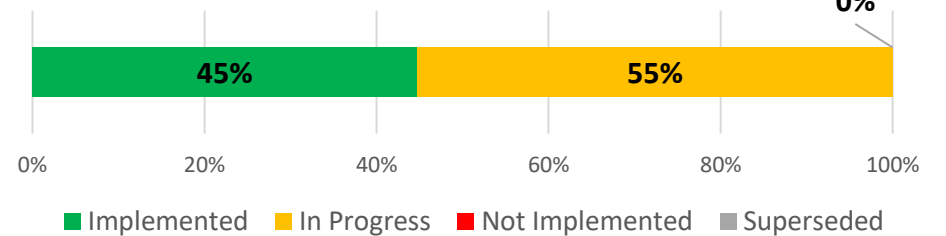
### CYPE Implementation of Agreed Management Actions



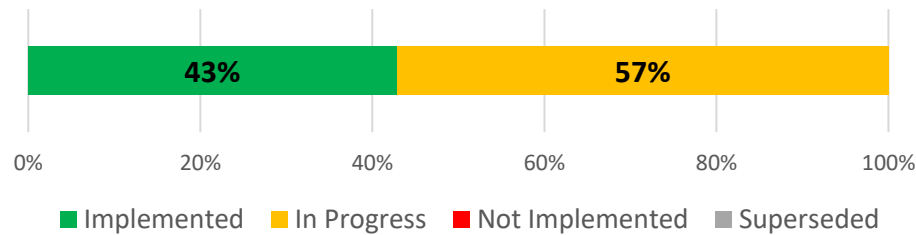
### GET Implementation of Agreed Management Actions



### CED Implementation of Agreed Management Actions

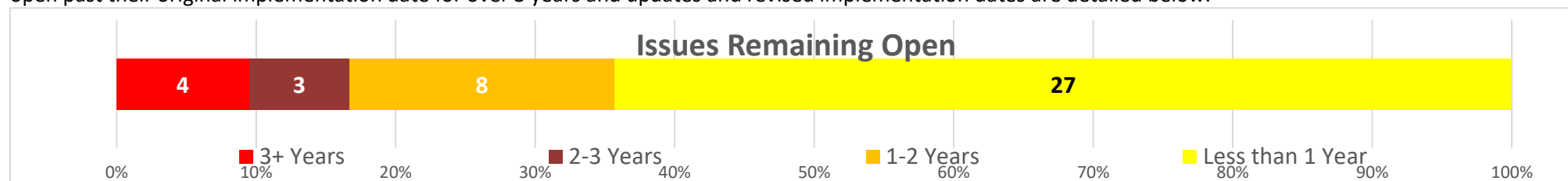


### DCED Implementation of Agreed Management Actions



## Progress on longstanding issues

42 issues remain either in progress or have not been implemented for the period. 4 issues (1 high and 3 medium priority) are longstanding issues which have remained open past their original implementation date for over 3 years and updates and revised implementation dates are detailed below.



Ref	Audit	Priority	Original Date	Revised Date
CA07-2019	Data Protection	Medium	01/09/2019	30/06/2023
<b>Update</b>	The new Data Protection Impact Assessment (DPIA) process has been designed and will be taken to the Information Governance Cross-Directorate working group (IGXDWG) in either December or in the new year. If approved, it will be taken to Corporate Information Governance Group (CIGG) for agreement. The first stage of the training refresh is almost complete with a new GDPR training set to go live imminently			
PB020-2019	Lifespan Pathway Post Implementation	High	30/12/2018	30/04/2023
<b>Update</b>	Completion and recording of assessments and plans have consistently improved since 2018 and are tracked regularly through Power BI reports. Team Managers report on their performance to Service Managers and peers at the 6-weekly joint service meetings. This provides scrutiny and management oversight. % of existing clients with a completed assessment has gone from 9.8% on 31.3.18 to 93.7% on 13.11.22, with a target KPI of 97% so nearly there. % of Service Users with an active plan in place has gone from 68% on 31.3.18 to 95.7% on 13.11.22 with a target KPI of 95%, so this is met. The revised assessment template, including record of Eligible Needs, went live on September 26th 2022. The revised plan is being worked on, but has been delayed as the building of the Safeguarding templates by ICT took precedence. It is planned to go live by April 2023.			
RB01-2018	Members Induction and Training	Medium	31/12/2017	TBC
<b>Update</b>	The Terms of Reference for the G+A Committee are being further updated following a review of the Committee by CIPFA (final report discussed at the meeting of 21 July 2022). One of the recommendations from this report is to develop a training programme for Members, which is ongoing. The Member Development Sub-Committee had its first meeting on 2 November 2022 so this is an area which is still developing.			
CA09-2018	Departmental Governance Review – ASCH	Medium	31/05/2019	TBC
<b>Update</b>	The Terms of Reference for the G+A Committee are being further updated following a review of the Committee by CIPFA (final report discussed at the meeting of 21 July 2022).			

## 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 G**.

(A) Adult Social Care and Health	(B) Children, Young People and Education
(C) Growth, Environment and Transport Cross Directorate	(D) Chief Executive & Deputy Chief Executive
<b>C1.</b> RB29-2022 Inland Border Posts – Decision Making and Financial Management	<b>D1.</b> CS01-2022 CIPFA Financial Management (FM) Code PART 2 <b>D2.</b> RB10-2023 Modern Slavery
(E) Cross Directorate	
<b>E1.</b> RB02-2023 Talent Management <b>E2.</b> CA01-2023 – Annual Governance Statement <b>E3.</b> RB11-2023 – Data Mapping <b>E4.</b> CA02-2023 - Assurance Map – Simultaneous Response, Recovery & Resilience EXEMPT	

## Appendix A – Audit Summaries

### C1. RB29-2022 Inland Border Posts / Decision Making and Financial Management

Audit Opinion	N/A
Prospects for Improvement	N/A

Inland Border Facilities are Government (UK and devolved) sites where customs and document checks can take place away from port locations. A number of inland border facilities were made operational from 1 January 2021 and additional sites are currently being explored as required. Kent County Council has accepted Section 31 grant funding from the Department for Transport to procure and manage construction of these facilities in the County.

The Council received instructions from the Department for Transport (DfT), HMRC and Department for Environment, Food & Rural Affairs (Defra) on what was required, regarding the construction of the inland border facilities, via their consultants at weekly progress meetings. The Council utilised an existing vendor, to carry out the build of the border facilities. Internal Audit were advised that the contractor did as was requested by the Central Government Departments at the progress meetings held with DfT HMRC and Defra and therefore there was no project methodology followed by KCC for these works.

The original budget for the Sevington project was £35 million, however the total grant funding allocated to date is £150m. Internal Audit were not able to provide assurance on whether the overspend was justified or whether the budget was controlled and approved appropriately as decisions made at weekly progress meetings with the contractor, DfT, HMRC and Defra were not supplied on request from government departments or were not documented.

A Key Decision was made on 14 August 2020 to approve the acceptance of the Section 31 Grant monies award from the Department for Transport to procure and manage works to deliver customs checking and freight holding areas and associated infrastructure. Although there was significant additional spend, the key decision was sufficient to cover this, as long as it was for the original scope of plans from central Government and that funds continued to be supplied by these government departments.

Work by Internal Audit has been completed to confirm funds had been spent in accordance with the conditions of the grant to the value of £93,359,163. The remaining £57m will be reviewed in future grant submissions.

**D1. CS01-2022 CIPFA Financial Management (FM) Code PART 2**

Audit Opinion	<b>Substantial</b>
Prospects for Improvement	<b>Very Good</b>

**Key Strengths**

- In the majority of cases, the information provided in the FM Code self-assessment sufficiently explains how the Council is compliant with the relevant standard with appropriate evidence attached.
- Internal Audit’s sample testing confirmed that the information provided, and the management assertions made in the FM Code self-assessment is accurate and reliable.

**Areas for Development**

- There are some expected practices in the FM Code that have not been included and assessed in the self-assessment – Internal Audit noted that the self-assessment for four of the 17 Principles was incomplete. The self-assessment should also be extended to include further actions to improve current practices and support continuous improvement. **(MEDIUM)**
- Mitigating action(s) have been developed to address one of the key / high risks identified from the financial resilience assessment, however, there remain two key financial resilience risks which are yet to be addressed. **(MEDIUM)**
- The Council has produced a 3-year Medium Term Financial Plan (MTFP) which is reviewed and updated annually. However, the FM Code suggests that a long-term plan will be better, and the FM code makes reference to a decade or more. A formal management action is not proposed on the basis that the CIPFA FM Code is not yet prescriptive about the time period of financial strategies, but the Council should consider developing a longer-term financial plan.

**Prospects for Improvement:**

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

- No major issues were raised as a result of this audit.
- Expanding the scope of the Council’s self-assessment to include a section on areas for improvement will help to ensure that the Council is continuously improving current practices in financial management.

**Summary of Management Responses**

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

## D2. RB10-2023 Modern Slavery

Audit Opinion	N/A
Prospects for Improvement	N/A

Internal Audit recognises that significant work has been undertaken to address known weaknesses following the Serious Organised Crime (SOC) project and to develop more robust processes, including the introduction of a new team.

There are still further actions to be taken to ensure effective mitigation of the SOC risk in the supply chain. It is understood that Strategic Commissioning has robust systems in place to understand the number of suppliers currently managed, supported by an up-to-date contract register and full knowledge of pipelines; however currently, many suppliers were set-up on the system many years ago without the appropriate level of due diligence that would be expected today.

However, it is imperative that intended actions are fully embedded prior to 1<sup>st</sup> April 2023 when powerful new measures are introduced whereby KCC will be required to regularly report on the steps they have taken to prevent modern slavery in their supply chains.

A further review of Modern Slavery will be completed as part of the 2023/24 Audit Plan.

## E1. RB02-2023 Talent Management

Audit Opinion	Substantial
Prospects for Improvement	Good

There is clear evidence that the six elements of the Talent Management loop are being managed and delivered at KCC. Internal Audit found that in addition to established practices and processes there a number of initiatives that are at the development stage and imminent, including: elevator pitch to promote KCC, new training packages for recruiting managers, new workforce planning tool, staff development programme for KR3 to KR8 and flexible deployment of staff.

### Key Strengths

#### Attraction

- The People Strategy 2022 – 2027 is a key central document that is clear, comprehensive and coherent, readily available to staff and members and covers talent attraction and management. The implementation of the strategy is at the early stages with monthly status reports going to the Strategic Reset Programme Board outlining the delivery of the strategy activities.

#### Identification

- The HR & OD Team have been working with a number of different teams to look at the workforce planning priorities.

#### Development

- Talent development is linked to other learning and development initiatives including formal and informal learning interventions as it is an integrated approach to the learning and development offer.

#### Engagement

- The Annual Staff Survey provides a valuable insight into staff experiences and highlights what is working well and the areas for focus in the year ahead.

#### Retention

- A combination of the results from the staff survey, the level of staff turnover and the number of unfilled posts determines if there is a good mix of rewards and benefits and is reviewed on an ongoing basis by management.

#### Deployment

- Management is at the scoping stage of looking at flexible deployment of staff across the organisation.

### Areas for Development

- The composite elements of the talent management loop are evident across KCC. However, work needs to be undertaken to connect the elements under the umbrella of talent management that will help to ensure that it is universally understood and engenders high levels of engagement. **MEDIUM**
- Management recognise that the talent management performance and potential assessment tool needs to be revisited, with the workforce planning tool being the foundation. **MEDIUM**
- The latest 2022 – 2027 People Strategy is not on the KCC website and as such is not available to attract external talent. **LOW**
- The manager is encouraged to have a conversation with their member of staff about the application of the learning and then complete the manager evaluation. The return rate of the manager evaluation is low at circa 20%. **LOW**.

### Prospects for Improvement

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

- As described above, in addition to established practices and processes there a number of initiatives that are at the development stage and imminent.
- The six elements of the talent management loop are in place and need to be connected and brought under one umbrella.

### Summary of Management Responses

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



## E2. CA01-2023 Annual Governance Statement (AGS)

Audit Opinion	AGS Process	<b>Adequate</b>
	AGS Returns	<b>Limited</b>
Prospects for Improvement		<b>Adequate</b>

Internal Audit's overall Audit Opinion of Limited is based on identifying inaccuracies in the majority assurance statements in the draft AGS that were reviewed.

### Key Strengths

- Significant progress has been made over the last few iterations of the AGS to refine and enhance the processes which produce the AGS.
- Engagement with Senior Management and Managers at T200 group to understand the governance issues across the Council.

### Areas for Development

- Tighten controls that help to ensure that Corporate Directors consult and engage relevant staff when developing their assurance statements to improve the accuracy and completeness of the AGS return. **MEDIUM**
- Improve the scope of the AGS questionnaire to include more questions that are relevant to the principles of the Council's Code of Corporate Governance **LOW**
- Some assurance statements provided were found to be inaccurate and /or incomplete **HIGH**

### Prospects for Improvement

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

- Continued input and engagement from Internal Audit on AGS process.
- The AGS process has continued to evolve positively and seeking to engage Officers at multiple levels within the organisation.
- The Annual Governance Statement is heavily reliant on the Monitoring Officer and additionally there have been a number of significant governance issues through the current period.

### Summary of Management Responses

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

## E3. RB11-2023 Data Mapping

Audit Opinion	<b>Adequate</b>
Prospects for Improvement	<b>Good</b>

As part of the 2022/23 Audit Plan, it was agreed for Internal Audit to undertake a review of data mapping within KCC.

Data Mapping is the exercise to identify what and where personal data is held within an organisation which the Information Commissioner Office may request to view. Therefore, it is important that these are complete and remain up to date.

In forming conclusions, the Data Protection Act (DPA) 2018 and best practice frameworks were taken into account

Internal Audit surveyed each of the Information Governance (IG) Leads across the Council to draw themes from Data Mapping Processes across the Council. 17 out of 18 completed the survey in which Internal Audit drew conclusions.

#### Key Strengths

- 76% of Information Governance (IG) Leads indicated and provided evidence that a Data Map was in place for their area.
- Adult Social Care & Health (ASCH), Children's, Young People and Education (CYPE) and Infrastructure had up to date data maps in place.
- 4 Data Maps used the ICO data mapping template. It was indicated to Internal Audit that the Information Governance Cross Directorate Working Group chairperson had recommended the use of this template.
- Of the Data Protection Impact Assessments (DPIAs) reviewed, 23/30 were included within the Data Maps as indicated by IG leads

#### Areas for Development

- There is no guidance on KNET regarding the creation or maintenance of Data Maps. **MEDIUM**
- Only 1/17 respondents responsible for data mapping indicated that data mapping is explicitly referenced within their job description. This is also not documented in the Information Governance Framework which includes roles and responsibilities for IG **MEDIUM**
- 4/17 respondents indicated their department did not have a Data Map in place. In addition, Internal Audit were not able to confirm for a small number of areas across the Council whether these were in place.
- The formatting of Data Maps is not consistent, 6 formats over 10 data maps were identified. **LOW**
- 6 of the 13 indicated they felt that their Data Maps were not updated promptly. See **MEDIUM**
- There was 1 instance duplication of processing activities within the commissioning and ASCH data maps. **MEDIUM**
- The 7 DPIAs that have not been included within the Data maps were missing on the Highways, Transportation and Waste (HTW) Data Map which was indicated that this was as IG Lead reviews the Data Mapping annually. **MEDIUM**

#### Prospects for Improvement

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

- Information Governance working groups are embedded within the Council to address relevant issues.

#### Summary of Management Responses

Risk Rating	No. of Issues Raised	Action Plan Developed	Risk Accepted and No Action Proposed
High	0	0	0
Medium	3	3	0
Low	1	1	0

## Appendix B – 2021/22 Internal Audit Plan Status

Ref	Audit	Status	Assurance
CA01-2022	Annual Governance Statement	Final Report	Adequate – GAC July 2021
CA02-2022	Corporate Governance	Complete	N/A
CA03-2022	Equalities Act 2010 Duties	Final Report	Limited – GAC September 2022
CA04-2022	Future of Sessions HQ	Deferred to 2022/23	
CA05-2022	Information Governance Assurance Mapping Update	Final Report	N/A – GAC November 2021
CA06-2022	Records Management Follow Up	Deferred to 2022/23	
CA07-2022	Risk Management	Final Report	N/A – GAC April 2022
CA08-2022	Strategic Commissioning	Deferred to 2022/23	
CS01-2022	CIPFA Financial Management Code (Part 1)	Final Report	N/A – GAC April 2022
CS01-2022	CIPFA Financial Management Code (Part 2)	Final Report	Substantial – GAC January 2023
CS02-2022	General Ledger	Final Report	Substantial – GAC January 2022
CS03-2022	Imprest Accounts Follow Up	Deferred to 2022/23	
CS04-2022	Payroll	Final Report	Substantial – GAC July 2022
CS05-2022	Pension Scheme Admin	Deferred to 2022/23	
CS06-2022	Urgent Payments Follow Up	Final Report	N/A – GAC January 2022
CR01-2022	Annual Audit Opinion	Complete	N/A
CR02-2022	Annual Governance Statement	Complete	N/A
CR03-2022	Information Governance Steering Group	Ongoing	N/A
CR04-2022	Provider Invoicing	Final Report	Limited - GAC January 2022
RB01-2022	Declaration of Interests (Members)	Final Report	Adequate – GAC April 2022
RB02-2022	Engagement of Consultants	Deferred to 2022/23	
RB03-2022	Enterprise Business Capabilities (Oracle) – Strategic Reset Programme	Final Report	N/A – July 2022
RB04-2022	Information Governance – DSP Toolkit	Final Report	Substantial – GAC April 2022
RB05-2022	KCC Estate Review – Strategic Reset Programme	Final Report	N/A – GAC September 2022
RB06-2022	New Grant Funding	Final Report	Substantial – GAC April 2022
RB07-2022	People Strategy – Strategic Reset Programme	Final Report	N/A – GAC April 2022

Ref	Audit	Status	Assurance
RB08-2022	Property Infrastructure – Functions and Processes Transferred from Gen2	Final Report	Limited – GAC April 2022
RB09-2022	Public Health – Covid 19 Ring Fenced Grants	Final Report	High – July 2022
RB10-2022	Schools Financial Services	Deferred to 2022/23	
RB11-2022	Strategic Reset Programme – Programme Governance	Final Report	Adequate – GAC April 2022
RB12-2022	Contract Management (ASCH)	Final Report	Adequate – GAC July 2022
RB13-2022	Data Protection (ASCH)	Final Report	Adequate – GAC January 2022
RB14-2022	Individual Contracts with Care Providers (ASCH)	Deferred to 2022/23	
RB15-2022	Making a Difference Every Day (MADE) Assurance Board	Final Report	N/A – GAC September 2022
RB16-2022	Provider Failure (Assurance Mapping)	Deferred to 2022/23	
RB17-2022	Safeguarding Assurance Map (ASCH)	Deferred to 2022/23	
RB18-2022	Supervision of Social Workers	Final Report	Limited – GAC July 2022
RB19-2022	Accommodation for Young People / Care Leavers Follow Up	Final Report	N/A – GAC July 2022
RB20-2022	Business Continuity Planning (CYPE)	Final Report	High - GAC July 2022
RB21-2022	Change for Kent Children – Strategic Reset Programme	Final Report	N/A – GAC September 2022
RB22-2022	Foster Care – Transition to Shared Lives	Deferred to 2022/23	
RB23-2022	Information Governance (CYPE)	Final Report	Substantial – GAC July 2022
RB24-2022	Safeguarding Assurance Map Update (CYPE)	Deferred to 2022/23	
RB25-2022	School Themed Review – Corporate Credit Cards	Final Report	Adequate – GAC September 2022
RB26-2022	SEN Assurance Mapping	Deferred to 2022/23	
RB27-2022	Traveller Service – Site Allocation and Pitch Fee Collections	Final Report	No Assurance - GAC April 2022
RB28-2022	Highways Term Maintenance Contract	Final Report	N/A – GAC September 2022
RB29-2022	Inland Border Posts / Decision Making and Financial Management	Final Report	N/A – GAC January 2023
RB30-2022	Kent and Medway Business Fund	Final Report	Adequate – GAC September 2022
RB31-2022	Kent and Medway Energy and Low Emissions Strategy	Deferred to 2022/23	
RB32-2022	New Local Infrastructure Projects Across Kent (SELEP)	Final Report	Substantial – GAC July 2022
ICT01-2022	Cyber Security Assurance Map Update	Final Report	N/A GAC April 2022
ICT02-2022	Information Technology Risk Management	Deferred to 2022/23	
ICT03-2022	IT Cloud Strategy, Security and Data Migration	Final Report	Adequate - GAC April 2022
ICT04-2022	IT Data Security Audit for DSP Toolkit (EXEMPT)	Final Report	Adequate – GAC September 2022
ICT05-2022	Prevention of ICT Data Centre Outages Follow Up	Final Report	N/A GAC November 2021
DP1-2022	Provider Data Protection	Final Report	Limited GAC July 2022

## Appendix C – 2022/23 (Original) Internal Audit Plan Status

Ref	Audit	Status	Assurance
CA01-2023	Annual Governance Statement - Process - Returns	Final Report	Process – Adequate Returns - Limited GAC January 2023
CA02-2023	Assurance Mapping - Simultaneous Response, Recovery & Resilience	Final Report	N/A - GAC January 2023 (EXEMPT)
CA03-2023	Informal Governance	On Hold	
CA04-2023	Decision Making	Not Started	
CA05-2023	Health & Safety	Planning	
CA06-2023	Information Governance	Fieldwork	
CA07-2023	Procurement	Fieldwork	
CR01-2023	Inflation	On Hold	
CR02-2023	Operating Standards	Planning	
CS01-2023	Budget Savings	Draft Report	
CS02-2023	Imprest Accounts	Fieldwork	
CS03-2023	Purchase Cards	Planning	
RB11-2023	Data Mapping	Final Report	Adequate – GAC January 2023
AD01-2023	SEND Transport	Final Report	N/A GAC September 2022
RB02-2023	Talent Management	Final Report	Substantial – GAC January 2023
RB03-2023	Individual Contracts with Care Providers	Planning	
RB04-2023	Making a Difference Every Day (MADE)	Ongoing	
RB05-2023	Change for Kent Children	Ongoing	
RB06-2023	Recruitment and Retention of Social Workers (CYPE)	Draft Report	
RB07-2023	Climate Change	Planning	
RB08-2023	Highways Term Contract	Ongoing	
RB09-2023	Estate Management / Maintenance	Planning	
RB10-2023	Modern Slavery	Final Report	N/A – GAC January 2023
ICT01-2023	Cyber Security Patch Management	Not Started	
ICT02-2023	Data Centre Outage Lessons Learned Review	Not Started	
ICT03-2023	Information Technology Risk Management	Draft Report	

## Appendix D – Potential Audit Coverage for Rolling 2022/23 Audit Plan

Ref	Audit	Status
CA08-2023	Assurance Mapping – Fraud and Error	Fieldwork
CR03-2023	Adult Social Care Reform – Preparedness for CQC Inspection	Fieldwork
CR04-2023	Enterprise Business Capabilities (Oracle)	Draft Management Letter
TBC	Data Security and Protection Toolkit (DSPT)	Planning
Risk Management		Contract Extensions
LATCO Governance Arrangements		Records Management (Follow Up)
Pension Scheme Admin		Workforce Planning (ASCH)
Social Care Debt Recovery		Property / Asset Disposals
Public Health		The Education People – Planned changes to SLA
Provider Failure / Capacity (ASCH)		United Kingdom Resettlement Scheme
Provider Invoicing (Follow Up)		Public Health Grants – Drugs & Alcohol
Engagement of Consultants		Unregulated Care Placements (CYPE)
Data Quality – Lifespan Pathway Liquidlogic Adult System – Risk of Overpayments		Management of Border Checks (Post 1 July) 2022)
Compliance with Financial Regulations (ASCH & GET)		Gypsy Traveller Service (Follow Up)
Return of Cantium Services to Finance		Disaster Recovery
Estates Change Programme (Sessions House)		Payment Card Industry Data Security Standards (PCI DSS)
School Placements to Independent / Specialist Schools (CYPE)		IT Project Management

**8 Pillars of Corporate Health**

<b>8 Pillars of Corporate Health</b>	
<b>Corporate Governance</b>	<b>Risk Management</b>
The Education People – Planned changes to SLA United Kingdom Resettlement Scheme LATCO Governance Arrangements Management of Border Checks (Post 1 July 2022)	Risk Management Disaster Recovery
<b>Financial Control / VFM</b>	<b>Change Management / Programme/ Projects</b>
Gypsy Traveller Service (Follow Up) Data Quality – Lifespan Pathway Liquidlogic Adult System – Risk of Overpayments Compliance with Financial Regulations (ASCH & GET) School Placements to Independent / Specialist Schools (CYPE) Unregulated Care Placements (CYPE) Management of Border Checks (Post 1 July 2022) Pension Scheme Admin Social Care Debt Recovery Provider Invoicing (Follow Up)	Return of Cantium Services to Finance IT Project Management
<b>Commissioning, Procurement &amp; Partnerships</b>	<b>Information Technology and Information Security</b>
Public Health Provider Failure / Capacity (ASCH) Engagement of Consultants Contract Extensions Public Health Grants – Drugs & Alcohol	Records Management (Follow Up) Payment Card Industry Data Security Standards (PCI DSS)
<b>Asset Management</b>	<b>Counter Fraud</b>
Workforce Planning (ASCH) Estates Change Programme (Sessions House) Property / Asset Disposals	

## Appendix E – Implementation of Agreed Management Actions

3+ Years						
Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
CS01-2019	Payment Processing	Adequate	Issue 2 - Retrospective Purchase Orders	Medium	Chief Executive Departments	Implemented
CS01-2019	Payment Processing	Adequate	Issue 3 - Authorisation of manual invoices	Medium	Chief Executive Departments	Implemented
CS01-2019	Payment Processing	Adequate	Issue 5 - Vacation Rule in iProc	Medium	Chief Executive Departments	Implemented
RB01-2018	Members Induction and Training	Adequate	Issue 2 - Mandatory Training	Medium	Chief Executive Departments	In Progress
RB20-2019	LD Lifespan Pathway Post Implementation	Adequate	Issue 1 - Pathway Plans and Assessments	High	Children's Young People & Education	In Progress
CA07-2019	Data Protection	Adequate	Issue 2 - Data Protection Impact Assessments - Project & Programme Management and Commissioning	Medium	Chief Executive Departments	In Progress
RB02-2019	Property - Statutory Compliance	Limited	Issue 3 - Tenanted Properties – Requirement to notify KCC of Compliance Checks	Medium	Deputy Chief Executive Departments	Implemented
CA09-2018	Departmental Governance Review – Adult Social Care and Health	Adequate	Issue 6 - Committee Terms of Reference	Medium	Chief Executive Departments	In Progress
2 - 3 Years						
Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
CA11-2019	Strategic Commissioning Overview	Adequate	Issue 3 - Relationships between the SC Division and directorates	Medium	Chief Executive Departments	Implemented
CA06-2020	Data Protection Deep Dive	Adequate	Issue 1 - Record of Processing Activity (ROPA)	High	Chief Executive Departments	In Progress
CA06-2020	Data Protection Deep Dive	Adequate	Issue 2 - Data Breaches	Medium	Chief Executive Departments	In Progress



AD01-2020	Pension Fund Investment	Limited	Issue 7 - Procedures governing Investment Decision Making	High	Chief Executive Departments	Implemented
AD01-2020	Pension Fund Investment	Limited	Issue 1 - A comprehensive understanding of the Committee's duties, its Investment Strategy and its Decision-Making Procedures	Medium	Chief Executive Departments	Implemented
AD01-2020	Pension Fund Investment	Limited	Issue 15 - Assurance that the remit of the Local Pension Board complies with Scheme Regulations and The Pensions Regulator's Code of Practice	High	Chief Executive Departments	Implemented
AD01-2020	Pension Fund Investment	Limited	Issue 10 - Improving the Reporting, Tracking and Mitigation of Risks	High	Chief Executive Departments	Implemented
AD01-2020	Pension Fund Investment	Limited	Issue 6 - Mapping out Roles and Responsibilities	Medium	Chief Executive Departments	Implemented
AD01-2020	Pension Fund Investment	Limited	Issue 14 - Passing on Lessons that Key Officers have learned	Medium	Chief Executive Departments	Implemented
ICT05-2020	Members ICT	Adequate	Issue 1 - ICT Support for Members	Medium	Chief Executive Departments	In Progress
Past 2 Years Engagement Reference	<b>Engagement Name</b>	<b>Audit Opinion</b>	<b>Title</b>	<b>Risk Rating</b>	<b>Directorate</b>	<b>Status</b>
	RB45-2020	Adequate	Issue 4 - Reconciliation of iPad downloads and Worldpay Data	High	Growth, Environment & Transport	In Progress
	RB05-2020	Substantial	Issue 1 - Purchases progressed without a Purchase Order	Medium	Chief Executive Departments	Implemented
	CA01-2021	Adequate	Issue 3 - Making AGS a Living Process	Medium	Chief Executive Departments	In Progress
	CA01-2021	Adequate	Issue 1 - Progress Against 2017/18 & 2018/19 Issues	Medium	Chief Executive Departments	In Progress
	CA01-2021	Adequate	Issue 4 - Learnt Lessons from the 2019/20 AGS Process	Medium	Chief Executive Departments	In Progress
	RB21-2021	Substantial	Issue 1 - Incorrectly Charged Service users	Medium	Chief Executive Departments	Implemented
	CA07-2021	Adequate	Issue 1 - Policies & Procedures	Medium	Chief Executive Departments	In Progress

CA07-2021	Information Governance - Remote Working	Adequate	Issue 3 - Data Protection Training	Medium	Chief Executive Departments	In Progress
RB23-2021	Accommodation for Young People/Care Leavers	Limited	Issue 3 - Housing Costs (Housing Benefit)	High	Children's Young People & Education	In Progress
CA01-2022	Annual Governance Statement	Adequate	Issue 1 - CMT/ DMT Action Logs	Medium	Chief Executive Departments	Implemented
CA01-2022	Annual Governance Statement	Adequate	Issue 2 - Confirmation of Compliance with CIPFA Code of Financial Management	Medium	Chief Executive Departments	In Progress
<b>Less than 1 Year</b>						
Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
7492	Schools Admission Appeal Charges - Investigation	Advisory	Issue 4 - Debt	High	Children's Young People & Education	Implemented
7692	LoCASE Grant Investigation	Advisory	Issue 1 - Declaration of Interests	High	Growth, Environment & Transport	Implemented
7692	LoCASE Grant Investigation	Advisory	Issue 2 - Staff awareness of Fraud, Bribery and Corruption	High	Growth, Environment & Transport	Implemented
AD01-2022	Laineys Farm Complaint	Advisory	Issue 2 - Policies and Procedures	High	Adult Social Care & Health	Implemented
AD01-2022	Laineys Farm Complaint	Advisory	Issue 3 - Due Diligence	High	Adult Social Care & Health	In Progress
AD02-2022	Searchlight - Data Breaches	Adequate	Issue 2 - Communication and Awareness to Staff	Medium	Chief Executive Departments	Implemented
CA07-2021	Information Governance - Remote Working	Adequate	Issue 2 - Staff Awareness	Medium	Chief Executive Departments	In Progress
CA07-2021	Information Governance - Remote Working	Adequate	Issue 4 - Risk Assessment	Medium	Chief Executive Departments	In Progress
CA07-2021	Information Governance - Remote Working	Adequate	Issue 5 - Corporate VPN Software Updates	Medium	Chief Executive Departments	Implemented
CS02-2022	General Ledger	Substantial	Issue 2 - Miscoding of Asylum Seeking Young People Accommodation Costs	Medium	Chief Executive Departments	In Progress
ICT03-2021	Cyber Security - Management of Backups for Applications, Data and active Network Devices.	Adequate	Issue 2 - Business Continuity Plan (BCP) Recovery Time Objectives (RTO)	High	Deputy Chief Executive Departments	In Progress

ICT03-2022	IT Cloud Strategy, Security and Data migration	Adequate	Issue 2 - Resources	High	Deputy Chief Executive Departments	In Progress
ICT03-2022	IT Cloud Strategy, Security and Data migration	Adequate	Issue 3 - Programme / Project Management Systems	Medium	Deputy Chief Executive Departments	In Progress
ICT03-2022	IT Cloud Strategy, Security and Data migration	Adequate	Issue 4 - Programme and Project Status Reporting	Medium	Deputy Chief Executive Departments	In Progress
ICT04-2022	IT Data Security Audit for DSP Toolkit	Adequate	Issue 1 - Software Asset Register	Medium	Deputy Chief Executive Departments	In Progress
ICT04-2022	IT Data Security Audit for DSP Toolkit	Adequate	Issue 2 - Movers and Leavers	Medium	Deputy Chief Executive Departments	In Progress
ICT04-2022	IT Data Security Audit for DSP Toolkit	Adequate	Issue 3 - Patching Compliance	Medium	Deputy Chief Executive Departments	In Progress
Page 63 ICT04-2022	IT Data Security Audit for DSP Toolkit	Adequate	Issue 4 - Backups	Medium	Deputy Chief Executive Departments	In Progress
RB01-2022	Declaration of Interests - Members	Adequate	Issue 1 - Register of Interests	High	Chief Executive Departments	In Progress
RB01-2022	Declaration of Interests - Members	Adequate	Issue 2 - Centralised Register of Members Interests	High	Chief Executive Departments	In Progress
RB01-2022	Declaration of Interests - Members	Adequate	Issue 3 - Key Decisions	Medium	Chief Executive Departments	In Progress
RB06-2022	New Grant Funding	Substantial	Issue 1 - Fraud Risk Assessments	Medium	Chief Executive Departments	In Progress
RB11-2022	Programme Governance - Strategic Reset Programme	Adequate	Issue 01 - Reporting Programme and Project Alignment against the SRP's Ambitions	Medium	Deputy Chief Executive Departments	Implemented
RB11-2022	Programme Governance - Strategic Reset Programme	Adequate	Issue 03 - Means of Adjusting and Justifying the Strategic Reset Programme	Medium	Deputy Chief Executive Departments	Implemented
RB11-2022	Programme Governance - Strategic Reset Programme	Adequate	Issue 07 - Capacity of the SRP Programme Team	Medium	Deputy Chief Executive Departments	Implemented

RB11-2022	Programme Governance - Strategic Reset Programme	Adequate	Issue 08 - Tracking and Monitoring of the Programme's Progress	Medium	Deputy Chief Executive Departments	Implemented
RB11-2022	Programme Governance - Strategic Reset Programme	Adequate	Issue 09 - Programme-wide Risk Management Approach	Medium	Deputy Chief Executive Departments	Implemented
RB12-2022	Contract Management (ASCH)	Adequate	Issue 1 - Formal Contract Management of Key Non-Contract Providers	Medium	Chief Executive Departments	Implemented
RB12-2022	Contract Management (ASCH)	Adequate	Issue 2 - Key Performance Indicators	Medium	Chief Executive Departments	In Progress
RB12-2022	Contract Management (ASCH)	Adequate	Issue 3 - Adhering to Sanctions	High	Chief Executive Departments	Implemented
RB12-2022	Contract Management (ASCH)	Adequate	Issue 5 - Reporting High Risk Provider Issues to Senior Management	Medium	Chief Executive Departments	In Progress
RB12-2022	Contract Management (ASCH)	Adequate	Issue 6 - Resolving Known System Issues with Mosaic Provider Portal	Medium	Adult Social Care & Health	In Progress
RB13-2022	Data Protection (ASCH)	Adequate	Issue 1 - Improving Uptake of Mandatory Data Protection Training	Medium	Adult Social Care & Health	In Progress
RB13-2022	Data Protection (ASCH)	Adequate	Issue 2 - Completing Data Protection Impact Assessments	Medium	Adult Social Care & Health	Implemented
RB13-2022	Data Protection (ASCH)	Adequate	Issue 3 - Internal Escalation of a Data Breach	Medium	Adult Social Care & Health	Implemented
RB13-2022	Data Protection (ASCH)	Adequate	Issue 4 - Investigating Data Breaches	Medium	Adult Social Care & Health	Implemented
RB13-2022	Data Protection (ASCH)	Adequate	Issue 6 - Timeliness in Responding to Subject Access Requests	Medium	Adult Social Care & Health	Implemented
RB16-2021	Workforce – Recruitment & Retention of AMHPs	Substantial	Issue 2 - Gathering, monitoring, analysing and reporting of AMHP recruitment and retention data	Medium	Adult Social Care & Health	In Progress
RB24-2021	School Themed Review	Adequate	Issue 1 - Training	Medium	Children's Young People & Education	Implemented
RB24-2021	School Themed Review	Adequate	Issue 2 - Risk Management	Medium	Children's Young People & Education	Implemented
RB24-2021	School Themed Review	Adequate	Issue 3 - Reporting of Cyber Security	Medium	Children's Young People & Education	Implemented

RB32-2022	New Local Infrastructure Projects Across Kent (SELEP)	Substantial	Issue 1 - Fraud risk assessment	Medium	Growth, Environment & Transport	Implemented
RB32-2022	New Local Infrastructure Projects Across Kent (SELEP)	Substantial	issue 2 - Financial Reporting to SELEP	Medium	Growth, Environment & Transport	Implemented
RB32-2022	New Local Infrastructure Projects Across Kent (SELEP)	Substantial	Issue 3 - Other reporting issues	Medium	Growth, Environment & Transport	Implemented

## Appendix F – Grant Certifications (2022/23)

Grant	Description	Current Status
EU Interreg - Aspire	A holistic approach to lowering obesity and unemployment rates in identified communities where the two issues are linked.	2 claims 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	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)	2 claims completed and 1 On The Spot
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: <ul style="list-style-type: none"> <li>- A technology resilience voucher scheme for businesses (ED)</li> <li>- A green recovery voucher scheme for businesses (Environment Team)</li> </ul>	2 claims 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 1 On The Spot
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.	2 claims 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	1 claim completed
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 and 1 On The Spot
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.	1 claim completed
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	
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.	1 claim completed
EU Interreg - USAC		2 claims 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
Department for Levelling Up. Housing & Communities	Community Renewal Fund (CRF) (£6.7 million)	In Progress

Office for Health Improvement & Disparities	SSMTRG - Supplementary Substance Misuse Treatment and Recovery 2022-23 (1.1 million)	In Progress
Office for Health Improvement & Disparities	IPD Grant - Local Government Act 2003: Section 31 Local Authority Grant for Inpatient Detoxification treatment 2022-23 (£167K)	In Progress
Office for Health Improvement & Disparities	SSMTR - Housing Support Fund (£597K)	In Progress
Office for Health Improvement & Disparities	OHID- Healthy Weight Grant - Supporting underserved groups or building capacity within Tier 2 Healthy Weight Services (£757K)	In Progress
Office for Health Improvement & Disparities	RSDATG - Rough Sleeper Drug and Alcohol Treatment Grant 22-23 (£416K)	In Progress



## Appendix G – 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**

**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.

**ISSUE RISK RATINGS**

**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.

By: James Flannery – Counter Fraud Manager

To: Governance and Audit Committee – 26<sup>th</sup> January 2023

Subject: **COUNTER FRAUD UPDATE**

Classification: Unrestricted

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**Summary:**

This report details:

- The Counter Fraud activity undertaken for period April 2022 to December 2022, including reported fraud and irregularities.
- An update on the Counter Fraud Action Plan for 2022/23 covering reactive and pro-active activity.
- A review against the “Counter Fraud Arrangements against the Fighting Fraud and Corruption Locally” self-assessment.
- A review of the Anti-Fraud and Corruption Strategy.

**Recommendations:**

The Governance and Audit Committee are asked to;

- Note the Counter Fraud Update report for 2022/23.
  - Note the progress of the Counter Fraud Action Plan for 2022/23.
  - Note and comment on the Fighting Fraud & Corruption Locally self-assessment of Counter Fraud Arrangements.
  - Approve and comment on the review of the Anti-Fraud and Corruption Strategy.
- 

**Irregularity Referrals – 01 April 2022 to 31 December 2022**

- 1.1 There were a further 76 referrals received for the reporting period 01 October 2022 to 31 December 2022 bringing the total of 223 referrals reported to the Counter Fraud Team to date this financial year. The distribution and characteristics of the irregularities reported to date are shown in the graphs in **Appendix A**.
- 1.2 Actual losses, (fraud & error) all of which are subject to recovery of the full amount, for the period October 2022 to December 2022 are £27,020, of which £18,447 (eight referrals) are due to salary overpayments due to late notification by management in ending employment. A further £7,902 was due to reported misuse within direct payments made to adult and children social care clients.
- 1.3 Prevented total losses for this period are £6,600 which is due to the removal of blue badges from being misused. Referral rates are just at a manageable level based on the resources available, although some lower-level risk referrals have not been progressed for formal investigation due to other higher risk cases taking priority.

**Salary Overpayments**

- 1.4 The Counter Fraud Team have been working with the Payroll Team to ensure that these financial irregularities are reported to Internal Audit. It is the responsibility of management to report these irregularities to Internal Audit however management have not been forthcoming when they occur.
- 1.5 Following notification from the Payroll Team, the Counter Fraud Team engages with management to establish why the overpayment occurred, why it was not reported to Internal Audit and what action are they taking to prevent further overpayments.

- 1.6 Engagement with the recipient of the overpayment also occurs to establish if there are grounds to progress the Theft Act offence of retention of a wrongful credit.

### Direct Payments

- 1.7 In 2022/23, there have been 19 referrals received relating to direct payment misuse, five being reported between Oct 2022 and Dec 2022. Eight have been logged as a financial recovery only, with two of these receiving warning letters on the correct use of direct payments. Seven are under investigation, one case has been closed with a sanction of a simple caution, one case passed for management investigation and two cases closed with no further action. Loss to date incurred due to the misuse amount to £18,230.

### Blue Badges

- 1.8 Proactive and reactive work continues to address the risk of blue badge misuse across Kent. During this period there have been two enforcement days completed within Canterbury City Council. A Press release was issued to raised awareness and the consequences of misusing blue badges.
- 1.9 Positive feedback was received from Canterbury City Council Civil Enforcement Officers on the pre-training and delivery of the enforcement day to help them continue to enforce the blue badge scheme. A total of 70 badges were inspected across the two days, where genuine badge holders welcomed the checking and validating of badges. Two cases, where cancelled badges were being used, have been referred for further investigation.
- 1.10 A total of 49 referrals have been received for the reporting period (October – December 2022), with 28 resulting in warning letters, two being closed due to insufficient evidence, eight closed due to being low risk and insufficient resources, two cases closed with no further action (these are due to the referral relating to the use of an expired badge) and nine open for further investigation.
- 1.11 Of the 49 referred cases, 13 have also received a Penalty Charge Notice. Five simple cautions have been issued for offences under the Fraud Act/ Road Traffic Act within this reporting period bringing the total number issued to eight for 2022-23.
- 1.12 Referrals by District/ Boroughs are increasing. A presentation to the Kent Chief Executives on blue badge misuse in Kent has been delivered to ensure there is relevant engagement and “buy in” from strategic partners, in particular to those that have lower referral rates.
- 1.13 Referral rates from district/ borough councils continued to be mixed across the county, work continues to support parking teams in conducting effective enforcement action. Further enforcement days are being planned.

**Table 1: Blue badge referrals by district/ borough council**

Parking Enforcement Area	Referral numbers – Apr to Dec 22	Parking Enforcement Area	Referral numbers – Apr to Dec 22
Ashford BC	50	Maidstone BC	2
Canterbury CC	31	Sevenoaks DC	0
Dartford BC	3	Swale BC	6
Dover DC	7	Thanet DC	0
Folkestone & Hythe BC	1	Tonbridge and Malling BC	6
Gravesham	30	Tunbridge Wells BC	2

## Police, Crime, Sentencing and Courts Act 2022

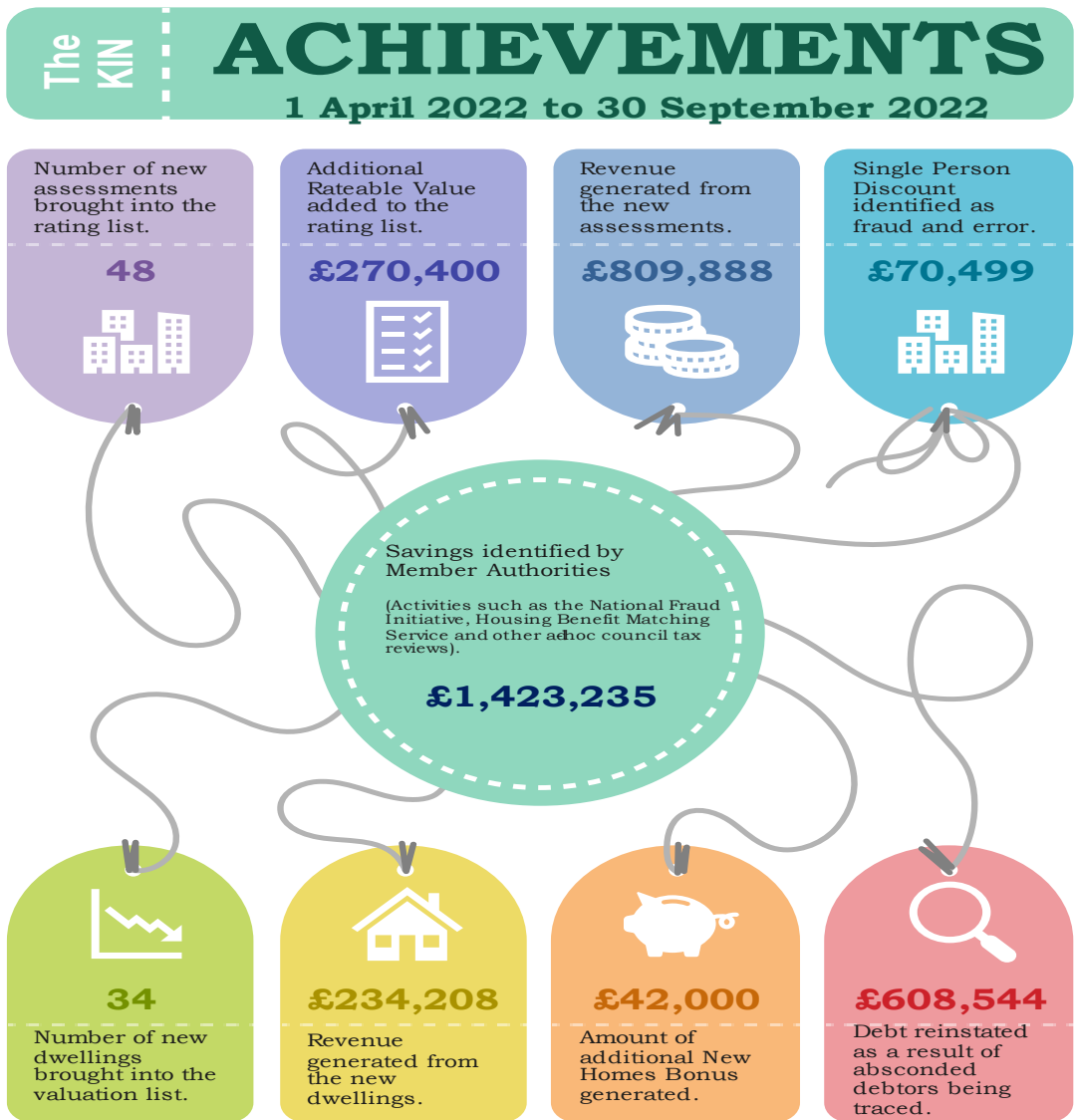
- 1.14 There is new legislation that will have an impact not only on Counter Fraud work but across all enforcement teams within KCC. The legislation, once the relevant part is enacted, will remove the ability to issue simple cautions. Therefore, the disposal options available will be limited to a formal warning letter or prosecution.
- 1.15 Within the legislation, however, there is the ability for prescribed bodies named in the regulations to issue diversionary or community cautions. This will enable the issuing of financial penalties in conjunction with the caution. Representations have been made to the Local Government Association to lobby the Ministry of Justice to ensure that Local Authorities are included as a prescribed body when the regulations are issued in 2023.

## Other Irregularities

- 1.16 A Management Letter has been issued following three internal investigations in employee related areas. This identified the need to make enhancements need in contracts and guidance documents so:
- Employees notify the employer of their current address, to ensure home to work mileage deductions on travel expenses can be calculated accurately.
  - Updating guidance for employees going on maternity leave in relation to the need to notify the employer of any work whilst on maternity leave to ensure statutory Maternity Pay is adjust accordingly.
  - Include anti-fraud statements in time recording processes to alert staff of the consequence of making false representations on time sheets.
- 1.17 An internal investigations identified weaknesses in the asset control of laptops held for children leaving care., The Counter Fraud Team are working with management to enhance their asset controls to ensure all laptops are accounted for.
- 1.18 ICT management have identified, as communicated to all staff within the Council, that not all laptops are currently accounted for within KCC. Internal Audit provided a Limited Assurance opinion in September 2020 due to poor asset controls in place. One of the issues raised related to the lack of an inventory review, managements response was *'KCC request that staff are vigilant when updating Cantium regarding ICT asset ownership and changes of asset ownership. Managers must take responsibility for assets for which they are responsible and notify changes in an accurate and timely manner.'*
- 1.19 Following up on this issue in December 2021 management advised Internal Audit *'An MS Form was published on KNet for all staff to complete and update the asset details, and Cantium took action to update the inventory from this.'* The Counter Fraud Team will report further on the outcome of this project and what the actual, if any, asset loss there is.
- 1.20 An investigation into an abuse of position at a Kent School has concluded. The investigation identified an exams officer who manipulated records to divert income due to the school to their personal account. Full recovery of the £3,668 has occurred and the person has been issued and accepted a simple caution following legal advice.

## Kent Intelligence Network (KIN)

- 1.22 KIN is a collaboration of the 13 local authorities in Kent to tackle fraud and error risks. KCC provide project management support via a project manager and funding to district and borough councils to address fraud and error within Council Tax and Business Rates.
- 1.23 The KIN continues to provide valuable support to the District/Borough Councils and the outcomes for the period 1 April 2022 to 30 September 2022, set out below, show the results and financial returns achieved:



- 1.24 48 commercial properties have been identified that were previously missing from the rating list. These properties have now been brought into the list by the Valuation Office Agency and consequently, the businesses occupying these properties are now liable for business rates.
- 1.25 The additional business rates revenue generated from the identification of these missing properties is £800,165 (£809,888 including Medway), of which broadly 9% comes to KCC, is a combination of the following:

- The total amount of Business Rates billed for both the current financial year and previous financial years of £409,908 (£417,528 including Medway); and
  - A 'future loss prevention' provision of 3 years of £390,257 (£392,360 including Medway).
- 1.26 This represents the amount of additional income that would have been lost if the respective properties had not been identified by the KIN.
- 1.27 It is also pertinent to highlight that, as at 30th September 2022, there were a further 50 cases with the Valuation Agency awaiting assessment/valuation, none of which are included in the figures stated above.
- 1.28 The KIN also helps to identify dwellings missing from the valuation list and so far, 34 dwellings have been identified. The additional Council Tax revenue generated from the identification of these properties is £234,208, of which broadly 73% comes to KCC. This is made up of a combination of the following:
- The total amount of Council Tax billed for both the current financial year and previous financial years of £63,129;
  - and A 'future loss prevention' provision of 3 years of £171,079. This represents the amount of additional income that would have been lost if the respective dwellings had not been identified by the KIN.
- 1.29 It is also pertinent to highlight that, as at 30 September 2022, there were a further 13 cases with the Valuation Agency awaiting assessment, none of which are included in the figures stated above.
- 1.30 Dwellings added to the valuation list also help to generate additional New Homes Bonus (NHB) for both Districts/Boroughs and KCC. It is estimated that the 34 dwellings identified will generate £42,000 in NHB, of which 20% comes to KCC.
- 1.31 It should be noted, however, that the value of NHB for each new dwelling identified has been reduced for this year from £5,600 to £1,400. This is to reflect the fact that the NHB scheme has been wound down over previous years and to acknowledge that 2022/23 may be the last year that NHB is paid.
- 1.32 In respect of the £608,544 that has been traced from absconded Council Tax debtors, this will generate additional income for KCC, depending on the amount that is collected. Even if a bad debt provision of 30% is applied to the amount of debt brought back into recovery, KCC would broadly receive 73% of £425,980 and this would amount to £310,966.
- 1.33 In total, the financial benefit to KCC from the initiatives and successes detailed above amounts to £562,352 to date in 2022/23.

### **Counter Fraud Pro-Active Work**

- 1.34 The Counter Fraud Pro-Active Work delivered for period Oct 2022 to Dec 2022 includes:
- Blue Badge misuse to Kent Chief Executives;
  - Blue Badge enforcement awareness to Canterbury City Council;
  - Fraud, Bribery and Corruption awareness within the Gypsy and Traveller service; and
  - Fraud awareness sessions to management teams across Commercial Services Group.

## Counter Fraud Action Plan 2022/23

1.35 Updates to the 2022/23 Counter Fraud Action Plan can be found at **Appendix B**.

### Fighting Fraud and Corruption Locally Self-Assessment.

1.36 The Governance and Audit Committee received a review of the “Fighting Fraud and Corruption Locally Self-Assessment Checklist” in April 2020. A review of the Counter Fraud Arrangements has been conducted against this assessment and is detailed at **Appendix C**.

1.37 The self-assessment is part of the wider strategy document issued in 2020, a full copy of the strategy is available via <https://www.cifas.org.uk/insight/public-affairs-policy/fighting-fraud-corruption-local-authorities/ffcl-strategy-2020>

1.38 The self-assessment shows that KCC are meeting the requirements of the strategy, work continues through the Counter Fraud Action plan to turn the strategy into the operational actions.

### Anti- Fraud and Corruption Strategy Review

1.39 A review of the Anti-Fraud and Corruption Strategy has been conducted. This has not identified any changes required to the current Strategy. A copy of the Strategy can be found in **Appendix D**.

### Counter Fraud Resources

1.40 The team comprises; 1FTE Counter Fraud Manager, 3FTE Counter Fraud Specialists, 2FTE Counter Fraud Technician, 0.8FTE Intelligence Officer and 1FTE Intelligence Assistant (vacant, recruitment exercise underway).

## Conclusions

1.41 Delivery of pro-active awareness sessions are continuing with good feedback being received on their impact and value. Reactive work is being managed, to a degree, within current resources, with several complex cases being progressed alongside the high-volume low complex cases.

## Recommendations

1.42 The Governance and Audit Committee are asked to:

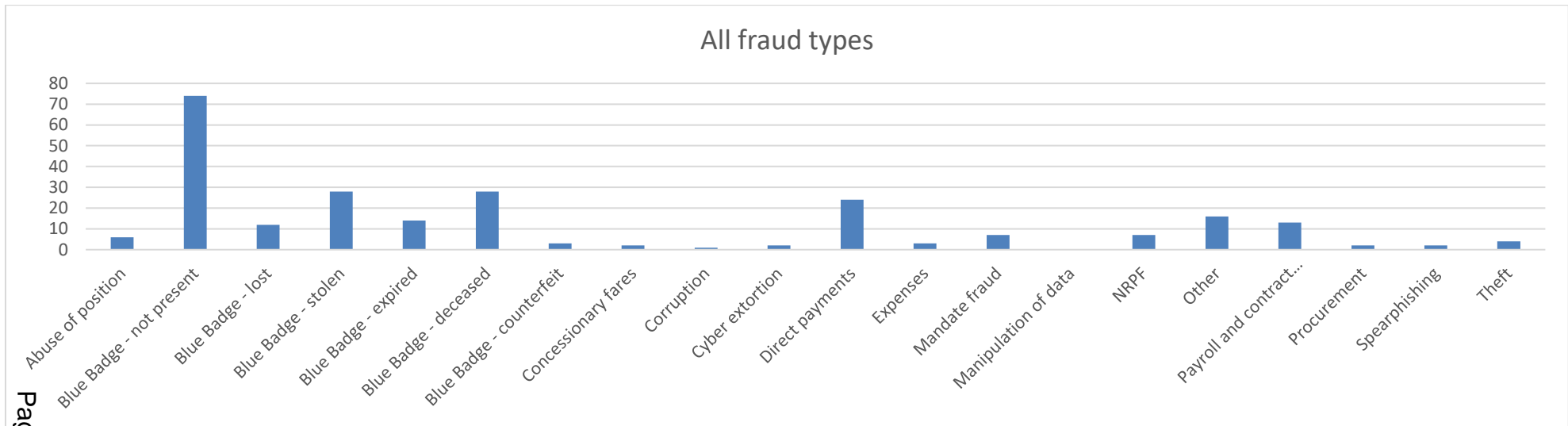
- Note the Counter Fraud Update report for 2022/23.
- Note the progress of the Counter Fraud Action Plan for 2022/23.
- Note and comment on the Fighting Fraud & Corruption Locally self-assessment of Counter Fraud Arrangements.
- Approve and comment on the review of the Anti-Fraud and Corruption Strategy.

**James Flannery, Counter Fraud Manager**

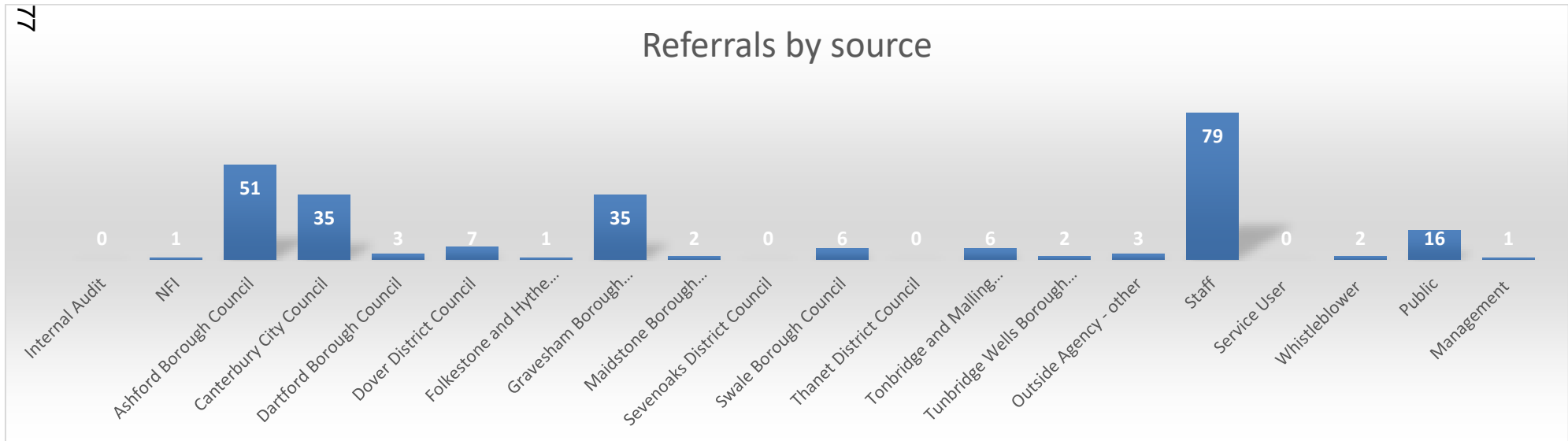
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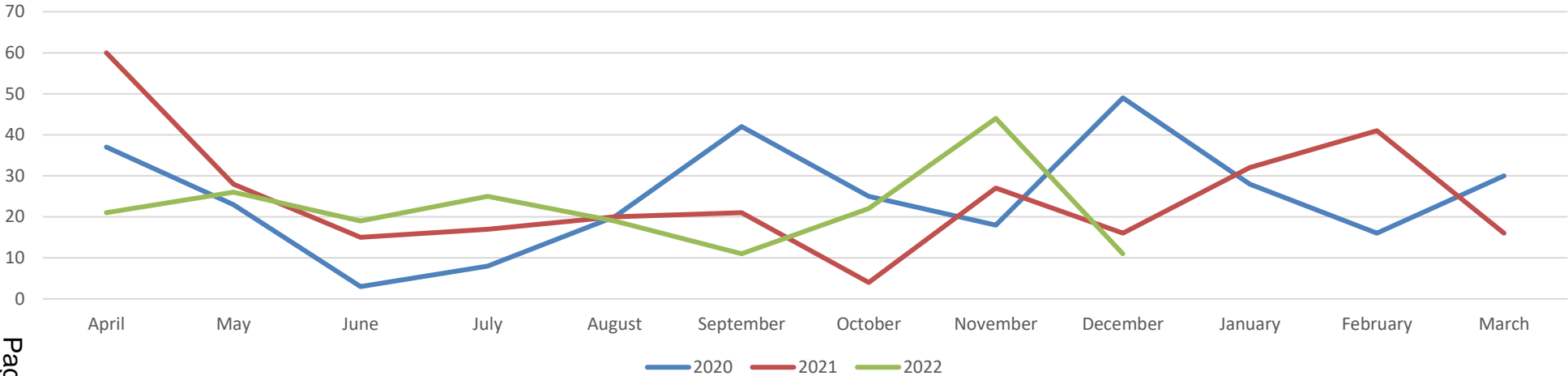
## Appendix A: Fraud and Irregularity referrals – Graphs



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Number of referrals per month



## Appendix B: Counter Fraud Plan 2022/23

Ref	Risk Area	Activity	Update
CF-KCC01-23	Payroll, Pension, Blue Badge, Concessionary fares, Trade Creditors	Progression of NFI Data Matches – Full submission due in Q3	Due in Q3 – Data collection in progress for upload. Data upload complete awaiting output due in Q4 (Jan 23)
CF-KCC02-23	Corporate Fraud	Policy, Strategy and Risk Review	Reviews of directorate risk levels is underway to inform what risks will be escalated from service risk registers to the corporate risk registers.
CF-KCC03-23	Corporate Fraud	Kent Intelligence Network	Out turn for 22/23 reported above. Work on the Digital Economy Act Business Case continues.
CF-KCC04-23	All risk areas to support the prevention and detection of fraud and corruption	Relationship Management Strategy for Stakeholders - Including Fraud, Bribery and Risk Assessments – new Initiatives, policies and strategies. Enhanced vetting of senior officers. Kent Fraud Panel Fighting Fraud and Corruption Locally	Enhance vetting checks being completed for senior officers. Fraud awareness sessions delivered to: County Safeguarding Leads Chief Accountants Team Financial Analysis and Support Team Finance Operations Management Team Finance Business Partners Review of policy and application process within the Gypsy and Traveller service Fraud, Bribery and Corruption awareness to the Gypsy and Traveller service Fraud awareness to CSG Management Teams.
CF-KCC05-23	All fraud risk areas faced by schools to support the prevention and detection of fraud	Pro-active Fraud Exercise - Schools	Awareness sessions delivered to: 150 School Governors 14 Senior Leaders
CF-KCC06-23	Blue Badge fraud risk	Pro-active Fraud Exercise - Blue Badges Enforcement Days and liaison with Parking Managers	Enforcement days –3 completed, 1 planned for delivery.
CF-KCC07-23	Social Care fraud risks - ASCH & CYPE	Review of Financial Abuse Tool Kit	Completed and issued to business to adopt.
CF-KCC08-23	Procurement fraud risks	Pro-active Fraud Exercise - Commissioning	In progress – Task and Finish group attendance to support ASCH in supported living contracts.
CF-KCC09-23	Social Care Fraud Risks - CYPE & ASCH	To deliver fraud culture work/ awareness sessions across both CYPE and ASCH	Providing Counter Fraud Support to County Safeguarding Strategic Group and operational support on financial abuse referrals.
CF-KCC10-23	Counter Fraud Profession	Professional standards	O going

CF-KCC11-23	All risk areas to support the prevention and detection of fraud and corruption	Supporting Audit on specific audits where there is a fraud risk, through planning, fieldwork and reporting stages as required.	Ongoing – All received engagement plans reviewed and advice provided to auditors on relevant fraud risks.
CF-KCC12-23	All fraud risk areas	Reactive Investigations	51 Ongoing referrals and investigations
CF-KCC13-23	No Recourse to Public Funds	Review of Counter Fraud referral processes	Q3 activity – Planning started
CF-KCC14-23	All risk areas to support the prevention and detection of fraud and corruption	Fraud Awareness – Review and update of e-Learning on Delta, fraud awareness week.	In progress

## Appendix C – Fighting Fraud and Corruption Locally Strategy Checklist (Appendix 1 & 2 from the FFCL document)

Senior Stakeholders	Checklist Requirement	Counter Fraud Lead Assessment
Chief Executive Officer	<p>Ensure that your authority is measuring itself against the checklist for FFCL</p> <p>Is there a trained counter fraud resource in your organisation or do you have access to one?</p> <p>Is the audit committee receiving regular reports on the work of those leading on fraud and is the external auditor aware of this?</p>	<p>CMT Report presented the outcome and actions required to be completed, which will be reported further to the Governance and Audit Committee</p> <p>Yes – Five staff (Counter Fraud Manager, 3 x Counter Fraud Specialists and one Counter Fraud Technician) are Accredited Counter Fraud Specialists., one Counter Fraud Technician due training in Jan 2023.</p> <p>Standalone Counter Fraud Report sent to G&amp;A committee which covers the work on counter fraud, external audit present at meetings and has access to Counter Fraud Report as a publicly available document.</p>
Section 151 Officer	<p>Is there a portfolio holder who has fraud within their remit?</p> <p>Is the head of internal audit or counter fraud assessing resources and capability?</p>	<p>Yes – Leader of the Council has Internal Audit &amp; Counter Fraud within their portfolio as per the Constitution. Additionally, the Deputy Leader of the Council has finance within their portfolio.</p> <p>Yes – a review of resources in 2019/20 identified the need to increase resources due to the increasing risk of fraud being committed against KCC and its trading companies. Subsequent reviews in 2020/21 and 2021/22 have resulted in a minor adjustment to the apprentice position moving them from an apprentice grade to a KR5 position.</p>

	<p>Do they have sufficient internal unfettered access?</p> <p>Do they produce a report on activity, success and future plans and are they measured on this?</p>	<p>Yes – However there has been some relevant challenge on access by business units to ensure they are compliant with Data Protection Requirements.</p> <p>Reported via G&amp;A Committee which is issued to CMT, this covered current activity, successes and future plans.</p> <p>However, we welcome feedback from both CMT and G&amp;A to ensure that there is relevant challenge.</p>
<p>The Monitoring Officer</p>	<p>Are members, audit committees and portfolio leads aware of counter fraud activity and is training available to them?</p> <p>Is the fraud team independent of process and does it produce reports to relevant committees that are scrutinised by members?</p>	<p>Yes – Covered in the Counter Fraud Report.</p> <p>Yes – Internal Audit and Counter Fraud report directly to Leader of the Council and Statutory Officers in order to maintain independence.</p>
	<p>Should receive a report at least once a year on the counter fraud activity which includes proactive and reactive work</p>	

<p>The Audit Committee</p>	<p>Should receive a report from the fraud leads on how resource is being allocated, whether it covers all areas of fraud risk and where those fraud risks are measured</p>	<p>Yes – G&amp;A receives a report quarterly to keep the Committee informed of proactive and reactive work.</p>
	<p>Should be aware that the relevant portfolio holder is up to date and understands the activity being undertaken to counter fraud</p>	<p>Yes – statistical information included within the report that measures the fraud risks facing the authority and how resources are allocated.</p>
	<p>Should support proactive counter fraud activity</p>	<p>Yes – G&amp;A report shared with Leader and Deputy Leader of the Council.</p>
	<p>Should challenge activity, be aware of what counter fraud activity can comprise and link with the various national reviews of public audit and accountability.</p>	<p>Yes – Comments and feedback during G&amp;A Committee has been to challenge and support the Counter Fraud Team on their activity.</p>
<p>The Portfolio Lead</p>	<p><i>Receives a regular report that includes information, progress and barriers on:</i></p>	<p>Questions and comments received from G&amp;A Committee on the Counter Fraud Report, which includes this review.</p>
	<p>The assessment against the FFCL checklist</p>	<p>Yes – Portfolio Lead provided of all Counter Fraud Reports that are going to CMT &amp; G&amp;A Committee.</p>
	<p>Fraud risk assessment and horizon scanning.</p>	

FFCL Check list requirements	Counter Fraud Lead Response
<p>The local authority has made a proper assessment of its fraud and corruption risks, has an action plan to deal with them and regularly reports to its senior Board and its members.</p>	<p>Fraud and Corruption risk at a strategic level has been assessed and is reviewed regularly by CMT via the risk management process.</p> <p>Directorate/ Divisional Fraud, Bribery &amp; Corruption risk assessments are embedded across the authority within the risk management framework during 2022/23.</p> <p>Counter Fraud Action plan is in place and is reported to CMT and G&amp;A.</p>
<p>The local authority has undertaken a fraud risk assessment against the risks and has also undertaken horizon scanning of future potential fraud and corruption risks. This assessment includes the</p>	<p>The strategic fraud risk has been updated with the harm that fraud does to the community.</p> <p>Horizon scanning occurs as BAU, with national information obtained from NAFN, CIFAS, Action Fraud, CIPFA and National Cyber Security Centre.</p>



understanding of the harm that fraud may do in the community.

Local liaisons also occur via the Kent Fraud Panel and the Southern County Council fraud hub to assess trends at a local level.

This activity is captured in the Counter Fraud Action Plan.

There is an annual report to the audit committee, or equivalent detailed assessment, to compare against FFCL 2020 and this checklist.

As part of the G&A report this will include the outcome of the review against the checklist.

The relevant portfolio holder has been briefed on the fraud risks and mitigation

Fraud Progress report and action plan form part of the report which is shared with the portfolio holder in order to brief them on the fraud risks and mitigation.

The audit committee supports counter fraud work and challenges the level of activity to ensure it is appropriate in terms of fraud risk and resources

Terms of Reference for the Governance and Audit Committee covers the requirement for them to ensure that the level of activity is appropriate in terms of fraud risk and resources.

There is a counter fraud and corruption strategy applying to all aspects of the local

Revised Anti-Fraud and Corruption strategy is presented to CMT and G&A for review, last reviewed in Jan 2022, with a recommendation that reviewed every two years, however due to the

authority's business which has been communicated throughout the local authority and acknowledged by those charged with governance.	increased risk of mandate fraud and email hacks this has been brought forward to Jan 23 G&A committee for review.
The local authority has arrangements in place that are designed to promote and ensure probity and propriety in the conduct of its business.	KCC Values and Kent Code are designed to ensure staff act in the best interests of KCC ahead of personal interests.
The risks of fraud and corruption are specifically considered in the local authority's overall risk management process.	Fraud and Corruption risks are discussed with Corporate Directors for inclusion on their directorate risk register.
Counter fraud staff are consulted to fraud-proof new policies, strategies and initiatives across departments and this is reported upon to committee.	Partly – Within the report to CMT, there will be a need to strengthen this approach within the strategy that requires new policies, strategies and initiatives to consult with Counter Fraud.
Successful cases of proven fraud/corruption are routinely publicised to raise awareness.	Yes – When prosecutions occur press releases are prepared and issued via the Press Office.

The local authority has put in place arrangements to prevent and detect fraud and corruption and a mechanism for ensuring that this is effective and is reported to committee.

Within the financial regulations there is a requirement for all staff to report financial irregularities to Internal Audit, the Counter Fraud Team monitor these and report up to G&A. This has identified key risk areas for KCC which then feeds into the Counter Fraud Action Plan.

Wider communication strategy on the Financial Regulations is needed and will engage with Finance on supporting their work on communicating Financial Regulations.

The local authority has put in place arrangements for monitoring compliance with standards of conduct across the local authority covering:

- codes of conduct including behaviour for counter fraud, anti-bribery and corruption
- register of interests
- register of gifts and hospitality.

Referral rates by fraud type and directorate are captured to provide an indication of where codes of conduct, register of interests and gifts and hospitality have been breached.

However, there is no monitoring on when staff have not completed an annual declaration of interests.

The local authority undertakes recruitment vetting of staff prior to employment by risk assessing posts and undertaking the checks recommended

Checks on identification, references and qualifications is conducted as part of the recruitment process to identify any false applications by recruitment managers and HR Services.

in FFCL 2020 to prevent potentially dishonest employees from being appointed.

In addition, for KR16 posts and above enhanced vetting process is conducted by the Counter Fraud Team given the significant budget responsibility of these posts.

Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and business. This is checked by auditors and reported to committee.

This is included in the Code of Conduct for staff, annual reminders are issued by staff officers of the need to record any offers or acceptance of gifts and hospitality. Additionally, reminders are issued to members by the Monitoring Officer.

There is a programme of work to ensure a strong counter fraud culture across all departments and delivery agents led by counter fraud experts.

Fraud awareness is available through e-learning and face to face training, risk-based approach in place to raise requests for training that are led by Counter Fraud experts.

Furthermore, Counter Fraud awareness is being delivered to management and officers across directorates.

There is an independent and up-to-date whistleblowing policy which is monitored for take-up and can show that suspicions have been acted upon without internal pressure.

Whistleblowing policy is reviewed annually, hotline exists which is managed by Internal Audit.

Contractors and third parties sign up to the whistleblowing policy and there is

As part of the contract terms and conditions, contractors and third parties bound by KCC policies.

evidence of this. There should be no discrimination against whistleblowers.

Fraud resources are assessed proportionately to the risk the local authority faces and are adequately resourced.

A review of resources was completed in 2019/20 that has led to a business case being created to request additional resources. Reviews have occurred in 2020/21 & 2021/22 which has resulted in a minor adjustment to the grading of the apprentice position.

There is an annual fraud plan which is agreed by committee and reflects resources mapped to risks and arrangements for reporting outcomes. This plan covers all areas of the local authority's business and includes activities undertaken by contractors and third parties or voluntary sector activities.

The Counter Fraud Action Plan along with updates is provided to G&A as part of the quarterly reporting.

Statistics are kept and reported by the fraud team which cover all areas of activity and outcomes.

In place and reported via the Counter Fraud Report.

Fraud officers have unfettered access to premises and documents for the purposes of counter fraud investigation.

In place via the Financial Regulations, However there has been some relevant challenge on access by business units to ensure they are compliant with Data Protection Requirements.

There is a programme to publicise fraud and corruption cases internally and externally which is positive and endorsed by the council's communications team.

On completion of a prosecution a press release is issued to publicise the fraud case, in addition following Blue Badge enforcement days a press release will be issued. All press releases go through an internal review by the council's communications team prior to issue to ensure key internal stakeholders are informed. At present, the information is only captured in the Counter Fraud Report and when prosecutions are successful.

The Counter Fraud Report is also presented to the Governance and Audit Committee which is a public forum, press articles have been written on the back of the information held in the report.

All allegations of fraud and corruption are risk assessed.

The National Intelligence Model is used to assess referrals, this includes a risk assessment which takes into account the length of time the fraud has occur, the potential, actual, prevented and recoverable loss, so that resources are used effectively

The fraud and corruption response plan covers all areas of counter fraud work:

- prevention
- detection
- investigation
- sanctions

Fraud Action Plan (Response plan)

Includes activity and resources to progress each area.

– redress.

Asset recovery and civil recovery are considered in all cases.

As part of the investigation plan, asset recovery and civil recovery is a factor investigators have to address during all stages of the investigation.

There is a zero-tolerance approach to fraud and corruption that is defined and monitored and which is always reported to committee.

The Anti-Fraud and Corruption Strategy has a zero tolerance to fraud and requires incidents of financial irregularity to be reported to the HoIA which the CFT monitors, referral rates and outcomes are monitored and reported to G&A a risk assessment is conducted on the cases to determine if suitable for investigation.

There is a programme of proactive counter fraud work which covers risks identified in assessment.

Fraud Action plan includes fraud awareness in key fraud risk areas this is reviewed annually as well as having the ability to be agile to react to emerging risk areas.

The counter fraud team works jointly with other enforcement agencies and encourages a corporate approach and co-location of enforcement activity.

Collaborative working with District authorities occurs through both the Kent Intelligence Network. In addition, a Counter Fraud Team is a member of the Kent Fraud Panel which works with Kent Police, Trading Standards and Community Safety.

The local authority shares data across its own departments and between other enforcement agencies.

Use of the National Intelligence Model, allows data to be shared with other enforcement agencies on a case by case basis.

KCC subscribe to the National Fraud Initiative which collects data from across a number of departments and external agencies to detect fraud occurring.

KCC are also a member of the Kent Intelligence Network which is promoting further data sharing activity to support the detection of fraud.

Prevention measures and projects are undertaken using data analytics where possible.

Internal Audit and Counter Fraud have a data analytics strategy, this is in its early stages of development.

Developments on in 2022/23 has seen the development of data analytics to support the identification if irregularities in purchase card data with schools.

The counter fraud team has registered with the Knowledge Hub so it has access to directories and other tools.

Access to Knowledge hub is in place for all CFT members; however, need to assess the benefit of this as the hub is still in its early stages of development.

The counter fraud team has access to the FFCL regional network.

CFT has access to the FFCL regional network.



There are professionally trained and accredited staff for counter fraud work. If auditors undertake counter fraud work they too must be trained in this area.

Five of the eight members of CFT are Accredited Counter Fraud Specialist qualified with one currently progressing their qualification. The vacant post will also be required to complete the ACFS qualification following completion of their probation period, with the eighth progressing data analytical training.

The counter fraud team has adequate knowledge in all areas of the local authority or is trained in these areas.

Through work with services and the Combined Audit Knowledge & Experience there is good access to knowledge on how all areas across the local authority operate. Relationship management is in place to help identify any changes in processes/ practices.

The counter fraud team has access (through partnership/ other local authorities/or funds to buy in) to specialist staff for:

- surveillance
- computer forensics
- asset recovery
- financial investigations.

Expertise is in place within CFT as well as access to further specialist support from Trading Standards (Surveillance, Asset Recovery and financial investigations) & ICT security (Computer forensics)

Weaknesses revealed by instances of proven fraud and corruption are scrutinised carefully and fed back to departments to fraud-proof systems.

As part of the investigation process the investigation report provides management with areas of weaknesses in the control environment with recommendations if required being made to capture management responses.

## Appendix D

# Anti-Fraud and Corruption Strategy

Document Owner	Jonathan Idle Head of Internal Audit and Counter Fraud
Version	Version 10

### Document Review History

Version	Reviewed	Reviewer	Approver	Date approved
Original				
2	30 June 2013	Internal Audit	Governance & Audit Committee	24 July 2013
3	25 June 2014	Internal Audit	Governance & Audit Committee	24 July 2014
4	11 Sept 2015	Internal Audit	Governance & Audit Committee	2 Oct 2015
5	July 2016	Internal Audit	Governance & Audit Committee	6 Oct 2016
6	5 Sep 2018	Internal Audit	Governance & Audit Committee	24 October 2018
7	29 March 2019	Internal Audit	Governance & Audit Committee	24 April 2019
8	15 June 2020	Internal Audit	Governance & Audit Committee	21 Jul 2020
9	14 Dec 2021	Internal Audit	Governance & Audit Committee	25 Jan 2022
10	15 Dec 2022	Internal Audit	Governance & Audit Committee	26 Jan 2023

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## A. Policy Statement

1. Fraud against Local Government is estimated to cost £7.8<sup>1</sup> billion per year. The Government's Economic Crime Plan states the numbers of fraud offences rose by 12% during 2018 to 3.6m constituting a third of all crimes in UK. This is a significant loss and threat to the public purse. To reduce these losses Kent County Council is committed to:
  - The highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets.
  - The prevention of fraud and the promotion of an anti-fraud culture.
  - A zero-tolerance attitude to fraud requiring staff and Members to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud.
  - The investigation of a risk-based response to all instances of actual, attempted or suspected fraud. The Council will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions.
  - The Local Government Fraud Strategy: Fighting Fraud Locally which means the Council will:
    - **Govern** the anti-fraud, bribery and corruption measures to ensure they are robust and holistic;
    - **Acknowledge** the threat of fraud and the opportunities for savings that exist;
    - **Prevent** and detect all forms of fraud;
    - **Pursue** appropriate sanctions and recover any losses;
    - **Protect** itself and the community against serious and organised crime, protecting the organisation from becoming a victim of fraud.

### Definition of Fraud

2. The Council defines fraud as 'any activity where deception is used for personal gain or to cause loss to another.' Fraud can be committed in one of three ways:
  - **Fraud by false representation** – Examples include providing false information on a grant or Blue Badge application, staff claiming to be sick when they are in fact fit and well or submitting time sheets or expenses with exaggerated or entirely false hours and/or expenses.

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<sup>1</sup> CIPFA Fraud and Corruption Tracker Summary Report 2019

- **Fraud by failing to disclose information** – Examples include failing to disclose a financial interest in a company KCC is trading with or failing to disclose a personal relationship with someone who is applying for a job at the council.
  - **Fraud by abuse of position** – Examples include a carer who steals money from the person they are caring for, or staff who order goods and services through the Council's accounts for their own use.
3. While fraud is often seen as a complex financial crime, in its simplest form, fraud is lying. Some people will lie, or withhold information, or generally abuse their position to try to trick someone else into believing something that is not true.

### **Definition of Corruption**

4. The Council defines corruption as the abuse of entrusted power for private gain; involving the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.<sup>2</sup>

### **Current Threats and their Impact**

5. KCC faces a range of fraud and corruption threats and the impact can be significant causing financial loss, reputational damage and harm to service users and the residents of Kent. In the last 12 months, the most frequent types of fraud and similar crimes that have impacted on KCC are as follows:
- **Blue Badge Fraud.** This type of fraud causes a financial loss to the wider Kent economy, undermines the public's confidence in the Blue Badge scheme and prevents genuine Blue Badge users from accessing safe, convenient parking. Using the National Fraud Authority's methodology for calculating losses we estimate the Kent economy could be losing as much as £1.3m per year.
  - **False Applications for Financial Support.** The applications are from parents falsely presenting to the Council as destitute and having no recourse to public funds. This type of fraud has been increasing in Kent. It has a direct financial impact on the Council. Estimating the losses is difficult, but based on previous allegations, it is believed that this type of fraud could result in losses of £250,000 per year.
  - **Misuse of Direct Payments.** This type of fraud causes financial loss to the Council and undermines the public's confidence in the services provided. The individual values vary significantly depending on need

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<sup>2</sup> HM Government (2014) UK anti-corruption plan

but it is estimated that misuse could result in losses of £100,000 per year.

- **Cyber Crime.** This type of offence can manifest in a number of forms, through ransomware and denial of service attacks, change of bank details on mandates, payroll and requests for urgent payments. It is estimated that the potential losses could result into £100,000s per year.
- **Procurement Fraud.** This type of fraud occurs throughout a procurement process, from bribery & cartel risks at tendering stage, through to duplicate/ false invoicing, defective/ non-existent goods and false performance reporting.

## Setting the Culture

### B. Standards

6. Kent County Council wishes to promote a culture of honesty and opposition to fraud and corruption based on the seven principles of public life. The Council will ensure probity in local administration and governance and expects the following standards from all employees, agency workers, volunteers, suppliers and those providing services under a contract with KCC:
  - **Selflessness** - Act solely in terms of the public interest.
  - **Integrity** - Avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
  - **Objectivity** - Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
  - **Accountability** - Be accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
  - **Openness** - Act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
  - **Honesty** - Be truthful.

- **Leadership** - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

### **Further reading**

7. In addition to this Strategy, there are a range of Policies and procedures that help reduce the Council's fraud risks. These include:
  - Anti-Bribery Policy;
  - Anti-Money Laundering Policy;
  - Whistleblowing Policy and Procedure;
  - The Kent Code;
  - Disciplinary Policy;
  - Financial Regulations;
  - Code of Member Conduct;
  - Financial Regulations;
  - Data Protection Policy.

## **C. Roles and Responsibilities**

### **The Role of Elected Members**

8. As elected representatives, all Members of Kent County Council have a duty to act in the public interest and to do whatever they can to ensure that the Council uses its resources in accordance with statute.
9. This is achieved through Members operating within the Constitution which includes the Code of Member Conduct, Financial Regulations and Spending the Council's Money.

### **The Role of Employees**

10. Kent County Council expects its employees to be alert to the possibility of fraud and corruption and to report any suspected fraud or other irregularities to the Head of Internal Audit.
11. Employees are expected to comply with the appropriate Code of Conduct and the Council's policies and procedures.
12. Employees are responsible for complying with Kent County Council's policies and procedures and it is their responsibility to ensure that they are aware of



them. Where employees are also members of professional bodies, they should also follow the standards of conduct laid down by them.

13. Employees are under a duty to properly account for and safeguard the money and assets under their control/charge.
14. Employees are required to provide a written declaration of any financial and non-financial interests or commitments, which may conflict with KCC's interests. KCC Financial Regulations specify that employees who have a direct or indirect financial interest in a contract shall not be supplied with, or given access to any tender documents, contracts or other information relating to them, without the authority of the senior manager.
15. Failure to disclose an interest or the acceptance or offering of an inappropriate reward may result in disciplinary action or criminal liability. Staff must also ensure that they make appropriate disclosures of gifts and hospitality – both offered and accepted.
16. Managers at all levels are responsible for familiarising themselves with the types of fraud that might occur within their directorates and the communication and implementation of this Strategy.
17. Managers are expected to create an environment in which their staff feel able to approach them with any concerns that they may have about suspected fraud or any other financial irregularities.

### **The role of the Chief Executive Officer**

18. Ensuring that the authority is measuring itself against the checklist for Fighting Fraud and Corruption Locally and there are sufficient resources to manage the risk of fraud.
19. Ensure the Governance & Audit Committee receives regular reports on the work of those leading on fraud and the external auditor is aware of the reporting.

### **The role of the Corporate Director of Finance**

20. The Corporate Director of Finance is responsible for developing, reviewing and maintaining an Anti-Fraud and Corruption Strategy and for advising on effective systems of internal control to prevent, detect and pursue fraud and corruption; advising on anti-fraud and anti-corruption strategies and measures; and, ensuring that effective procedures are in place to investigate promptly any fraud or irregularity.

21. Ensuring the Head of Internal Audit is assessing its resources and capability at least annually against the current fraud risks and Counter Fraud staff have unfettered access to people and records to prevent and detect fraud.

### **The Monitoring Officer**

22. Ensuring that Members, Governance & Audit Committee and Portfolio leads are aware of Counter Fraud Activity and provide training on Counter Fraud risks and approaches.
23. The Counter Fraud Team are independent of processes and reports to Governance & Audit Committee to ensure there is Member scrutiny.

### **The role of the Governance and Audit Committee**

24. The Governance and Audit Committee is responsible for ensuring that the Council has a robust counter-fraud culture backed by well designed and implemented controls and procedures which define the roles of management and Internal Audit; and, that the Council monitors the implementation of the Bribery Act policy to ensure that it is followed at all times.
25. Ensuring that the Portfolio lead is up to date and understands the activity being undertaking to Counter Fraud.
26. Provide support and challenge to the Counter Fraud Activity being undertaken across the Council.

### **Kent County Council's Commitment**

27. Fraud and corruption are serious offences and employees and Members may face disciplinary action if there is evidence that they have been involved in these activities. Where criminal offences are suspected, consideration will be given to pursuing criminal sanctions, in line with the KCC Sanction and Prosecution Policy, which may involve referring the matter to the police.
28. In all cases where the Council has suffered a financial loss, appropriate action will be taken to recover the loss including the costs of the investigation whenever appropriate.
29. In order to make employees, Members, the public and other organisations aware of the Council's continued commitment for taking action on fraud and corruption, details of completed investigations, including sanctions applied, will be publicised where it is deemed appropriate. This will include use of the Council's Intranet and releasing press statements immediately after criminal

convictions are secured. In addition, the Council will promote an anti-fraud culture through fraud awareness campaigns, presentations, training and e-learning.

#### **D. Prevention – Capability, Competence & Capacity**

##### **Responsibilities of management**

30. The primary responsibility for the prevention and detection of fraud is with management. Management must ensure that they promote an anti-fraud culture and assess the risk of fraud, bribery and corruption. They must ensure appropriate controls are in place to minimise the risk of fraud, for example, this could include establishing procedures, authorisation limits and segregating duties. Management must ensure the controls are operating as expected and are being complied with. They must ensure that adequate levels of checks are included in working practices, particularly financial. It is important that duties are organised in such a way that no one person can carry out a complete transaction without some form of checking or intervention process being built into the system.
31. Management must also ensure that the development of new policies, strategies and initiatives are fraud-proofed by engaging with Counter Fraud Specialists to support the assessment of the fraud risks.

##### **Internal Audit and Counter Fraud**

32. The Head of Internal Audit and Counter Fraud is responsible for the independent appraisal of controls and for assisting managers in the investigations of fraud and corruption.
33. Internal Audit includes proactive fraud work in its annual audit plan, identifying potential areas where frauds could take place and checking for fraudulent activity.
34. The Head of Internal Audit will establish performance measurements for counter fraud activity and will report progress against the performance measurements proactive counter fraud activity and on a quarterly basis to the Governance and Audit Committee.
35. The Counter Fraud Team will provide management with specialist support to assess the risk of fraud, bribery and corruption that it faces through the completion of risk assessments, in particular on the introduction of new policies, strategies and initiatives.

36. Through the completion of proactive and reactive work, make recommendations to management on how to strengthen the counter fraud culture and control framework to help prevent and detect fraud.

### **Working with others and sharing information - Collaboration**

37. The Council is committed to working and co-operating with other organisations to prevent fraud and corruption and protect public funds. This will include:

- Coordinating our activity with the other enforcement teams across the Council, such as Waste and Trading Standards, to maximise our impact.
- Working in partnership with District, Borough and City Councils to share intelligence and target our collective resources at the areas at most susceptible to fraud.
- Working with and supporting the Police and other enforcement agencies.
- Working with the Cabinet Office in the development and introduction of the Government Counter Fraud Profession.

38. The Council may use personal information and data-matching techniques to detect and prevent fraud, and ensure public money is targeted and spent in the most appropriate and cost-effective way. In order to achieve this, information may be shared with other bodies responsible for auditing or administering public funds including, but not limited to, the Cabinet Office National Fraud Initiative, the Department for Work and Pensions, other local authorities, HM Revenue and Customs, and the Police.

### **National Fraud Initiative**

39. Kent County Council participates in the National Fraud Initiative (NFI). This requires public bodies to submit a number of data sets (to the Cabinet Office) for example payroll, pension, and accounts payable (but not limited to these) which is then matched to data held by public and private sector bodies. Enquires are made into any positive matches (e.g. an employee on the payroll in receipt of housing benefit).

### **Training and awareness – Communication**

40. The successful prevention of fraud is dependent on risk awareness, the effectiveness of training (including induction) and the responsiveness of staff throughout the Council.
41. Management will provide induction and ongoing training to staff, particularly those involved in financial processes and systems to ensure that their duties and responsibilities are regularly highlighted and reinforced.

42. Internal Audit will provide fraud awareness training to risk areas and on request and will publish its successes to raise awareness.

#### **E. Detection and Investigation – Capability, Competence & Capacity**

43. The Council is committed to the risk-based investigation of all instances of actual, attempted and suspected fraud committed against the Council and the recovery of funds and assets lost through fraud.

44. Any suspected fraud, corruption or other irregularity must be reported to the Head of Internal Audit. The Head of Internal Audit will decide on the appropriate course of action to ensure that any investigation is carried out in accordance with Council policy and procedures, key investigation legislation and best practice. This will ensure that investigations do not jeopardise any potential disciplinary action or criminal sanctions.

45. Action could include:

- Investigation carried out by Internal Audit staff;
- Joint investigation with Internal Audit and relevant directorate management;
- Directorate staff carry out investigation and Internal Audit provide advice and guidance;
- Referral to the Police.

46. The responsibility for investigating potential fraud, corruption and other financial irregularities within KCC lies mainly (although not exclusively) with Internal Audit. Staff involved in this work will therefore be appropriately trained, and this will be reflected in training plans.

#### **F. Raising Concerns and the Whistleblowing Policy**

##### **Suspicious of fraud or financial irregularity**

47. All suspected or apparent fraud or financial irregularities must be brought to the attention of the Head of Internal Audit in accordance with Financial Regulations. Where the irregularities relate to an elected Member, there should be an immediate notification to the Chief Executive Officer or the Monitoring Officer.

48. If a member of the public suspects fraud or corruption they should contact the Head of Internal Audit or Counter Fraud Manager in the first instance. They may also contact the Council's External Auditor, all of whom may be contacted in confidence.
49. The Council's Internal Audit Section can be contacted by telephone on 03000 414500 or by mail to [internal.audit@kent.gov.uk](mailto:internal.audit@kent.gov.uk).

### **Whistleblowing Policy**

50. Employees (including Managers) wishing to raise concerns should refer to the Council's Whistleblowing Policy and associated procedures.
51. The Council's Whistleblowing Policy encourages individuals to raise serious concerns internally within KCC, without fear of reprisal or victimisation, rather than over-looking a problem or raising the matter outside. All concerns raised will be treated in confidence and every effort will be made not to reveal the individual's identity if this is their wish. However, in certain cases, it may not be possible to maintain confidentiality if the individual is required to come forward as a witness.
52. Employees wishing to raise concerns can obtain a copy of the Whistleblowing policy and procedure on KNet.
53. Members of the public and those working on behalf of KCC can obtain a copy of the external 'Speaking out against wrong doing Policy' on Kent.gov.uk.

### **G. Conclusion**

54. Kent County Council will maintain systems and procedures to assist in the prevention, detection and investigation of fraud. This Strategy will be reviewed annually and is available on the Council's Intranet (KNet).

Item

By: Roger Gough, Leader of the Council  
David Cockburn, Chief Executive Officer

To: Governance and Audit Committee – 26<sup>th</sup> January 2023

Subject: **Review of KCC’s Risk Management Policy, Strategy and Programme**

Classification: Unrestricted

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**Summary:**

The Governance and Audit Committee reviews the Council’s Risk Management Policy & Strategy and Programme annually.

The Governance and Audit Committee is asked to approve the Risk Management Policy & Strategy.

**FOR DECISION****1. Introduction and background**

- 1.1 As part of the Governance & Audit Committee’s terms of reference, KCC’s Risk Management Policy & Strategy is reviewed annually to ensure that it remains up to date and relevant.
- 1.2 The document covers a rolling 3-year period to reflect the medium-term nature of the strategy. This has not affected the requirement for the Policy & Strategy to be reviewed and approved annually.
- 1.3 KCC’s Risk Management Policy & Strategy draws on best practice from several sources, in particular the UK implementation of the international standard for risk management, *ISO 31000:2018 Risk management - Guidelines*; the HM Treasury and Government Finance Function’s “*Orange Book: Management of risk – Principles and Concepts*”; and examples from other organisations. The document was significantly refreshed ahead of its approval by this Committee in January 2021 and consequently only features relatively minor changes this year. The document is attached in appendix 1.
- 1.4 There is a small Corporate Risk and Assurance Team of 4.5 FTE that acts as corporate advisors of risk at a strategic level and has day-to-day responsibility for developing and co-ordinating risk management across the Council, providing advice, support and training and contributing to the ongoing reporting and analysis of risks. This also includes reinforcing KCC’s risk management framework throughout major change activity across the Council. The team looks to continually improve and update corporate risk management procedures based on current best practice and lessons learned and has aligned its work plan with the objectives set out in the Policy & Strategy.

## 2. Supporting Procedures, Communication and Review

- 2.1 The Risk Management Policy & Strategy is supported by a Risk Management Toolkit containing more detailed advice and guidance for managers, including a breakdown of risk management processes and other parts of the framework.

## 3. Review of Risk Management Work Programme 2022

- 3.1 The annual review of the KCC Risk Management Programme, set against the objectives and priorities laid out in the Risk Management Policy & Strategy, is outlined below:

Objective / Action from Strategy	Current Position and Latest Developments
<p>Integrating risk management practices into the Council's decision making, business planning, performance and management activities, particularly focusing on robust analysis, scrutiny and evaluation of mitigating controls and further actions.</p>	<p>The Corporate Risk Team engages regularly with senior and middle managers, at an individual level and with management teams at corporate, directorate, divisional and increasingly at service level. This involves facilitation, including challenge, regarding suitability and effectiveness of controls, upcoming actions and risk ratings. More service level registers are being added to our risk management database to help provide improved visibility of more service based, operational risks.</p> <p>Risk Management messages are aligned with business planning processes and timelines. The Corporate Risk function is involved in preparations for the revised business planning approach for the Council in 2023/24.</p> <p>Behavioural factors important for effective risk management are embedded in KCC values and cultural attributes – for example effective risk management features as part of the list of corporate responsibilities outlined for all managers at grade KR 12 and above.</p> <p>The Council's Quarterly Performance Report, reported to Cabinet quarterly and County Council annually, contains a section on the Corporate Risk Register, including progress against mitigating actions.</p> <p>The Corporate Risk Team provides project management briefing sessions to support those looking to attain Association of Project Management (APM) qualifications, helping to build capacity across</p>



	<p>the organisation to manage significant projects.</p> <p>Statements from Directors that build into the overall Annual Governance Statement for the Council are reviewed to give assurance that risk information is being used to feed into them and also to check whether issues being raised represent risks for KCC going forward that require capturing as part of the Council's risk profile.</p>
<p>Utilising available business technology to aid visibility and analysis of key risk information across the organisation, including connectivity between risks.</p>	<p>The Council's Risk Management database is used to capture business risks across the Council, improving visibility and enabling better corporate oversight. As of the end of December 2022, there were 423 open risks on the system (up from 317 last year) and the number of users with edit access has increased from 63 to 74. In addition, there are over 200 users who can view the system. Preliminary research has taken place regarding a system upgrade that will provide a more user-friendly interface, as well as improved reporting mechanisms. A training webinar has been developed and run to aid effective use of the system.</p> <p>Thematic analysis takes place on cross-cutting risks – examples in 2022 included updating previous analysis on workforce risks, which led in part to the inclusion of a new corporate risk relating to workforce recruitment and retention, as well as ICT related risks that were shared with the Director of Technology when new in post.</p> <p>Further analyses will take place in 2023, with work planned around financial risks across the organisation, reporting findings and insights to senior management. The analysis acts as a prompt for discussions around risk and control ownership and effectiveness of mitigations.</p> <p>MS Teams sites have been set up for key networks relating to Risk and Project Management to offer a platform for people in those areas to share information and collaborate.</p>
<p>Providing a varied risk management training and development offer for both officers and elected Members, as part of KCC's broader Leadership and Management Strategy.</p>	<p>A universal eLearning package relating to risk management continues to be completed by a range of staff across the organisation, with 143 completions during 2022, more than double the amount from the previous year.</p> <p>The eLearning has been complemented by several new webinars in 2022 relating to different aspects of</p>

	<p>how risk is managed at KCC:</p> <ul style="list-style-type: none"> <li>• Managing Risk at KCC overview</li> <li>• Project and Programme Risk</li> <li>• Tools and Techniques for identifying risks</li> <li>• Risk Assessment and Evaluation</li> <li>• Risk Appetite, Tolerance and Escalation</li> <li>• Risk Treatment</li> <li>• Risk Monitoring, Review and Reporting</li> </ul> <p>The webinars attracted 129 live attendances in total and are now available on the Delta learning hub for people to view. A Risks and Issues bitesize session is also being trialled on Delta.</p> <p>Service-specific webinars were provided for HR and strategic commissioning colleagues as part of their Skills and Knowledge sessions, covering how risk management fits into the commissioning life cycle.</p> <p>A briefing session was held for Governance &amp; Audit Committee members on emerging risks, in collaboration with Internal Audit, and opportunities for Member training and development more broadly will be explored in the coming year.</p> <p>Expert input was also provided to the Organisational Development and Learning &amp; Development functions to support the successful launch of the Project Management Hub on Delta.</p>
<p>Embedding risk management arrangements within major change activities across the council and developing an integrated approach to their assurance.</p>	<p>The Corporate Risk function works closely with the Strategic Reset Programme (SRP) Team to understand key risk themes, mitigate risks and improve delivery confidence to get programmes working in the right way to deliver successfully. Delivery confidence recommendations are provided on draft business cases to aid their development.</p> <p>The team also has an open invitation to attend SRP Programme Board items where there could be significant risks.</p> <p>SRP, Corporate Risk and Internal Audit also take an integrated assurance approach, working together on risk management, business case development and programme governance.</p>

	<p>There is regular cross-referencing between programme risks and mitigations with the Corporate Risk Register.</p>
<p>Reviewing the Council's risk appetite to ensure it remains aligned with strategic objectives, while promoting a wide understanding of how it translates into tolerance levels within service or programme settings.</p>	<p>The Council's overarching risk appetite statement is outlined in the KCC Risk Management Policy &amp; Strategy.</p> <p>This is supported by practical guidance for managers regarding risk appetite and tolerance within the Risk Management toolkit.</p> <p>The Corporate Management Team has endorsed an approach to reviewing risk appetite against various categories of risk, which has been trialled for financial risks, with outputs being reviewed collectively by CMT. This approach will be taken forward with other risk categories in the coming year. However, risk appetite conversations are happening as integral aspects of strategy development, budgeting and decision-making on an ongoing basis.</p>
<p>Intelligence sharing and collaboration between risk management and assurance disciplines across all Council activities, consolidating ongoing learning, experience, and knowledge. This includes ensuring understanding of how each of the "three lines of assurance" contributes to the overall level of assurance required and how these can be best integrated and mutually supportive.</p>	<p>The Corporate Risk Team has a positive, collaborative working relationship with the Internal Audit and Counter-Fraud function, sharing intelligence on findings from risk reviews; on activities such as assurance mapping; as well as liaising to prevent duplication and complement each other's work in instances where the Internal Audit function is offering consultancy-type services. The Corporate Risk Manager is a recipient of finalised audit reports to enable reviewing of issues and consideration of the associated risks, including how they feature in the risk profile.</p> <p>As part of a KCC Risk Management network the lead officers for risk specialisms i.e., Health &amp; Safety, Resilience and Emergency Planning, Information Resilience and Transparency, Insurance, as well as Internal Audit and Counter Fraud meet to share intelligence and align activities where possible.</p> <p>Work on Key Risk Indicators is progressing in conjunction with directorate Management Information leads and the corporate Analytics and Performance function, to align with business planning and performance management processes. The Corporate Management Team has endorsed the approach to gathering and utilising the information, although there are some issues of timeliness that require resolution.</p>

	<p>Representatives from the Corporate Risk Team are assigned to working groups associated to key risk areas for oversight and to offer a corporate perspective. Examples include involvement in cross directorate groups relating to information governance, business continuity / resilience and the PREVENT agenda. There has been focused work in 2022 with relevant officers to identify information governance risks across the Council, reporting insights to the Corporate Information Governance Group.</p>
<p>Operating sound and transparent risk management arrangements with our partners and providers, underpinned by a culture that supports collaboration and the development of trust, ensuring clarity of risk and control ownership and striking a proportionate balance of oversight of partner / provider risks without being over-constrictive.</p>	<p>The Risk Team is part of an informal Kent Risk Network along with District Council representatives involved in risk management processes, with part of its remit to focus on place-based risks that are common to local partners across the county.</p> <p>The team has been liaising with the Council's Strategic Commissioner throughout the year on how key commissioning standards are embedded across the organisation.</p> <p>Additionally, the team attends and contributes to the recently established Serious and Organised Crime (SOC) cross directorate working group to support the embedding, understanding and response to SOC as 'business as usual' activity across the Authority in line with national strategy.</p>
<p>Communicating relevant risk messages to the organisation in a timely manner, listening and responding to feedback received.</p>	<p>Key messages are communicated via regular engagement with management teams at corporate, directorate, divisional / service levels.</p> <p>Messages are sent out to promote new initiatives or training and Microsoft Teams sites are also being used to communicate targeted messages to Risk or Project Management networks.</p> <p>A Risk Management communications plan has been devised and is being implemented with support from the internal communications team. Links are being explored to risk specialism areas such as counter fraud and health and safety.</p>

<p>Subjecting KCC's risk management arrangements to regular review to determine their continued adequacy and effectiveness.</p>	<p>A Risk Management Position Statement was produced by Internal Audit for 2021/22, which was presented to Governance &amp; Audit Committee in April 2022. A full audit of risk management will be undertaken as part of the 2022/23 plan.</p> <p>KCC chairs a regional Risk Management Network where good practice and ideas are shared, allowing for informal benchmarking against other local authorities. This is also a useful forum for horizon scanning.</p> <p>The Risk Team has membership of the national Association of Local Authority Risk Managers (ALARM), with access to resources, best practice etc, which now includes corporate membership to enable broader sharing of resources.</p>
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3.2 In addition to the summary of activity above, the team is involved in reviews commissioned by senior management to identify lessons to be learned in various areas, supporting the principle from the risk management framework of continual improvement in the management of risk. An example includes engaging with the ICT function regarding its consolidated action plan.

3.3 Work against these medium-term objectives will continue to be built into the Corporate Risk Team's work plans for 2023-24.

#### 4. Recommendations

4.1 Members of the Governance and Audit Committee are asked to:

- a) APPROVE the Risk Management Policy & Strategy 2023-2026; and
- b) NOTE the report on the Risk Management Programme for assurance

*Report Author:*

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**Relevant Director:**

**David Whittle, Director of Strategy, Policy, Relationships and Corporate Assurance**  
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## **Risk Management Policy & Strategy 2023-26**

*Draft for Governance & Audit  
Committee Review*

**January 2023**

**POLICY OWNER:**

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**Review Process:**

This Risk Management Policy is mandatory and is subject to approval by the Governance and Audit Committee on behalf of the County Council. It will be reviewed annually by the Policy Owner to check efficient and effective operation – reporting any recommendations for change to the Corporate Management Team and Cabinet Members prior to agreement of revisions by the Governance and Audit Committee.



## **1. Statement of Commitment**

- 1.1 The Cabinet and the Corporate Management Team are committed to effective risk management and see it as a key part of KCC's responsibility to deliver effective public services to the communities within Kent.
- 1.2 There is a shared commitment to embedding risk management throughout the organisation, promoting a positive risk culture and making it a part of everyday service delivery and decision-making, ensuring that sufficient resources are allocated. This includes fostering an environment that embraces openness, supports integrity, objectivity, accountability and transparency in the identification, assessment and management of risks, welcoming constructive challenge and promoting collaboration, consultation and cooperation. We must invite scrutiny and embrace expertise to support decision-making, invest in the necessary capabilities and seek to continually learn from experience.
- 1.3 By implementing sound management of our risks and the threats and opportunities that flow from them we will be in a stronger position to deliver our organisational objectives, provide improved services to the community, achieve better value for money and demonstrate compliance with the Local Audit and Accounts Regulations. Risk management will therefore be at the heart of our good management practice and corporate governance arrangements.
- 1.4 Risk management enhances strategic planning and prioritisation, assists in achieving objectives and strengthens the ability to be agile to respond to the challenges faced. To meet our objectives, improve service delivery and achieve value for money for the residents of Kent, risk management must be an essential and integral part of planning and decision-making.

## **2. Purpose and Scope of the Policy and Strategy**

- 2.1 The aim of this Risk Management Policy and Strategy is to support the delivery of organisational aims and objectives through effective management of risks across the Council's functions and activities, applying appropriate risk management processes, analysis and organisational learning.
- 2.2 It explains our approach and outlines the principles of risk management, as well as clarifying risk management roles and responsibilities across the council. This document is aligned with the Council's key organisational strategies and plans and is part of our risk management framework.
- 2.3 This policy applies to all of KCC's core functions. Where KCC enters into partnerships the principles of risk management established by this policy and supporting guidance should be considered as best practice and applied where possible. It is also expected that our significant contractors have risk management arrangements at a similar level, which should be established and monitored through commissioning processes and contract management arrangements.

- 2.4 This document draws on several sources. This includes the Cabinet Office publication *Management of Risk: Guidance for Practitioners*; the most recent HM Treasury publication “*The Orange Book: Management of Risk – Principles and Concepts*”; and is informed by the UK implementation of the international standard for risk management *BS ISO 31000: 2018*.
- 2.5 There are different but aligned risk management processes that are applied at different levels within the organisation. Risk specialists are embedded across the organisation in areas such as Health and Safety; Treasury Management; Emergency Resilience and Business Continuity; Insurance; Information Security and Governance; Counter-Fraud etc. These specialist risk areas each have their own policies, procedures and processes that are built into the governance arrangements of the council so that work is coordinated within the council’s overall risk management framework.
- 2.6 The Policy and Strategy is supported by a Risk Management Toolkit that guides, supports and assists staff in achieving successful risk management.

**3. Risk Definitions**

- 3.1 Risk is defined as, “The effect of uncertainty on objectives. It can be positive, negative or both and can address, create or result in opportunities and threats.”
- 3.2 Risk management is defined as: “Co-ordinated activities to direct and control an organisation with regard to risk.”  
*(BS ISO 31000:2018 Risk Management Guidelines)*

**4. Risk Management Strategy**

- 4.1 The operating environment for local government has become increasingly challenging over the past decade, in terms of growing and complex service demand, additional statutory requirements and increasing resident expectations, all set against a backdrop of local government funding restraint. This continuing trend requires greater collaboration, system-wide planning and a strong understanding of risk across public services.
- 4.2 In addition, ~~the coronavirus pandemic and its major social and economic impacts has been~~ economic disruption from the aftermath of the coronavirus pandemic and from the Ukraine war, high levels of inflation and severe labour shortages have had a massive impact on the council’s services and finances. This affects fundamentally changing the risk environment, ~~which with it~~ likely to be ~~even more~~ volatile, complex and ambiguous for a number of years. The risks arising in this environment will often have no simple, definitive solutions and will require whole-system-thinking, aligned incentives, positive relationships and collaboration, alongside relevant technical knowledge, to support multi-disciplinary approaches to their effective management.

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- 4.3 The operating environment will also require the Council to continually review its risk appetite, not only to ensure the right balance is struck between risk, innovation and opportunity, but to consider how much control can be exerted over risks, many of which cannot be directly mitigated by the Council alone.
- 4.4 In the context of continual and fast-paced change, our elected Members will need to make challenging policy and budgetary decisions, while maintaining a longer-term view, so officers will need to provide the right balance of evidence, insight, advice and understanding of risk and opportunity.

## **5. Risk Management Objectives**

- 5.1 In support of the Council's governance and internal control arrangements and achievement of KCC's objectives, the Council is committed to:
- Managing risk in accordance with good practice and sound governance principles.
  - Embedding effective risk management into the design, values and culture of the council.
  - Integrating the identification and management of risk into policy and operational decisions.
  - Proactively anticipating and responding to changing social, economic, political, environmental, legislative and technological requirements that may impact on delivery of our objectives.
  - Eliminating or reducing negative impacts, disruption and loss from current and emerging events.
  - Harnessing risk management to identify opportunities that current and emerging events may present and maximise benefits and outcomes
  - Managing risks in line with risk appetite.
  - Promoting openness and transparency in risk management processes.
  - Raising awareness of the need for risk management by all those connected with the Council's delivery of services.
- 5.2 KCC will achieve these aims by:
- Integrating risk management practices into the Council's decision making, business planning, performance and management activities, particularly focusing on robust analysis, scrutiny and evaluation of mitigating controls and further actions.
  - Utilising available business technology to aid visibility and analysis of key risk information across the organisation, including connectivity between risks.
  - Providing a varied risk management training and development offer for both officers and elected Members, as part of KCC's broader Leadership and Management Strategy.
  - Embedding risk management arrangements within major change activities across the council and developing an integrated approach to their assurance.
  - Reviewing the Council's risk appetite to ensure it remains aligned with strategic objectives, while promoting a wide understanding of how it translates into tolerance levels within service or programme settings.

- Intelligence sharing and collaboration between risk management and assurance disciplines across all Council activities, consolidating ongoing learning, experience and knowledge. This includes ensuring understanding of how each of the “three lines of assurance” contributes to the overall level of assurance required and how these can be best integrated and mutually supportive.
- Operating sound and transparent risk management arrangements with our partners and providers, underpinned by a culture that supports collaboration and the development of trust, ensuring clarity of risk and control ownership and striking a proportionate balance of oversight of partner / provider risks without being over-constrictive.
- Communicating relevant risk messages to the organisation in a timely manner, listening and responding to feedback received.
- Subjecting KCC’s risk management arrangements to regular review to determine their continued adequacy and effectiveness.

## 6. Risk Management Principles and Framework

- 6.1 As an integral part of our management systems, and through the normal flow of information, our risk management framework harnesses the activities that identify and systematically anticipate and prepare successful responses.
- 6.2 The framework is designed to support a comprehensive view of the risk profile, aggregated where appropriate, in support of governance and decision-making requirements. It supports the consistent and robust identification and management of risks within desired levels across the organisation, supporting openness, challenge and innovation in the achievement of objectives.
- 6.3 There are five key principles of risk management that provide the basis on which KCC will manage risk:

**A. Governance and Leadership** – risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.

**B. Integration** – risk management shall be an integral part of all organisational activities to support decision-making in achieving objectives.

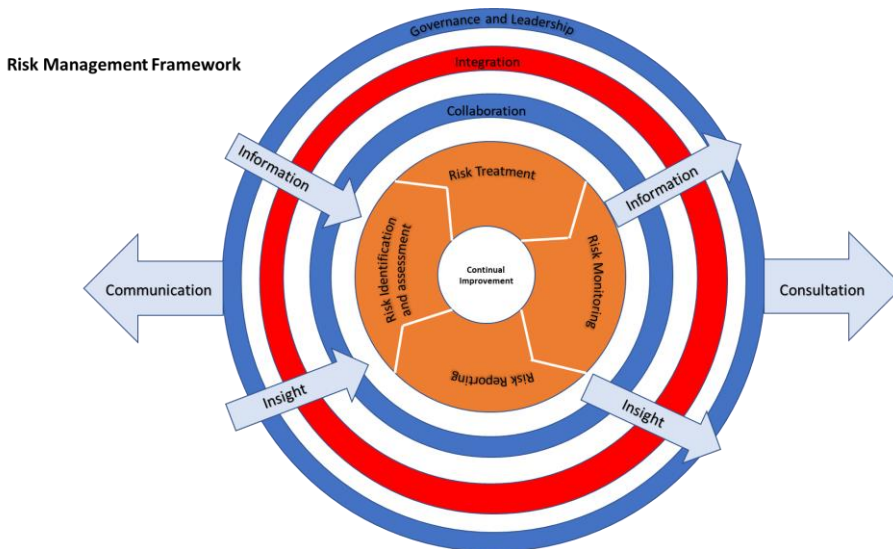
**C. Collaboration and Best Information** – risk management shall be collaborative and informed by the best available information.

**D. Structured Processes** – risk management processes are recognised as iterative in practice, rather than sequential, and shall be structured to include:

- **Risk Identification and Assessment** – to determine and prioritise how the risks should be managed.
- **Risk Treatment** – the selection, design and implementation of risk treatment options that support achievement of intended outcomes and manage risks to an acceptable level.
- **Risk Monitoring** – the design and operation of integrated, insightful and informative risk monitoring.

- **Risk Reporting** – timely, accurate and useful risk reporting to enhance the quality of decision-making and to support management and oversight bodies in meeting their responsibilities.

**E. Continual Improvement** – risk management shall be continually improved through learning and experience.



## 7. Risk Management Processes

### Risk Identification and Assessment

7.1 The aim of risk identification is to recognise and articulate the risks that may help or prevent KCC to achieve its objectives. It is particularly relevant to consider new or emerging risks alongside business planning and strategy formulation processes.

7.2 There are several risk perspectives:

Corporate - Those risks, which if they occurred, would have a major impact on the organisation or delivery of its priorities. Corporate risks also include cross-cutting risks that impact across directorates.

Change related (Programme / Project) – where we are exposed to risks that could affect our ability to successfully complete the desired transformational outcomes or deliver predefined outputs that enable us to deliver outcomes and realise benefits.

Operational / Service / Contract – where we are exposed to risks that could affect our control and ability to successfully and continually deliver or commission services to our service users / residents.

- 7.3 The following factors, and the relationship between these factors, should be considered when identifying risks:
- Changes in the external and internal context
  - Causes and events
  - Consequences and their impact on objectives
  - Threats and opportunities
  - Vulnerabilities and capabilities
  - Uncertainties and assumptions within options, strategies, plans or initiatives
  - Indicators of emerging risks
  - Limitations of knowledge and reliability of information
  - Time-related factors
  - Any potential biases and beliefs of those involved.
- 7.4 Risks should be identified whether or not their sources are under KCC's direct control, as they have the potential to impact on achievement of objectives, causing great damage or creating significant opportunity.

#### **Risk Analysis**

- 7.5 The aim of risk analysis is to build understanding of the nature of risk and its characteristics, including, wherever possible, the level of risk. It involves consideration of uncertainties, risk sources, consequences, likelihood, events, scenarios, controls and their effectiveness. Analysis techniques can be qualitative, quantitative or a combination of these, depending on the circumstances and intended use.
- 7.6 Risk Analysis considers factors such as:
- the likelihood of events and consequences occurring
  - the type and scale of consequences
  - complexity, connectivity and volatility
  - time-related factors
  - the effectiveness of existing controls
  - sensitivity and confidence levels
- 7.7 KCC uses a common set of risk criteria to foster consistent interpretation and application in defining the level of risk, based on the assessment of the likelihood of the risk occurring and the consequences should the event happen. Below is KCC's 5x5 Risk Matrix used to determine risk ratings (outlined below), where the likelihood score is multiplied by the impact score to achieve an overall rating of between 1 and 25:

Likelihood	Very likely	5	5 Low	10 Medium	15 Medium	20 High	25 High
	Likely	4	4 Low	8 Medium	12 Medium	16 High	20 High
	Possible	3	3 Low	6 Low	9 Medium	12 Medium	15 Medium
	Unlikely	2	2 Low	4 Low	6 Low	8 Medium	10 Medium
	Very Unlikely	1	1 Low	2 Low	3 Low	4 Low	5 Low
RISK RATING MATRIX			1	2	3	4	5
			Minor	Moderate	Significant	Serious	Major
		Impact					

- 7.8 Providing sufficient information is known, during assessment each risk is to be assigned a 'current' and 'target' risk rating. The 'current' risk rating refers to the current level of risk, taking into account any mitigating controls already in place and their effectiveness. The 'target' rating represents what is deemed to be a realistic, deliverable level of risk to be achieved once any additional actions have been put in place. Depending on our risk appetite and the level of direct control we have over the risk, the aim may be to contain the risk at the current level.
- 7.9 For risks that are judged to have reached their 'target' residual level, the Risk Owner and appropriate management team may wish to manage the risk at a lower level, unless management wishes to continue to monitor effectiveness of controls as part of the regular and structured risk management process. Alternatively, the risk can be withdrawn if it is no longer judged as relevant or significant.
- 7.10 Risk assessments and heat maps used for more conventional risks should be complemented by structured, creative discussions across services that bring different and collaborative risk perspectives on a topic. This will help us to better identify emerging risks and understand potential risk trajectories as well as 'knock-on' effects.

### Risk Evaluation

- 7.11 Once analysed, risks will be evaluated to compare the results against the nature and extent of risks that the organisation is willing to take or accept to determine where and what additional action is required.

### Risk Appetite, Tolerance and Escalation

- 7.12 Kent County Council recognises that risk is inherent in delivering and commissioning services and does not seek to avoid all risk, but instead aims to have an 'open' approach to risk, appropriately balancing risk against reward, with risks managed in a proportionate manner.

7.13 This will require an approach that allows flexibility and support for well-informed and considered risk taking, promoting transparency and effective risk management, while maintaining accountability. While risks defined as 'high' are to be managed down to a tolerable level wherever possible, it is important that risks across the Authority are not over-controlled.

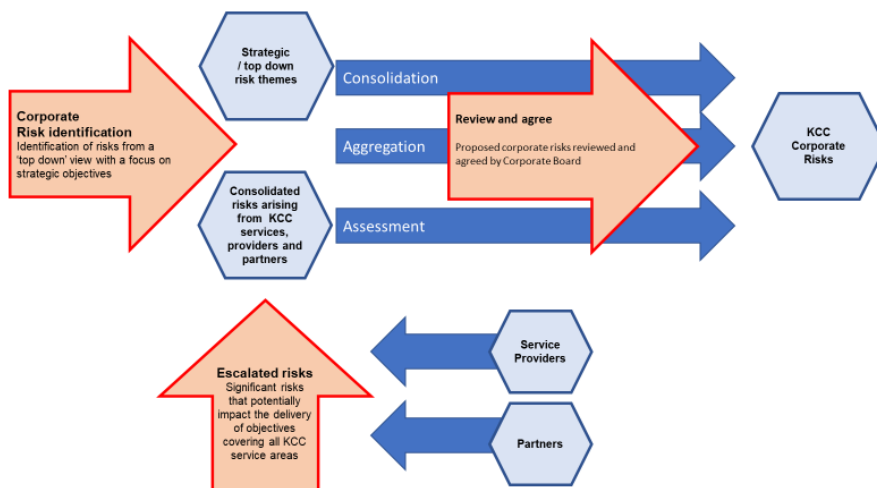
7.14 It is not realistic for the County Council, with its diverse range of services and duties, to have just one definitive application of risk appetite across the entire organisation. Instead, risk appetite should be set with reference to the strategy for service delivery in each particular area. However, examples of risks that would be seen as intolerable are those that are likely to:

- Negatively affect the safety of our service users, residents or employees.
- Severely damage the Authority's reputation.
- Lead to breaches of laws and regulations.
- Endanger the future operations of the County Council (i.e. by exceeding the risk capacity of the organisation – the amount of risk that the Authority can bear).
- Adversely impact the financial security or resilience of the Council



7.15 In addition, to aid managers in understanding what risks are acceptable, our appetite for risk is implicitly defined within our standard for determining risk levels (see section 7.7 above). Risks rated as “High” will be deemed to have exceeded tolerance levels and will be subject to escalation [by the Risk Owner](#) to the next management level for review and action. The target rating for a risk is expected to be ‘medium’ or lower. In the event that this is not deemed realistic in the short to medium term, this shall be discussed as part of the escalation process, and this position regularly reviewed with the ultimate aim of bringing the level of risk to a tolerable level.

### Risk Escalation, Consolidation and Aggregation



7.16 Depending on the nature of the risk and availability of objective risk measures, tolerances will be agreed for Key Risk Indicators. Breaching those tolerances will mean increasing or decreasing the risk rating accordingly.

### Risk Treatment

7.17 Potential benefits derived in relation to the achievement of objectives are to be balanced against the costs, efforts or disadvantages of implementation.

7.18 Justification for the design of risk treatments and the operation of internal control is broader than solely financial considerations and should consider all of the organisation’s obligations, commitments and stakeholder views.

## **Risk Monitoring**

- 7.19 The frequency of risk assessment, analysis and review should be a function of how fast risks are emerging and the level of their materiality rather than determined by traditional institutional administrative cycles.
- 7.20 However, as a minimum, risks should be reviewed every 3 months, with risks rated as 'High' subject to more detailed and frequent monitoring. It is expected that in addition to the timely reviewing of individual risks by risk owners, key risks are subject to structured collective discussion by management teams, focusing on changes to the existing risk profile, trends and any emerging risks.
- 7.21 The Corporate Risk Manager may initiate a review of a corporate risk if it is felt that either external or internal changes are likely to impact on the level of risk exposure for the council.
- 7.22 Ongoing monitoring should support understanding of whether and how the risk profile is changing and the extent to which internal controls are operating as intended to provide reasonable assurance over the management of risks to an acceptable level in the achievement of organisational objectives.

## **Risk Reporting**

- 7.23 Senior Officers and elected Members must receive unbiased information about the organisation's principal risks and how management is responding to those risks.
- 7.24 Reporting will take into account differing stakeholders and their specific information needs and requirements; cost, frequency and timeliness of reporting; method of reporting; and relevance of information to organisational objectives and decision-making.
- 7.25 As a public service body, it is imperative that we demonstrate transparency and accountability for managing the risks that impact on our staff, service users and residents. Therefore, our corporate risks shall be reported regularly in public forums.
- 7.26 The Corporate Risk Register is to be presented to Cabinet annually after its more formal annual refresh, in addition to any occasion where there has been a significant change to the Council's overall risk profile.
- 7.27 The Corporate Risk Register is also to be reported to the Governance & Audit Committee six-monthly for assurance purposes, alongside a summary of directorate risks.
- 7.28 Corporate Risks are subject to "deep dive" reviews by Corporate Board and the Governance & Audit Committee, with those responsible for the management of risks present, at an appropriate frequency, depending on the nature of the risk.

7.29 Progress against objectives set out in this Policy and Strategy will be reported to the Governance & Audit Committee annually.

## 8. Cultural Factors

8.1 Human behaviour and culture significantly influence all aspects of risk management at each level and stage. Several vital elements of an effective culture for risk are embedded within our organisational values and cultural attributes that we strive for as an organisation. In particular:

- KCC Values
  - We are brave. We do the right thing, we accept and offer challenge
  - We are curious to innovate and improve
  - We are strong together by sharing knowledge
- KCC Cultural Attributes
  - Flexible/agile – willing to take (calculated) risks
  - Empowering – our people take accountability for their decisions and actions
  - Curious – constantly learning and evolving

## 9. Review of this Policy

9.1 It is the responsibility of the Governance and Audit Committee to: *'On behalf of the Council ensure that risk management and internal control systems are in place that are adequate for purpose and are effectively and efficiently operated.'* Internal Audit will support their role in assuring its effectiveness and adequacy.

9.2 Information from Internal Audit and from other sources will be used to inform recommended changes to the policy and framework at least annually. Any changes will be presented to the Governance and Audit Committee for approval before publication.

## 10. Roles and Responsibilities

Group or Individual	Responsibilities
Elected Members of the County Council	Seek to explore, understand and scrutinise risks in the process of formulating policy and decision making.
Governance & Audit Committee	On behalf of the County Council, ensure that risk management and internal control systems are in place that are adequate for purpose and are effectively and efficiently operated. Includes approval of KCC's Risk Management Policy & Strategy.
Cabinet	Responsibility for the operation of the risk management framework, including the establishment of the Council's risk appetite.
Cabinet Members	Responsibility for the effective management of risk within respective portfolio areas and ensuring that risks are considered in all decisions they make.
Cabinet Portfolio Holder for Corporate Risk	Ensure effective risk management arrangements are put in place.
Cabinet Committees	To provide pre-decision scrutiny to ensure that due consideration is given to associated risks.
<a href="#">Chief Executive Officer</a>	<p><a href="#">Ensure that overall management attention, effort and controls are commensurate to risk and opportunity across the Council's functions and activities</a></p> <p><a href="#">Ensure governance arrangements provide appropriate oversight and effective risk management of core programmes and activities to enable the best approach to resource stewardship for the Council.</a></p> <p><del>Responsibility for the overall monitoring of strategic risks across the council, including the endorsement of priorities and management action.</del></p> <p><del>Responsible for ensuring sufficiency of risk management resources.</del></p>
Corporate Director Finance (Section 151 Officer)	Active involvement in all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered.
Corporate Management Team (CMT)	Adopt the Risk Management Policy and Strategy, ensuring the Council manages risks effectively. Actively consider, own and manage key strategic risks affecting the Council through the Corporate Risk Register. Promote and demonstrate the behaviours and values that support

	<p>well-informed and considered risk decision-making. Promote the integration of risk management principles into the culture of the Council and its partners.</p>
Directorate Management Teams (DMTs)	<p>Responsibility for the effective management of risk within the directorate, including risk escalation and reporting to the Corporate Management Team as appropriate.</p>
Divisional Management Teams (DivMTs)	<p>Responsibility for the effective management of risk within the division, including risk escalation and reporting to the Directorate Management Team as appropriate.</p>
Corporate Risk Manager	<p>Promote a positive risk management culture within KCC, developing and implementing the risk management framework and strategic approach and continuing to develop and embed an effective infrastructure for managing and reporting risk.</p> <p>Facilitate maintenance of an up to date Corporate Risk Register and provide reports on corporate risk to Governance &amp; Audit Committee, Cabinet Members and the Corporate Management Team.</p> <p>Facilitate the risk management process within the Council and advise on developments on risk management. Assist key individuals with implementing and embedding risk within key Council areas and provide guidance, training and support as required.</p>
Corporate Risk Team	<p>Act as corporate advisors of risk at a strategic level.</p> <p>Day-to-day responsibility for developing and co-ordinating risk management across the Council, providing advice, support and training and contributing to the ongoing reporting and analysis of risks.</p> <p>Develop oversight, transparency and coordination of major change activity across the Council, including reinforcing KCC's risk management framework throughout major change activity.</p> <p>Continually improve and update corporate risk management procedures based on current best practice and lessons learned.</p>
Internal Audit	<p>Assess the effectiveness of the risk management framework and the control environment in mitigating risk.</p>
Directors and Managers	<p>Ensure that effective risk management arrangements are in place in their areas of responsibility to ensure the Council's exposure is at an acceptable level.</p> <p>Promote and demonstrate the behaviours and values that support well-informed and considered risk taking, while maintaining accountability.</p> <p>Encourage open and frank conversations about risks, ensuring appropriate reporting and escalation as required.</p>

All elected Members and Staff Members	Identify risks and contribute to their management as appropriate. Report inefficient, unnecessary or unworkable controls. Report loss events or near-miss incidents to management.
<b>In relation to individual risks:</b>	
Risk Owner	Named individual or role who is accountable for the management and control of all aspects of the risks assigned to them, including determining, authorising, implementing and monitoring the selected controls and actions to address the threats and maximise the opportunities.
Control Owner	The individual or group accountable for ensuring or providing assurance that the specified management control is effective and fit for purpose.
Action Owner	A nominated owner of an action to address a risk. Required to manage action on the risk owner's behalf and to keep them apprised of the situation.

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

Agenda Item 13

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