

GOVERNANCE AND AUDIT COMMITTEE

Thursday, 16th May, 2024

10.00 am

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





AGENDA

GOVERNANCE AND AUDIT COMMITTEE

Thursday, 16th May, 2024, at 10.00 am
Council Chamber, Sessions House, County
Hall, Maidstone

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

Membership (12)

Conservative (8)	Mrs R Binks (Chairman), Mr T Bond, Mr N J D Chard, Mr P C Cooper and Mr S Webb
Labour (1)	Mr A Brady
Liberal Democrat (1):	Mr C Passmore (Vice-Chairman)
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. Apologies and Substitutes
3. Declarations of Interest in items on the agenda for this meeting
4. Minutes of the meeting held on 19 March 2024 (Pages 1 - 6)
5. Update on External Audit Governance Review
To follow.
6. Governance and Audit Committee Annual Report to County Council (Pages 7 - 8)
7. Counter Fraud Annual Report 2023-24 (Pages 9 - 42)

8. Global Internal Audit Standards Update (Pages 43 - 48)
9. Internal Audit Progress Report (Pages 49 - 88)
10. Internal Audit Rolling Plan (Pages 89 - 120)
11. Corporate Risk Register (Pages 121 - 180)
12. External Audit Progress Report
To follow.
13. External Audit Plan for Kent Pension Fund 2023-24 (Pages 181 - 208)
14. Informing the Audit Risk Assessment for Kent Pension Fund 2023-24 (Pages 209 - 236)

Motion to exclude the press and public for exempt business

That under section 100A of the Local Government Act 1972 the public be excluded from the meeting on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 5 and 6 of Part 1 of Schedule 12A of the Act.

EXEMPT ITEMS

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

15. Counter Fraud Annual Report 2023-24 - Exempt (Pages 237 - 238)
16. Internal Audit Progress Report - Exempt Items (Pages 239 - 246)

Benjamin Watts
General Counsel
03000 416814

Wednesday, 8 May 2024

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.

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KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Tuesday, 19 March 2024.

PRESENT: Mrs R Binks (Chairman), Mr A Brady, Mr D L Brazier, Mr M Dendor, Dr D Horne, Mr M A J Hood and Mr S Webb

ALSO PRESENT: Mr P Oakford and Mr D Jeffrey

IN ATTENDANCE: Mr B Watts (General Counsel), Mr J Idle (Head of Internal Audit), Mr M Scrivener (Head of Risk and Delivery Assurance), Mr Paul Dossett, Mr J Flannery (Counter Fraud Manager), Miss K Reynolds (Democratic Services Officer), Ms L Gannon (Director of Technology), Lucy Nutley and Mr J Betts (Acting Corporate Director Finance)

UNRESTRICTED ITEMS**188. Apologies and Substitutes**

(Item 2)

Apologies for absence had been received from Mr Bond and Mr Passmore. Mr Ross was in virtual attendance.

During this item the Head of Internal Audit told the Committee that Frankie Smith, Audit Manager, would be leaving KCC. The Committee recognised her significant contribution to the Internal Audit function and congratulated her on her new role.

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

(Item 3)

There were no declarations of interest.

190. Minutes of the meeting held on 1 February 2024

(Item 4)

RESOLVED that the minutes of the meeting on 1 February 2024 were a correct record and that they be signed by the Chair.

191. Election of Vice-Chair

(Item 5)

1. It was proposed and seconded that Mr Passmore be elected Vice-Chair of the Governance and Audit Committee.
2. It was agreed unanimously that Mr Passmore be elected Vice-Chair of the Committee.

3. RESOLVED that Mr Passmore be elected Vice-Chair of the Governance and Audit Committee.

192. Review of the Risk Management Strategy, Policy and Programme *(Item 6)*

The Leader and the Director of Strategy, Policy, Relationship and Corporate Assurance were in attendance for this item.

1. The Head of Risk and Delivery Assurance introduced the report which presented KCC's Risk Management Policy & Strategy for the Committee's annual review. The Chair confirmed that there would be a verbal update provided to the Committee every three months.
2. In response to questions and comments from Members it was said that:
 - a) The Council's risks and its approach to risk management were partly informed by discussions with regional groups and partnerships. This served as a benchmarking exercise.
 - b) With regard to the Council's financial position, it was said that careful, calibrated risks would need to be taken in response to financial pressures. The Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services confirmed that there had to be a cautious approach to investment, particularly relating to property assets and treasury management.
 - c) The Risk and Delivery Assurance team actively worked to ensure that Members were sufficiently trained to assess risks associated with Executive Decisions. The General Counsel confirmed that the templates associated with Executive Decisions were being reviewed to ensure that risks were clearly identified. However, it was emphasised that not all risks could be mitigated.
3. RESOLVED to approve the Risk Management Policy & Strategy and note the review of the risk management programme.

193. Policy Review *(Item 7)*

1. The Counter Fraud Manager introduced the annual report which detailed updates to key policies following a review against changes in legislation and guidance. The report also detailed a Draft Failure to Prevent Action Plan to ensure relevant procedures were in place to prevent fraud being committed by KCC. The Counter Fraud Manager assured Members that the anti-money laundering mechanisms, including processes for property transactions, were well managed within the authority and that there remained a low level of risk in this area.
2. It was said that KCC was in the remit of the failure to prevent fraud offence, however, the Council could also use this policy to hold commissioned organisations to account for their fraud prevention procedures.
3. In response to questions and comments from Members it was said that:
 - a) Further information relating to the 'Draft Action Plan – Failure to Prevent Fraud', including the timescales for delivery, would be updated pending

further discussions with the relevant services. It was expected that this would be completed within six months. The Counter Fraud Manager would consider including the prioritisation of risks listed in the Draft Action Plan.

- b) It was confirmed that the Counter Fraud Team was engaging with the Fighting Fraud and Corruption Locally Board, a national network of counter fraud specialists, as part of ongoing work to establish the areas of risk for KCC.
4. RESOLVED to agree the amendments to the Policies and to delegate powers to the Counter Fraud Manager to make factual changes to the policies.

194. External Audit Progress Report and Sector Update

(Item 9)

1. Mr Paul Dossett introduced the report which provided a progress update on Grant Thornton's delivery of responsibilities as KCC's external auditors. The paper included a summary of emerging national issues and developments that may be relevant to KCC as a local authority, and a series of sector updates in respect of these emerging issues. It was said that the 2022/23 Financial Statements Audit had been completed. The planning process for the 2023/24 Financial Statements Audit had begun and it was expected that an External Audit opinion would be brought to the December 2024 meeting of the Governance and Audit Committee, in addition to the 2023/24 Value for Money work.
2. In response to questions and comments from Members it was said that:
 - a) The suggestion to have an independent Chair of the Governance and Audit Committee only applied to specific circumstances. The Monitoring Officer confirmed that if there were concerns regarding the politicisation of the Chair and the impact of this on the effectiveness of the Committee, these concerns would be discussed with the statutory officers and the External Auditors.
 - b) Mr Dossett confirmed that KCC's Governance and Audit Committee's agendas generally covered important areas for discussion. The Monitoring Officer said that given the increased frequency of meetings, and in light of the Grant Thornton '2023 Corporate Governance Review', there was ongoing work to review the Work Programme for the Committee.
 - c) It was said that the Council's returns in respect of Teachers Pensions were still outstanding for 2019/20, 2020/21, 2021/22 and 2022/23. This had taken longer than expected, however, there had been issues with retrieving the required data. The External Auditors were working closely with officers to complete this area of outstanding work and an update would be provided to the Committee at the next meeting.
3. RESOLVED to note the report for assurance.

195. External Audit Plan 2023/24

(Item 10)

1. Ms Lucy Nutley introduced the report which provided an overview of the planned scope and timing of the statutory audit of KCC for the year ending 31 March 2024. The significant risks requiring special audit specification were highlighted, as well as the determined planning materiality and audit logistics.
2. In response to questions and comments from Members it was said that:

- a) There was a high degree of estimation involved in the valuation of property, plant and equipment and investment property. The methodology for evaluating these valuations involved the scrutiny of material items over £42 million, as well as the random sampling of other assets.
- b) The estimated value of defined benefit pension asset/liability fluctuated substantially year on year. The value was based on complex calculations by actuaries.
- c) There was significant work being undertaken to ensure the implementation of IFRS 16 by 1 April 2024.
- d) Regarding the identified risk relating to the Council's optimistic assumptions of the adult social care provision for doubtful debt, Members were reminded that this was not a material matter for the 2022/23 accounts. However, this would be followed up during the 2023/24 audit.

3. RESOLVED to note the report for assurance.

196. Review of Whistle Blowing Policy

(Item 8)

1. The General Counsel and the Counter Fraud Manager introduced the report which detailed the updates to the Whistle Blowing Policy and Procedure following a review against changes in legislation and guidance. It was said that the Whistle Blowing Policy was a key document referred to in the fraud awareness training delivered across the Council.
2. In response to questions and comments from Members it was said that:
 - a) The annual staff survey contained questions relating to the confidence levels of staff in raising concerns of wrong-doing within the organisation. The General Counsel would discuss with the Head of HR the opportunity to provide a briefing session for Members on the effectiveness of the Whistleblowing Policy and Procedure.
 - b) The Whistleblowing Hotline was managed by Internal Audit to ensure that there was objective assurance of the independent handling of issues raised. There was further work required to advertise this to staff and to assure staff of the confidentiality of this procedure.
 - c) There was a triage undertaken to ensure that investigations into concerns raised were carried out by the most appropriate internal or external teams.
3. RESOLVED to agree the amendments to the Whistle Blowing Policy and Procedure.

197. Other items which the Chairman decides are urgent

(Item 11)

There were no matters arising.

198. Future Meeting Dates

(Item 12)

RESOLVED to note the future meeting dates.

EXEMPT ITEMS
(Open access to minutes)

199. External Audit Findings Relating to Cyber Security
(Item 13)

1. Mr Dossett introduced the report which had been brought back to the Committee following the February Governance and Audit Committee meeting. The report detailed the risks relating to cyber security and the findings of an investigation into a cyber security breach.
2. In response to questions and comments from Members it was said that further cyber security training would be provided to Members in light of the evolving risks, and Members were reminded of the reporting mechanisms in place.
3. RESOLVED to note the report for assurance.

200. 'Covid-19 risk - Asset Control of Laptops and Other Equipment' Audit update
(Item 14)

1. The Director of Technology introduced the report which updated the Committee on the improvements which had been implemented to ICT asset management to ensure that operational procedures are robust. The improvements, intended to mitigate risks identified by an internal audit, included new processes for tracking laptops, new disposal methods, and new HR processes.
2. In response to questions and comments from Members it was noted that:
 - a) Technology were responsible for all peripheral equipment, such as monitors and keyboards.
 - b) The Committee requested a follow up audit of ICT asset management for assurance purposes.
3. RESOLVED to note actions taken to improve asset controls for IT equipment following the Covid-19 pandemic.

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From: Ben Watts, General Counsel

To: Governance and Audit Committee, 16 May 2024

Subject: Governance and Audit Committee Annual Report to County Council

Status: Unrestricted

1. Introduction

- a) The Terms of Reference for the Governance and Audit Committee stipulates that, through an annual report, the Committee is able to 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. The annual report aims to highlight the role and work of the Committee, draw attention to some of the governance issues the Committee has considered, and identify key themes that all Members should be sighted on.
- b) To ensure the timely consideration of the Committee's work over the past 18 months, it is intended that the Annual Report for 2023/24 will be considered at the 18 July 2024 County Council meeting. It is necessary that the report is an up-to-date reflection of governance activity, therefore, it will also reflect on the papers for consideration at the 16 May 2024 Governance and Audit Committee meeting.
- c) The next meeting of this Committee is scheduled for 11 July 2024 and this will not allow sufficient time to formally approve the Annual Report as this will be after the County Council agenda will have been published.
- d) To meet the proposed timescales, it is recommended that the Officers work to finalise the report in consultation with the Chair ahead of the 18 July 2024 County Council meeting. The Chair will ensure that the Committee Members are sighted on the report and that they have the opportunity to make comments on the draft before it is finalised. The final report will also be included in the agenda of the 11 July meeting for noting.

2. Recommendation

The Governance and Audit Committee is asked to:

- a) Delegate authority to Officers to finalise the Governance and Audit Committee's Annual Report to County Council in consultation with the Chair.

3. Background Documents

None.

4. Report Author and Relevant Director

Ben Watts, General Counsel
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benjamin.watts@kent.gov.uk

Katy Reynolds, Governance Adviser
03000 422252
katy.reynolds@kent.gov.uk



COUNTER FRAUD ANNUAL REPORT 2023-2024 AND COUNTER FRAUD ACTION PLAN 2024-25

Introduction

The roles of Counter Fraud function are to:

- Receive, track and, where required, investigate financial irregularities (fraud and error) that occur within Kent County Council;
- Provide advice and support to management in mitigating the risk of financial irregularities occurring within their area; and
- Provide awareness and assess the risk of financial irregularities with management and front-line staff.

The Counter Fraud team work alongside Internal Audit as one function to support work in providing an 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 Governance and Audit Committee are asked to:

- Note the Counter Fraud Update report for 2023/24 and reported irregularities.
- Note the progress of the Counter Fraud Action Plan for 2023/24.
- To review, comment on and approve the Counter Fraud Action Plan for 2024/25.

Key Messages

- Fraud referrals: 463 irregularity referrals received from 01 April 2023 to 31 March 2024, compared to 356 for the same period in 2022/23 (details in **Appendix A**).
- Actual loss: Actual loss of £311,178 within quarter four, total losses due to fraud and error this year: **£2,832,520** (breakdown shown on slide 10).
- Blue Badge referrals: 313 blue badge referrals received, 3 Prosecutions and 8 cautions issued.
- Kent Intelligence Network (KIN) outcomes up to December 2023 has identified almost **£1.5m** of financial benefit to KCC.
- Counter Fraud Plan: Updates to the outturn of the 2023/24 Counter Fraud Action Plan can be found at **Appendix B**, with the proposed Counter Fraud Action Plan found in **Appendix C**.
- The National Fraud Initiative outturn has identified actual losses of £5,312 details of the activity can be found in **Appendix D**.

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Kent Intelligence Network

Appendix A: Current Year Referrals in Detail

Appendix B: Counter Fraud Action Plan 2023/24 in detail

Appendix C: Counter Fraud Action Plan 2024/25

Appendix D: National Fraud Initiative

Irregularity Referrals - April 2023 to March 2024 Overview

463 irregularity referrals were received from April 2023 to March 2024. This is a **30% increase** on previous years referrals (356). An increase in referrals is a good indication of awareness of the need to report irregularities to Internal Audit and Counter Fraud to assess where an investigation is required, ensure risks are assessed and mitigated, identifying lessons to be learnt and financial recovery occurs.

As shown in the subsequent slides and Appendix A, there has been increases in irregularities relating to:

- Procurement – Invoice of services not delivered/ overpayments due to data inputting errors;
- No Recourse to Public Funds (NRPF) – Increase in the number of people claiming support due to destitution and not being able to access public funds;
- Blue Badge misuse – Use of stolen and deceased badges in particular;

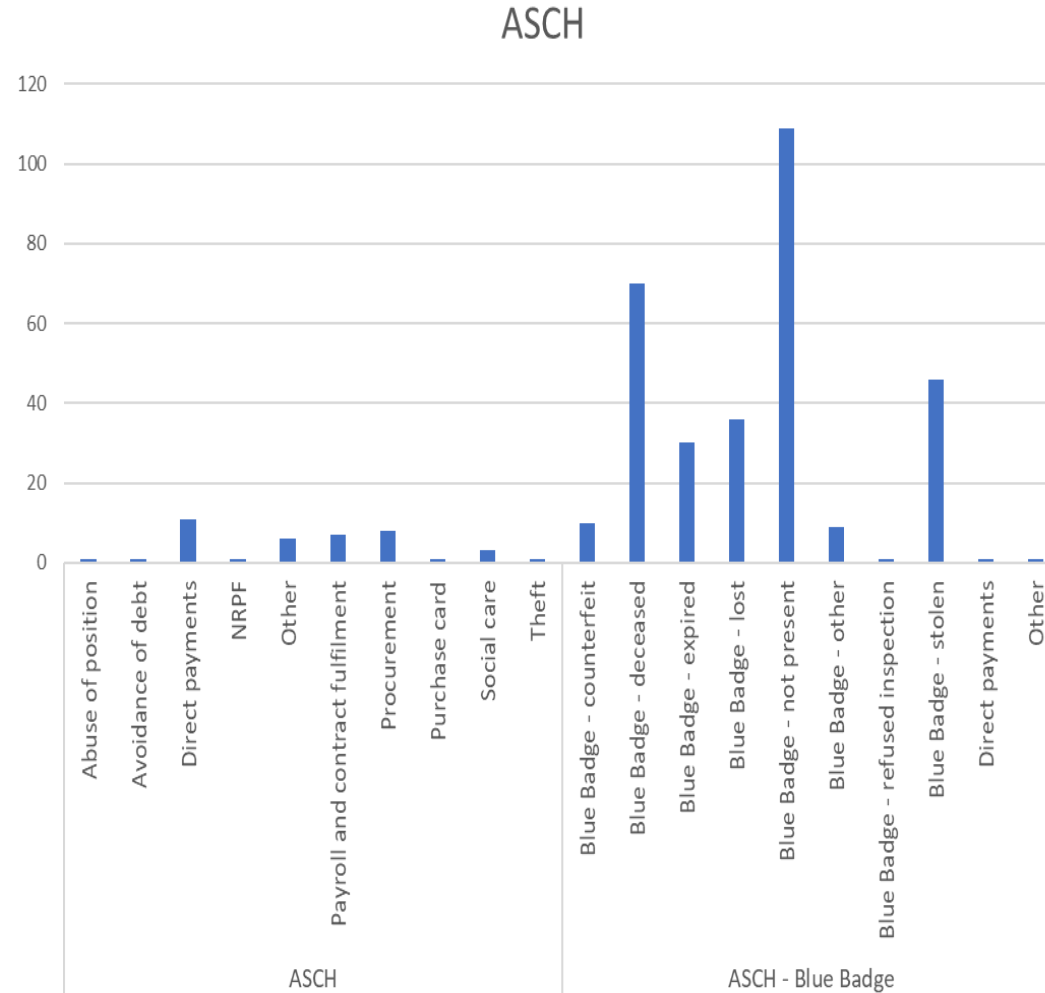
Distribution and characteristics of irregularities reported are shown in [Appendix A](#)

Irregularity Referrals by Directorate and Fraud Type – Adult Social Care and Health

There has been an increase in reported irregularities relating to **procurement** during 2023/24, this has resulted in an actual loss to KCC, all amounts are subject to full recovery, this has seen irregularities relating to:

- A person has passed away, but payments continued to a provider resulting in an actual loss of £62,915.
- A person went into hospital but the placement was not ended with the provider continuing to receive the scheduled payments, actual loss £24,106.
- A person not receiving care from a provider however the provider was paid through scheduled payments, actual loss £22,981.
- The provider had not been invoicing for full costs when the person had planned absence where a 50% charge rate should had applied, actual loss £46,979.
- Payment to a provider following a novation of contracts to another provider, potential loss £140,000.
- Incorrect hours entered onto a purchase order that resulting in the provider invoicing against the full value but delivering against the care plan which had half the amount of hours, resulting in an overpayment of £ 82,000.

It is worth noting that Adult Social Care process in the region of 40,000 transactions with a value of £52m every 4/ 5 weeks .



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Irregularity Referrals by Directorate and Fraud Type – Adult Social Care and Health - Continued

Blue badges:

Referral rates relating to Blue Badge misuse continue to increase compared to the previous financial year (36%) due to greater awareness and enforcement action by District/ Borough Council parking teams. From the 313 referrals received this year, the outcome has been:

- 245 Penalty Charge Notices being issued across Kent (compared to 86 in 22/23) resulting in an estimated £7,350 of additional parking revenue
- 90 Warning Letters to reminder users of the appropriate use
- 8 Simple Cautions
- 3 prosecutions
- 131 badges removed from being misused

Direct Payments:

There has been 12 irregularities relating to direct payment misuse referred this year, resulting in actual loss of £28,214.75. One case, where a relative abused their position to use funds (£6,929) intended for care for personal gain, has resulted in the police issuing a conditional caution. There have been potential losses amount to £284,353 mainly due to excess funds sitting in accounts that had not been reclaimed.

There has been one case received in 22/23 but progressed in 23/24 that has identified an actual loss of £18,430 where a 3rd party continued to claim a direct payment for a deceased relative.

Salary Overpayments:

There has been 5 irregularities reported due to salary payments continuing after the person had left KCC, this resulted in actual losses of £16,434.

2ND Employment

There have been 2 irregularities relating to staff working (via agency) with KCC whilst having a substantive role elsewhere. The value of losses are currently being calculated.

Irregularity Referrals by Directorate and Fraud Type – Children Young People and Education

No Recourse to Public Funds:

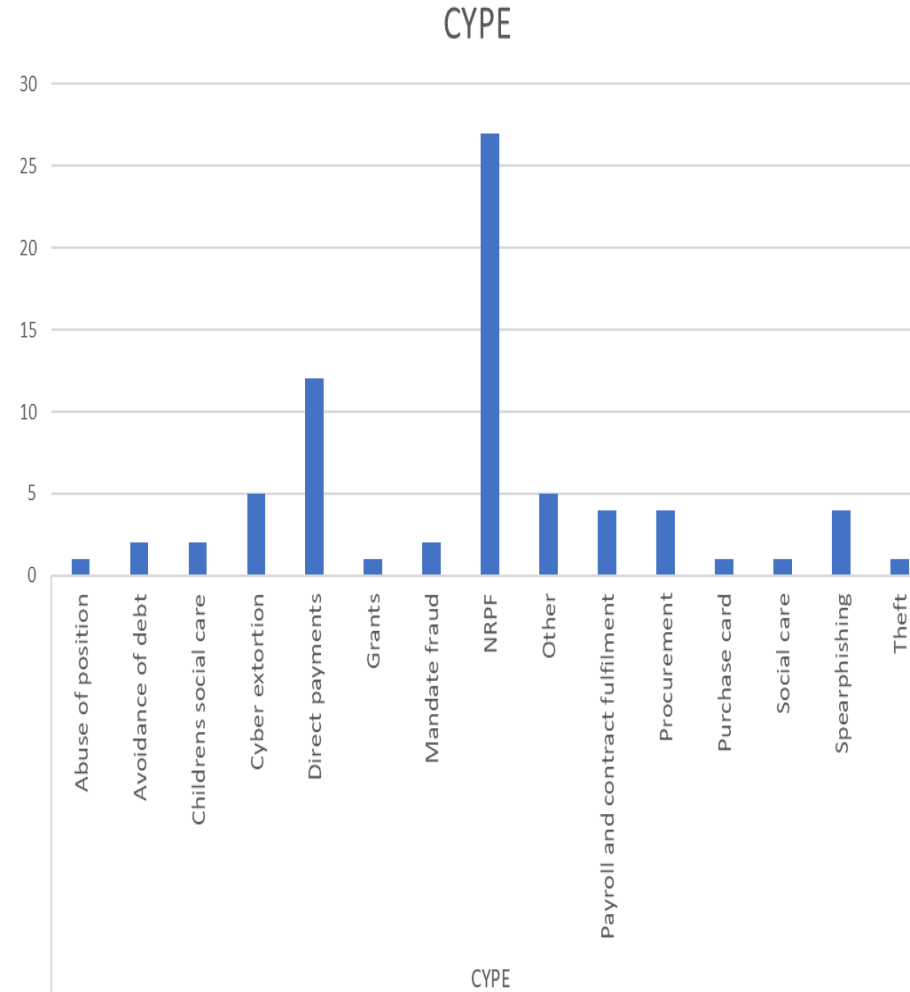
The Counter Fraud Team provide a due diligence check to validate someone's circumstances when applying for funding under the Childrens Act.

In 2023/ 24, there have 27 cases referred (compared to 12 in 2022/23).

The Counter Fraud Team have been working with CYPE in improving the process to ensure relevant information is captured to enable effective due diligence and anti-fraud statements are embedded in the application process.

Through these checks, positive assurance can be provided to CYPE that the person is destitute and public funds are being used to support KCC statutory duties.

There has been 1 irregularity where the person, following analysis of their financial circumstances was not destitute, this resulted in an actual loss of £6,198.



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Irregularity Referrals by Directorate and Fraud Type – Children Young People and Education - Continued

Direct Payments

There have been 12 irregularities relating to Children's Direct Payments, resulting in an actual loss of £32,388. The main reason is where spend occurs not in accordance with the care and support plan.

Education:

There has been one actual and one attempted mandate fraud impacting Kent Schools. The actual loss incurred was £23,136 with recovery of £19,067 occurring resulting in an actual loss of £4,069. There has also been 5 attempts reported of fake invoicing to schools for fictitious services/ goods. In addition, 5 cases of spear phishing has occurred to amend payroll details, 1 case resulted in an actual loss of £3,393, with the other 4 attempts identified as spear phishing and not actioned.

A review of the way an educational establishment was applying financial controls has been completed and reported to management to address. The review identified numerous payments to staff that were not in-line with the correct financial policies and procedures, disposal of asset decisions made that were not best value and use of assets for personal use. Additionally, there was a lack of governance oversight to help inform the appropriate use of school funds.

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Irregularity Referrals by Directorate and Fraud Type – Growth, Environment and Transport

Concessionary fares:

Misuse of people's concessionary bus pass has been reported. The actual loss is difficult to calculate, however the Department for Transport places a potential loss of £113 where fares are misused through the avoidance of paying bus fares.

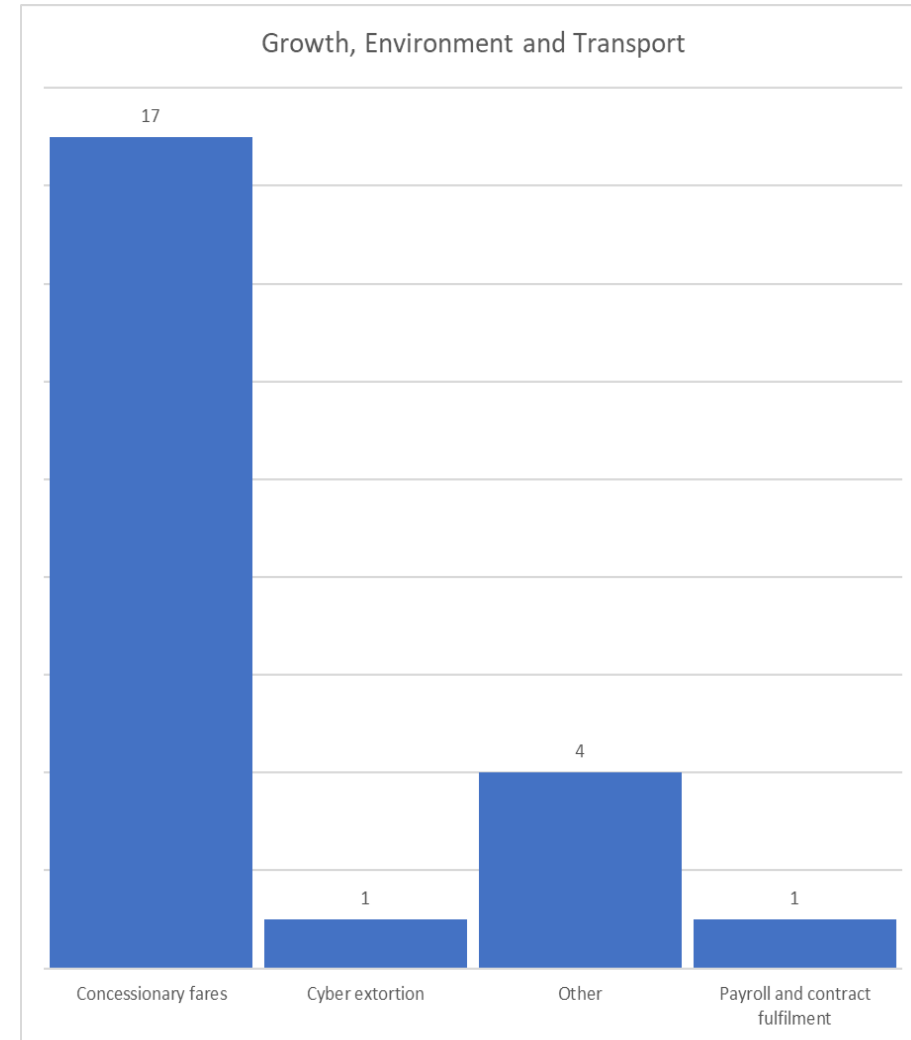
Other:

There has been an alleged case reported from a member of public following an enforcement notice being issued on overhanging vegetation which was subsequently followed up by a company offering hedge/ tree cutting services. This identified a practice where traders follow KCC staff to then go onto cold call members of the public. Management have informed that advice on rogue traders is now communicated following any enforcement notice.

The other three cases relating to a minor irregularity within an imprest account where poor record keeping resulted in an amount of £178 being unaccounted for, and charge backs occurring within payments to the registration service where credit cards issued in Brazil were being used to make test payments of below £1, no loss was incurred by KCC.

Blue Badges:

Although the Blue Badge scheme is administered by ASCH, the majority of misuse occurs within on-street parking bays, thus having an impact on the amount District/ Borough Councils receive from this income and in turn the amount they could potentially return to KCC.



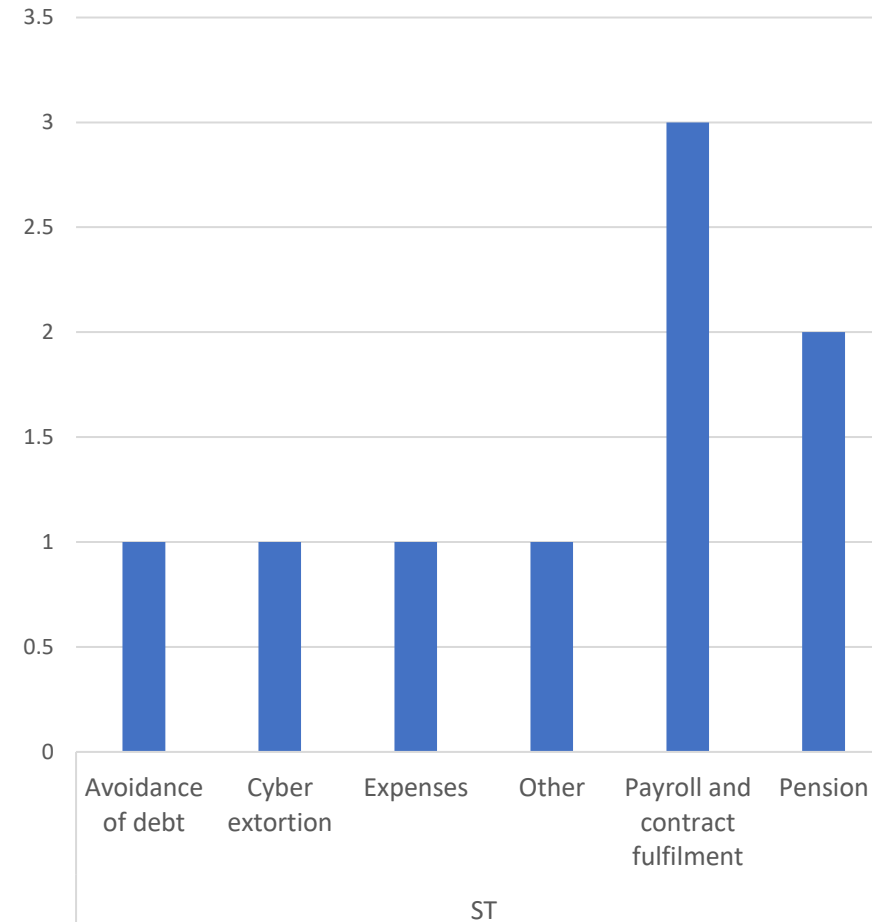
Irregularity Referrals by Directorate and Fraud Type – Chief Executive/ Deputy Chief Executive Departments

IR35 (Off payroll working):

A review by Finance on the way people's assessment of tax liability against HMRC rules was completed in 2022/23. This identified a number of staff who were employed off payroll when following a Check Employment Status for Tax (CEST) assessment, this identified they should have been paid via payroll. This resulted in a self-declaration being made to HMRC including just over £1.3m in additional tax liability being paid to HMRC, Internal Audit and Counter Fraud have been informed that there may be a rebate in the amount paid within 2023/24 however this has not been received, The Finance Division are seeking resolution with the Tax advisor.

The review established better guidance for recruiting managers and an independent (not the recruiting manager) CEST assessment being completed by Finance to ensure the correct assessment is applied.

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Irregularity Referrals: Actual Loss by Directorate

Directorate	Number of fraud type reported	Total loss
ASCH	18	£641,645
Direct payments	4	£46,644
Other	1	£62,916
Payroll and contract fulfilment	5	£15,878
Procurement	4	£238,981
Purchase card	1	£55
Social care	2	£276,615
Theft	1	£556
CYPE	25	£807,056
Avoidance of debt	2	£18,933
Childrens social care	1	£1,042
Direct payments	8	£32,388
Mandate fraud	1	£9,592
NRPF	1	£715,373
Other	1	£13
Payroll and contract fulfilment	4	£12,283
Procurement	3	£5,265
Purchase card	1	£13
Social care	1	£4
Spearphishing	1	£3,393
Theft	1	£8,757
External	1	£1,864
Spearphishing	1	£1,864
GET	1	£179
Other	1	£179
ST	6	£1,381,776
Avoidance of debt	1	£4,000
Other	1	£1,480
Payroll and contract fulfilment	2	£1,363,591
Pension	2	£12,705
Grand Total	51	£2,832,520

Counter Fraud Action Plan 2023/2024

Updates to the 2023/24 Counter Fraud Action Plan with updates can be found at Appendix B

The balance between pro-active and re-active work continues to be a challenge within resource levels. Resource levels below include staff working within the shared service with Tonbridge and Malling Council (0.2 FTE Counter Fraud Manager, 1 FTE Counter Fraud Technician & 0.8 FTE Intelligence Officer).

The Action Plan for 2023/ 24 has been delivered with an increase of awareness being seen through more irregularities being reported, this helps inform areas of risk and where needed inform audits in these areas.

Counter Fraud Resources

Position	Current number of employees
Counter Fraud Manager	1
Counter Fraud Specialists	3
Counter Fraud Technician	1
Intelligence Officer	0.8
Intelligence Assistant	1

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Kent Intelligence Network (KIN) Overview – Quarter 3

The KIN continues to provide valuable support to the District/Borough Councils and the outcomes for the period 1 April 2023 to 31 December 2023, set out below, show the results and financial returns achieved.

Business Rates

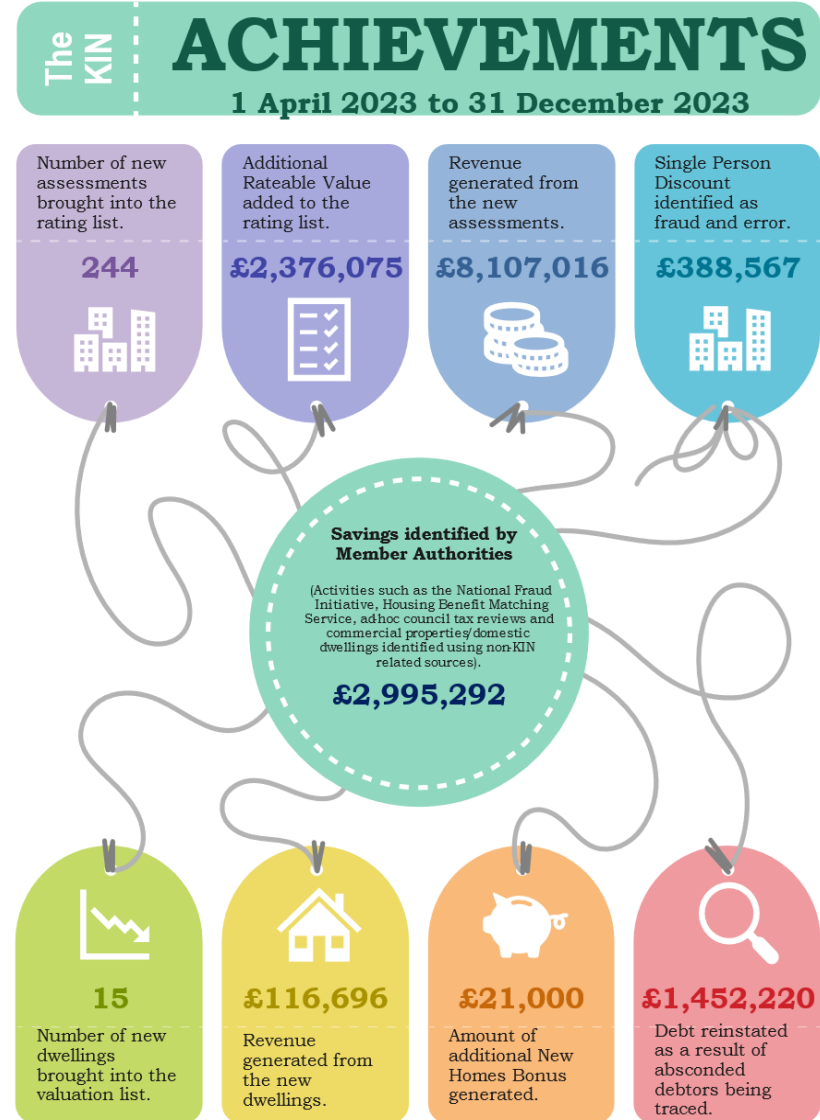
244 commercial properties have been identified that were previously missing from the rating list. These properties have now been brought into the list by the Valuation Office Agency and consequently, the businesses occupying these properties are now liable for business rates.

The additional business rates revenue generated from the identification of these missing properties is £7,842,666 (£8,107,016 including Medway), of which broadly 9% (£705,839) comes to KCC, once collected, is a combination of the following:

The total amount of business rates billed for both the current financial year and previous financial years of £3,006,426 (£3,086,800 including Medway); and

A ‘future loss prevention’ provision of 3 years of £4,836,240 (£5,020,216 including Medway). This represents the amount of additional income that would have been lost if the respective properties had not been identified by the KIN.

It is also pertinent to highlight that on 31 December 2023, there were 116 cases with the Valuation Agency awaiting assessment/valuation, none of which are included in the figures stated above, and a further 166 cases which are currently under investigation by billing authorities.



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Kent Intelligence Network (KIN) Overview Continued

Council Tax

The KIN also helps to identify dwellings missing from the valuation list and so far, 15 dwellings have been identified. The additional council tax revenue generated from the identification of these missing properties is £116,696, of which broadly 73% (**£85,188**) comes to KCC, once collected, is a combination of the following:

- The total amount of council tax billed for both the current financial year and previous financial years of £37,945; and
- A 'future loss prevention' provision of 3 years of £78,751. This represents the amount of additional income that would have been lost if the respective dwellings had not been identified by the KIN.

It is also pertinent to highlight that on 31 December, there were 15 cases with the Valuation Agency awaiting assessment/valuation, none of which are included in the figures stated above, and a further 39 cases which are currently under investigation by billing authorities.

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 15 dwellings identified will generate £21,000, of which 20% (**£4,200**) comes to KCC, once collected.

In respect of the £1,452,220 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 £1,016,554, once collected, and this would amount to **£742,084**.

Kent Intelligence Network (KIN) Overview Continued

Finally, the proactive work being undertaken in respect of identifying erroneous claims for Council Tax Single Person Discounts has resulted in the additional billing of Council Tax amounting to £388,567, of which broadly 73% (£283,653) comes to KCC, once collected.

In total, the financial benefit to KCC from the initiatives and successes detailed above amounts to **£1,820,964**.

It is also important to highlight the investment made by KCC to help billing authorities achieve these outcomes. This investment is by way of an annual grant given to the respective billing authorities, the components for which are broken down as follows:

- A grant of £352,646 for the provision of additional resources to help carry out KIN related work, and also to assist with non-KIN related initiatives that help to increase the tax base and rates base.

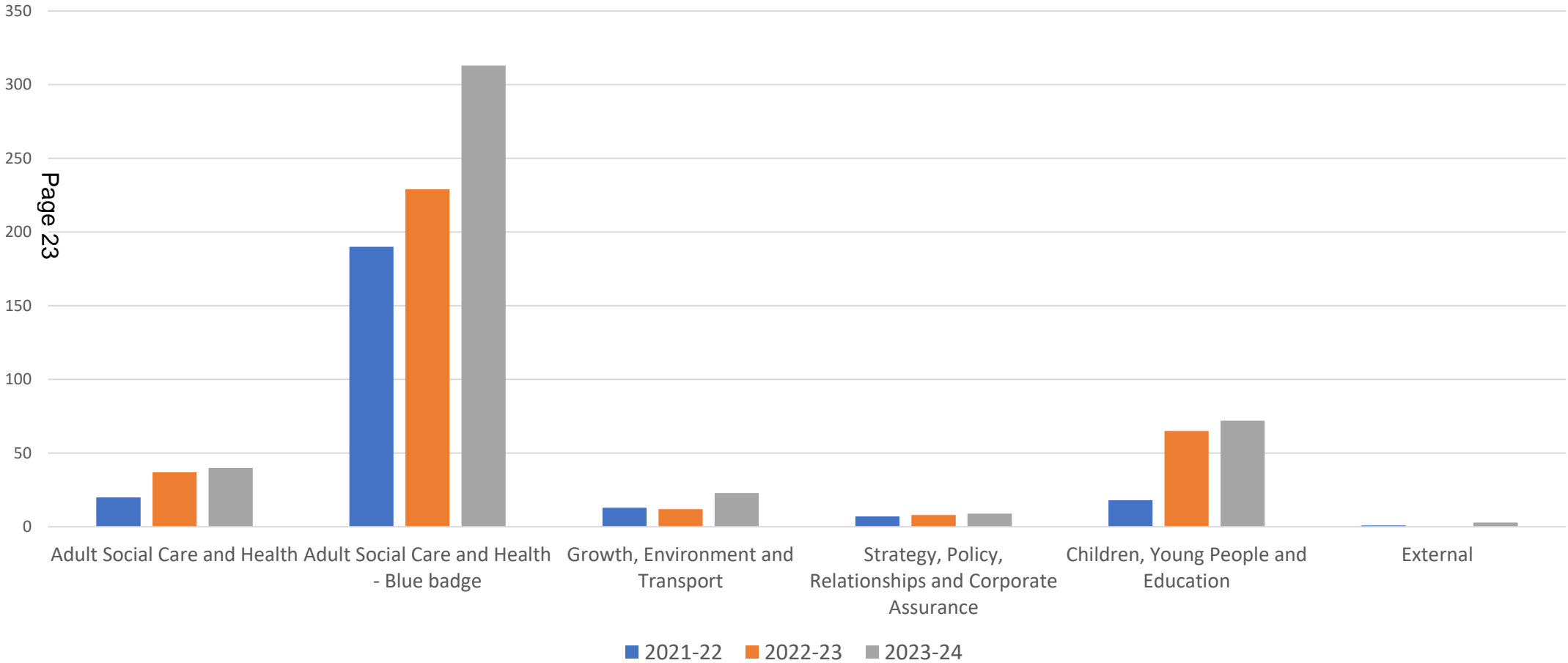
A grant of £19,710 towards a product that helps to trace absconded council tax debtors.

Solely in respect of the KIN related work, the return-on-investment to date (April to December) is £1,448,608 (this figure is derived from the total financial benefit to KCC, less the grants given to billing authorities to help achieve the outcomes detailed above).

Finally, the proactive work being done in respect of identifying erroneous claims for Council Tax Single Person Discounts has resulted in the additional billing of Council Tax amounting to £388,567, of which broadly 73% (**£283,653**) comes to KCC, once collected.

Appendix A - Year on Year Comparison – by Directorate

While Blue Badge cases still represent the largest number of referrals the Counter Fraud service receives, there has been increases of referrals from every Directorate this year. ASCH and CYPE represent the highest proportion of our caseload.



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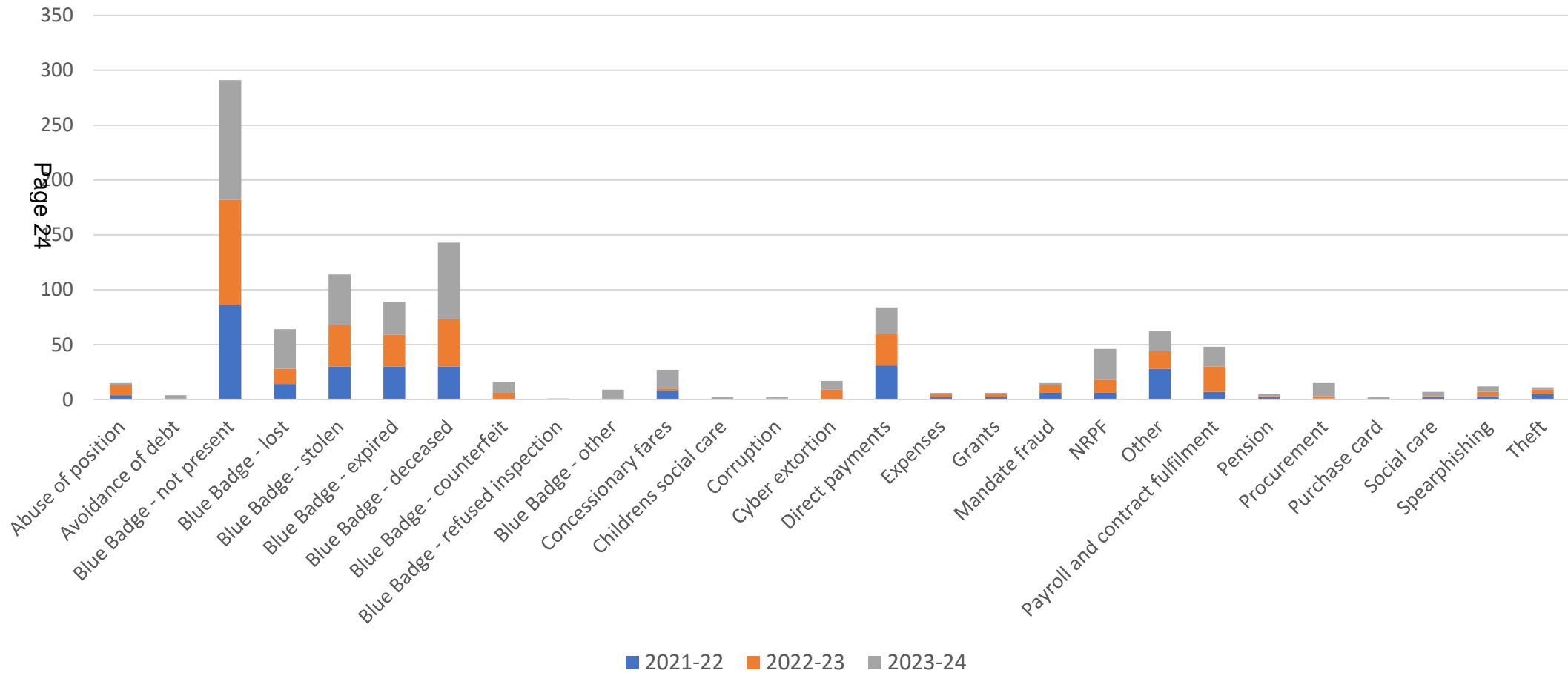
[Appendix B: Counter Fraud Action Plan 2023/24 in detail](#)

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Appendix A - Year on Year Comparison – by Fraud Type

This slide demonstrates that Direct Payments have historically been the biggest risk of fraud after blue badges. This year however, the number of procurement related and NRPF referrals received has a greater financial risk to KCC.



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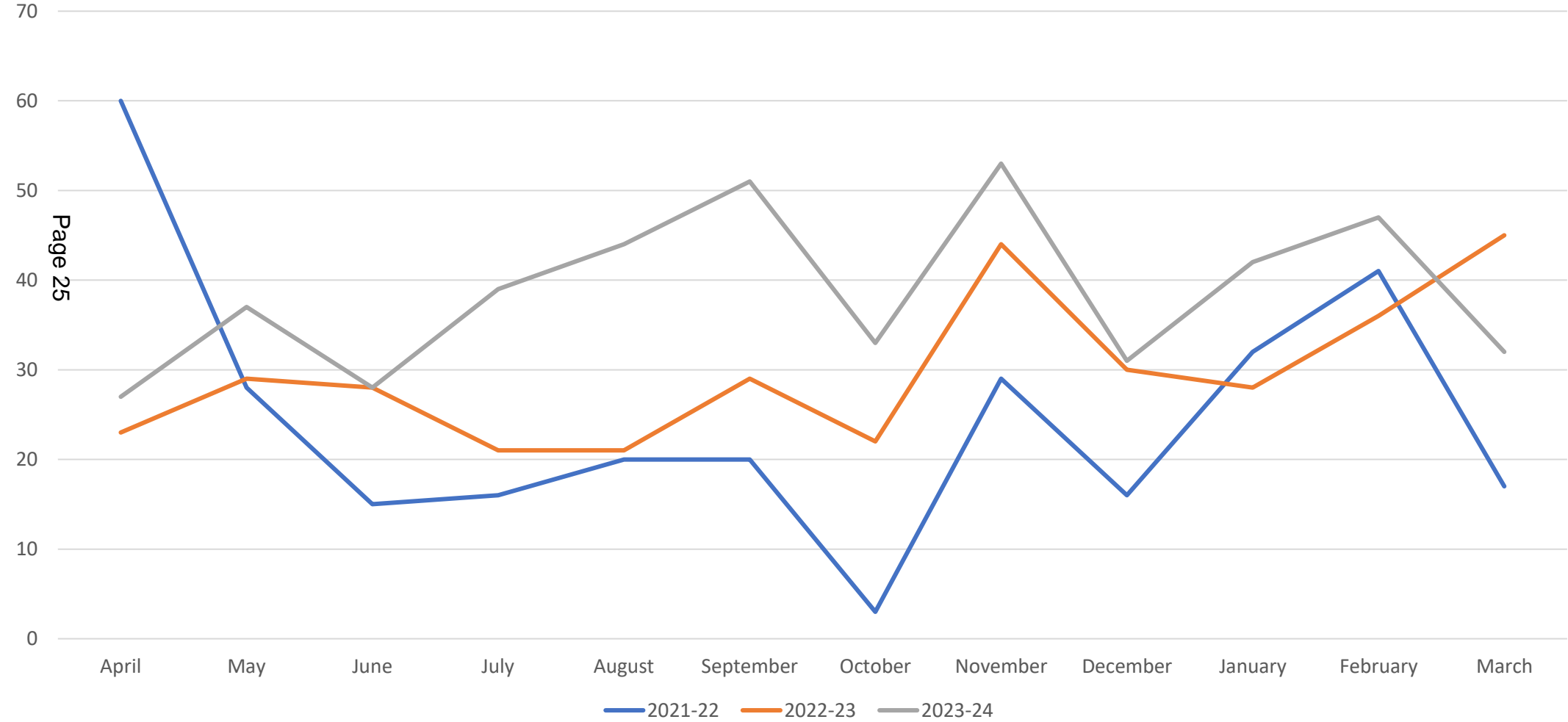
[Appendix B: Counter Fraud Action Plan 2023/24 in detail](#)

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Appendix A - Year on year comparison – by Month Received

As demonstrated, February, September and November are consistently the busiest reporting months.



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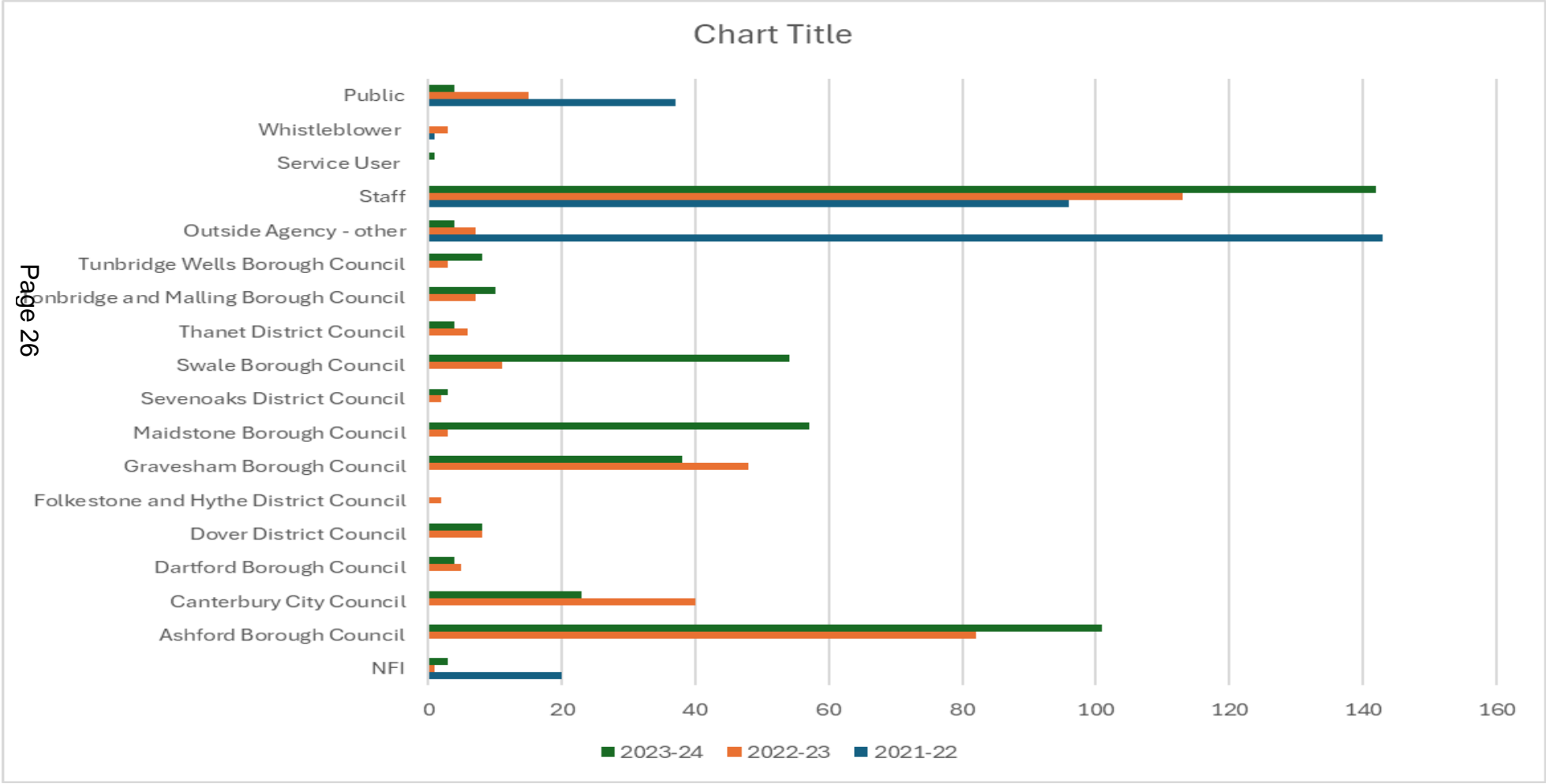
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Appendix A - Year on Year Comparison – by Source of Referral

Relationship management/ awareness is working as in most cases, the number of referrals received from KCC staff, Districts and Boroughs has increased.



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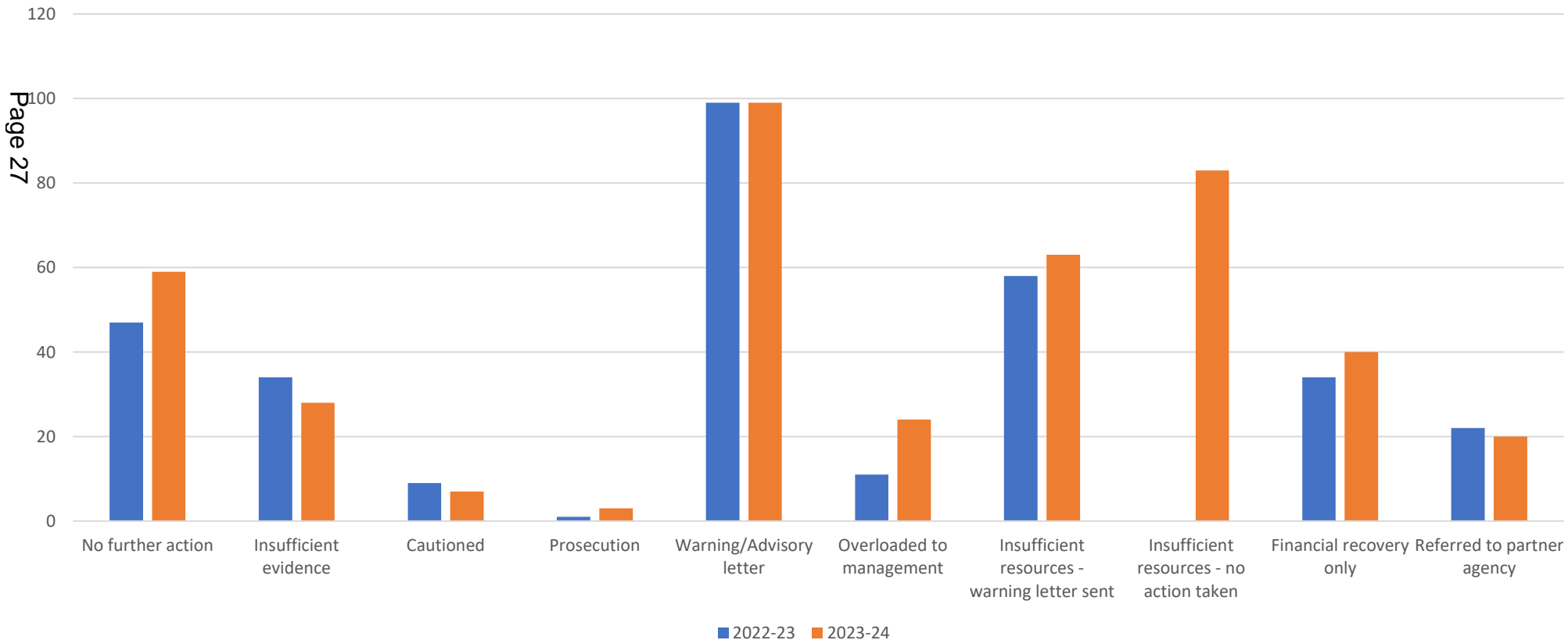
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Appendix A - Year on year comparison – by outcome

The increase in the number of referrals, in particular blue badge referrals, has resulted in some referrals not being progressed due to work on more complex cases taking priority. However, the Team have secured three prosecutions this year and, ensured financial recovery has occurred where financial loss has occurred.



Blue Badge Referrals – By type and Referring Parking Team

		Parking enforcement area	Number of referrals
Blue Badge – counterfeit	10	Ashford Borough Council	99
Blue Badge - deceased	70	Canterbury City Council	23
Blue Badge – expired	30	Dartford Borough Council	3
Blue Badge - lost	36	Dover District Council	8
Blue Badge - not present	109	Gravesham Borough Council	38
Blue Badge - other	9	Maidstone Borough Council	57
Blue Badge - refused inspection	1	Sevenoaks District Council	3
Blue Badge - stolen	46	Swale Borough Council	53
		Thanet District Council	4
		Tonbridge and Malling Borough Council	9
		Tunbridge Wells Borough Council	8
		Grand Total	305

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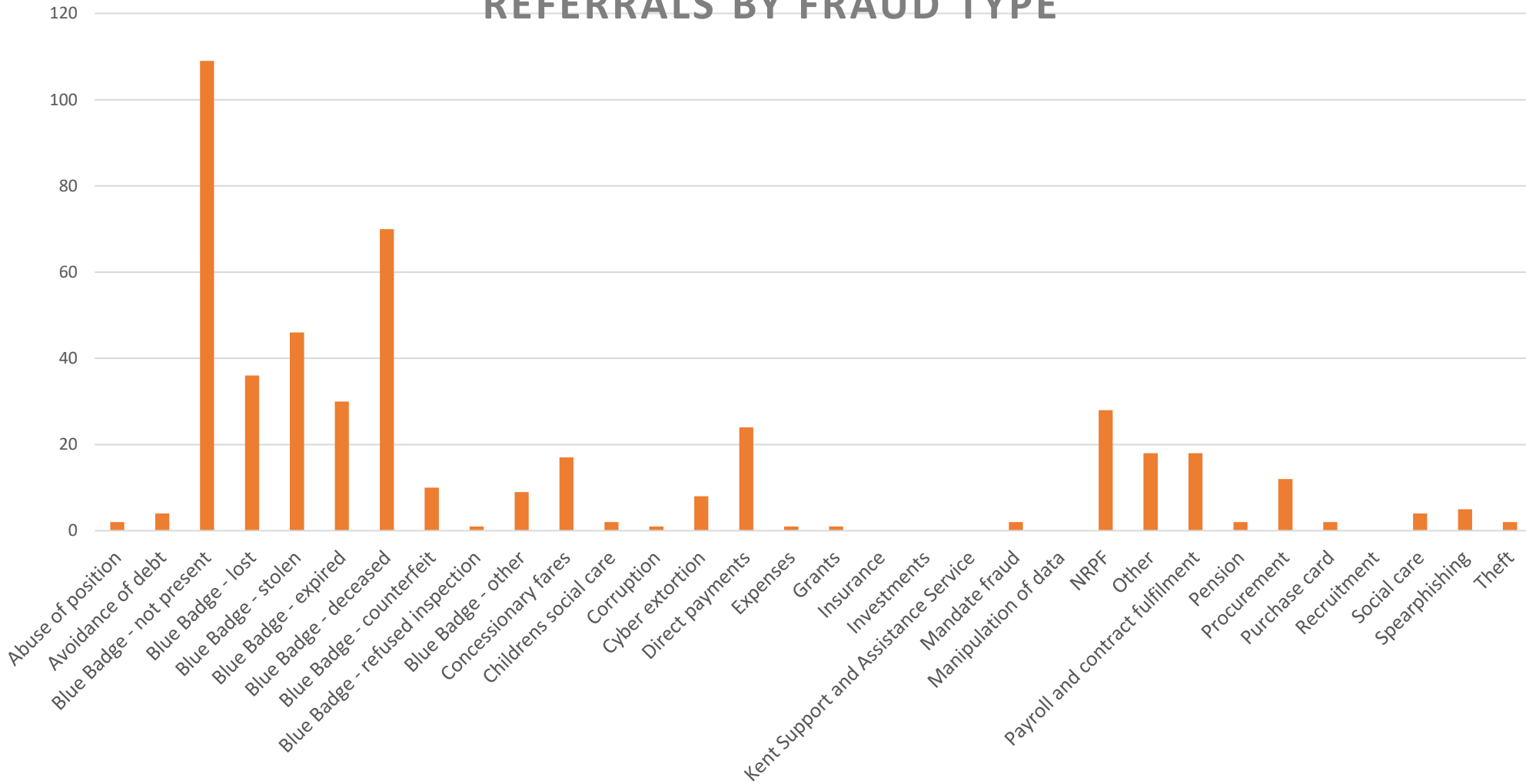
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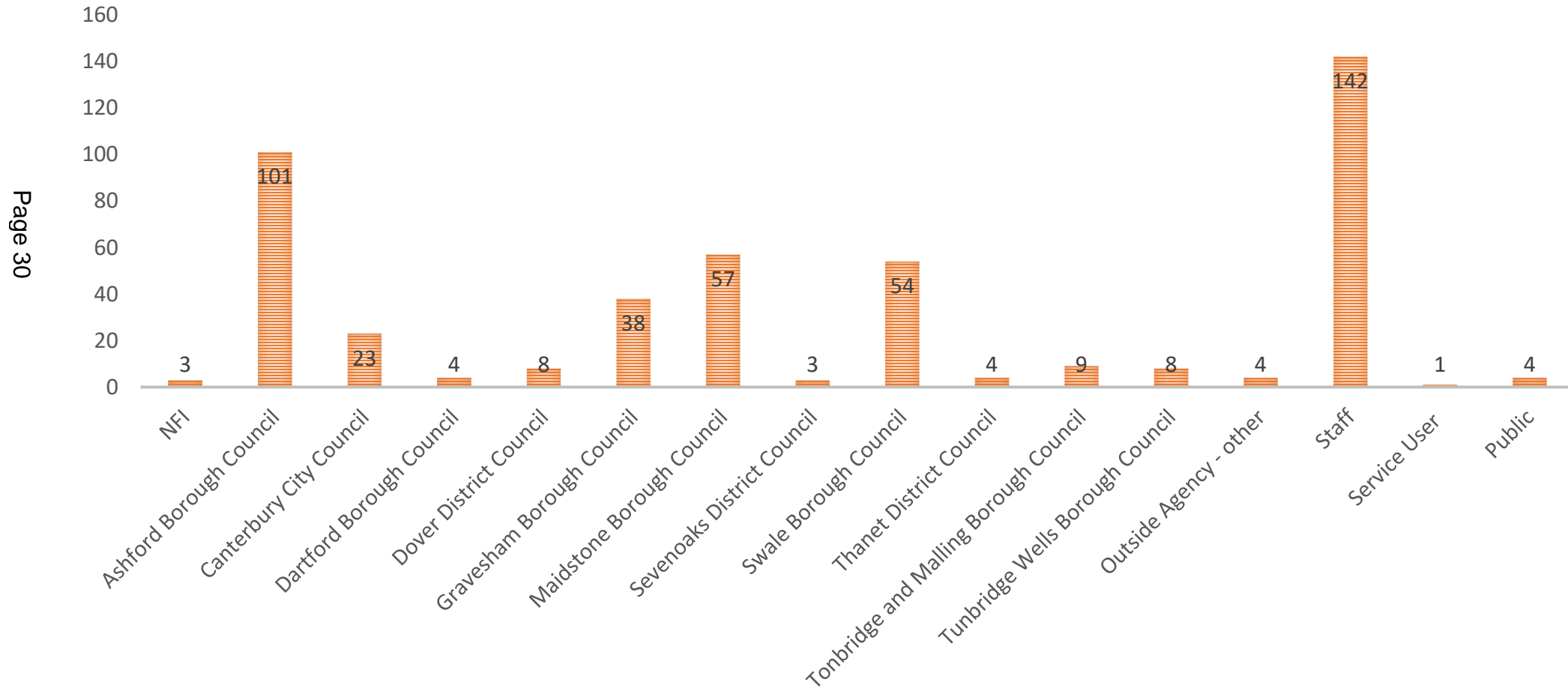
Appendix A: Fraud and Irregularity Referrals April 2023 to March 2024

REFERRALS BY FRAUD TYPE



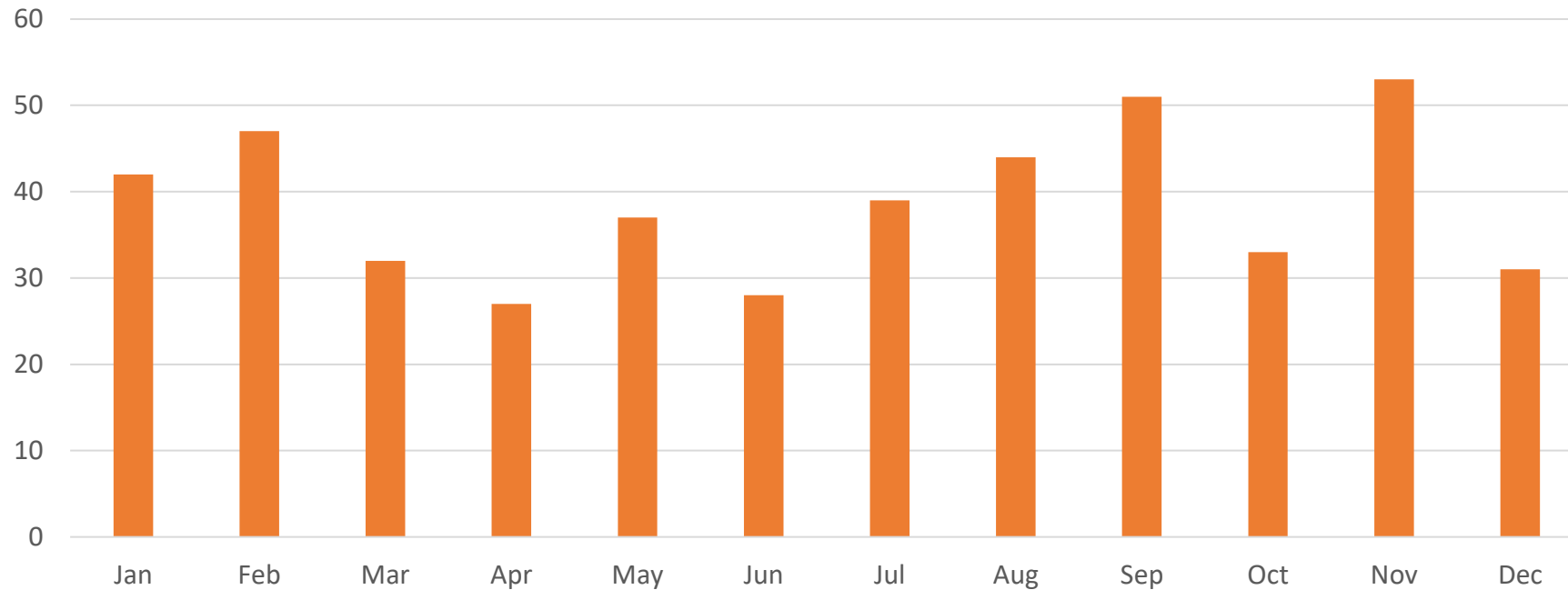
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REFERRALS BY SOURCE



Appendix A: Fraud and Irregularity Referrals April 2023 to March 2024

REFERRALS BY MONTH



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Appendix B: Fraud Action Plan 2023/24 - Govern

Govern	
Description	Update
Review each policy bi-annually, presented to CMT & G&A and once agreed to be communicated across KCC management via Kmail for managers.	Completed - Reviews reported to G&A details passed to Internal Communications to disseminate information and update policies on Knet.
Expected policies to be reviewed:	
Anti-Fraud and Corruption Strategy	
Anti Bribery Policy	
Anti Money Laundering Policy	
Financial Regulations	Completed - Review of Financial Regulations from a Counter Fraud perspective.
Whistleblowing Policy	
Spending the Councils Money	Completed - Review of Artificial Intelligence policy completed and policy updated with updates.
To review any other policy that may have an inherent fraud, bribery & corruption risk	ASCH Supporting Living risk assessment plus management letter to raise issues.
Ensure that the culture which is supported by Corporate Management Team and Governance and Audit Committee is embedded throughout the organisation through Counter Fraud attendance at relevant meetings and focus groups.	ICT Compliance and Risk Team & Counter Fraud emerging risk meetings – Cyber risks.
	Kent Fraud Panel & Kent Fraud Panel Communications Sub Group to share intelligence on latest trends and activity, including the communication sub group to help Kent residents be more aware of scams operating.
	Relationship management meetings held with Corporate Directors and Directors to inform Internal Audit and Counter Fraud Plans.
	Laptop refresh governance board – Advice and Support provided to track assets moving forward and tracking of old assets being returned.

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Appendix B: Fraud Action Plan - Prevent

Prevent	
Description	Update
Create and deliver a communication strategy to provide Fraud awareness sessions to school finance staff, senior leaders and governors. Including existing and emerging risks, as well as providing ad-hoc advice.	Alerts issued, in particular relating to mandate fraud. Awareness sessions delivered in Autumn 2023.
Provide regular communication to parking managers to inform them of latest guidance, what's working well what needs improving, including the issuing of a quarterly newsletter.	Parking Manager meetings attended to provide engagement and feedback.
Provide enforcement awareness sessions to district CEOs.	One enforcement day in Maidstone delivered. Enforcement videos created and issued to Parking Teams to training CEO's.
Progress a review of the approach taken by ASCH safeguarding on addressing financial abuse against vulnerable adults.	Support in place, challenge and support provided on a case by case basis, including engagement with Kent Police.
ASCH - To create and deliver a communication and engagement strategy that meets the need of the Services in addressing fraud/ financial crime risks.	Supporting Living main area of engagement – Task and Finish group on invoicing Counter Fraud Leading on this.
CYPE - To create and deliver a communication and engagement strategy that meets the need of the Services in addressing fraud/ financial crime risks.	Awareness session delivered to East Kent Social Worker teams & County Managers Team.
	Attendance at the CYPE NRPF steering group meetings.
	Implementation of new application process. Risk Assessment and reporting requirements for overpayments within LAS payment system embedded into their processes to inform Internal Audit of irregularities.

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Appendix B: Fraud Action Plan - Prevent Continued

Prevent	
Description	Update
GET - To create and deliver a communication and engagement strategy that meets the need of the Services in addressing fraud/ financial crime risks.	<p>Engagement on assessing fraud risks within the mobile traffic offences initiative.</p> <p>Fraud culture workshop with the Gypsy and Traveller team.</p>
GED/ DCED - To create and deliver a communication and engagement strategy that meets the need of the Services in addressing fraud/ financial crime risks.	<p>Awareness to Client Financial Affairs on fraud awareness and forgery/counterfeiting of documents.</p> <p>Awareness Session to Infrastructure Division of fraud risks within their area.</p> <p>Liaison meetings with ICT Risk and Compliance Team to inform cyber fraud risks.</p>
To review the guidance, forms, and controls in place to enable effective assessments of someone's destitution.	Completed, new financial assessment form completed and embedding into process and awareness session on new process to services.
Review NRPF applications where these financial checks are required.	NRPF checks being completed.
Agile awareness sessions to be delivered in conjunction with emerging risks.	<p>Bespoke engagement to:</p> <p>CYPE quality assurance</p> <p>Shared Lives management</p> <p>GET Economic Development Management.</p>

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Appendix B: Fraud Action Plan - Pursue

PURSUE	
Description	Update
Coordinate the Council's and its LATCO's participation in the National Fraud Initiative, including the monitoring of matches being completed by the relevant team.	Completed
Actively participate in the Kent Intelligence Network and develop data matching proposals to increase detection of fraud at KCC and across Kent authorities.	Completed – update included in report.

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Protect	
Description	Update
Engagement with the Cabinet Office on the Counter Fraud Profession	Counter Fraud Professional standards under review.
Provide advice and support on key fraud controls in specific audits.	Ongoing – Counter Fraud Specialists review draft Engagement Plan to inform fraud and error risks reported and inherent.

Acknowledge	
Description	Update
To manage and complete investigations into the financial irregularities reported to Internal Audit & Counter Fraud. Including criminal, civil and, where needed, disciplinary investigations. Providing management with any areas of improvements needed to reduce the risk of fraud or error occurring again.	Ongoing – Summary or reported irregularities included in progress report.
Providing advice/ guidance and data analytical support in order to identify fraud and error occurring.	Variance data on provider invoicing with ASCH completed as part of task and finish group to give contract managers performance information.

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Activity	Detail
Govern	Having robust arrangements and executive support to ensure anti-fraud, bribery and corruption measures are embedded throughout the organisation.
Counter Fraud Update, Audit Committee	A quarterly Counter Fraud update will be provided to Corporate Management Team and the Audit Committee to demonstrate the activities undertaken by the Counter Fraud Team against the plan to prevent and detect Fraud, Bribery and Corruption.
Acknowledge	An organisation must acknowledge and understand fraud risks and demonstrate this by having the right support and appropriate resource to tackle fraud.
Fighting Fraud and Corruption Locally Checklist	The Counter Fraud Team to undertake an assessment of the authority against the Fight Fraud and Corruption Locally Checklist.
Fraud Risk Assessments	The Counter Fraud Team to undertake an assessment of current risk registers across the Council to identify if fraud risks have been identified and controls are in place to mitigate the risk. Including risks associated to the Economic Crime and Corporate Transparency Act (failure to prevent fraud). To work with Governance and Law to embed fraud risk assessments within the Key Decision process.
Relationship Management	Strengthening the anti-fraud culture within the organisation requires Counter Fraud to continue with relationship management meetings to report on emerging and current fraud risks identified through investigations.
Whistleblowing Hotline and log	The Counter Fraud Team manage the Councils Central Whistleblowing Log and the Whistleblowing helpline.

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Prevent	Fraud can be prevented and detected by making better use of information and technology, enhancing fraud controls and processes and developing a more effective anti-fraud culture
Fraud Awareness	Deliver fraud awareness training to teams to ensure that sessions delivered to officers on a risk- based approach. The training will seek to raise awareness about new emerging fraud risks and current risks, continue to strengthen the anti-fraud culture (including failure to prevent fraud) and deliver messages about the standards expected of staff and the reporting of fraud and financial irregularities.
Internal Audit	The Counter Fraud Team will review draft engagement plans to ensure any issues identified through investigations or relationship management meetings help inform the scope of any audits.
International Fraud Awareness Week Campaign	To deliver an internal campaign to officers during International Fraud Awareness week.
National Fraud Initiative	The Counter Fraud Team will lead on the NFI exercise that matches electronic data within and between public and private sector bodies to prevent and detect fraud. Resources will be allocated and based on specific expertise and knowledge – this means matches can be dealt with promptly. A nominated person from each of the data sets will be identified and liaised with through the
Kent Intelligence Network	The Counter Fraud Team will support the Kent Intelligence Network on activities that benefit KCC and the wider Kent Residents/.
Pursue	
Investigations	<p>The Counter Fraud Team will apply a risk-based approach to investigating all instances of actual, attempted and suspected fraud and financial irregularities. The Counter Fraud Team will ensure;</p> <ul style="list-style-type: none"> • that any investigation is carried out in accordance with Council policy and procedures, key investigation legislation and best practice • the Council’s disciplinary procedures will be used where the outcome of an investigation indicates improper behaviour by a Council employee • Appropriate sanctions are applied.
Partnership Working	To maintain and develop working with key partner agencies in the prevention and detection of fraud such as the Kent Intelligence Network, Local Authorities, Kent Police as well as internal teams within KCC.

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REPORT TITLE	TOTAL ALL	Purpose of the Match	Amount of High Risk Matches	Amount of Medium Risk Matches	Amount of Low Risk Matches	Total amount recorded	Total Cabinet Office Saving
Pensions/Pension Gratuity to DWP Deceased	321	To identify instances where an occupational pensioner has died but the pension is still being paid.	2	319	0	£3,187.28	£167,347.06
Deferred Pensions to DWP Deceased	67	To identify instances where the former employee has passed away but payment of any widow/dependant entitlement may not have commenced.	2	65	0	0	0
Payroll to Payroll	4	To identify individuals who may be committing employment fraud by failing to work their contracted hours because they are employed elsewhere or are taking long-term sickness absence from one employer and working for another employer at the same time.	0	0	4	0	0
Payroll to Payroll	69	To identify individuals who may be committing employment fraud by failing to work their contracted hours because they are employed elsewhere or are taking long-term sickness absence from one employer and working for another employer at the same time.	9	0	60	£825.33	£5,685.00
Payroll to Payroll - Email Address	1	Identify fraudsters that may changed their names or are using false identities to avoid detection. There is evidence to indicate they often keep the same phone number or email address for convenience or to facilitate the fraudulent activity	0	0	1	0	0

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REPORT TITLE	TOTAL ALL	Purpose of the Match	Amount of High Risk Matches	Amount of Medium Risk Matches	Amount of Low Risk Matches	Total amount recorded	Total Cabinet Office Saving
Payroll to Payroll - Phone Number	13	Identify fraudsters that may have changed their names or are using false identities to avoid detection. There is evidence to indicate they often keep the same phone number or email address for convenience or to facilitate the fraudulent activity	7	0	6	0	0
Payroll to Creditors	86	The match identifies instances where an employee and creditor are linked by the same bank account (report 80) or the same address (report 81) to identify employees with interests in companies with which your organisation is trading.	43	0	43	0	0
Payroll to Creditors	109	The match identifies instances where an employee and creditor are linked by the same bank account (report 80) or the same address (report 81) to identify employees with interests in companies with which your organisation is trading.	60	0	0	0	0
Blue Badge Parking Permit to Blue Badge Parking Permit	80	to identify people who may have committed fraud by obtaining more than one blue badge.	80	0	0	0	0
Blue Badge Parking Permit to Blue Badge Parking Permit	10	to identify people who may have committed fraud by obtaining more than one blue badge.	9	0	1	1300	1300
Blue Badge Parking Permit to DWP Deceased	2887	Individuals who have a blue badge have been matched to deceased records. This will identify cases where a permit holder has died, but the local authority may not have been notified.	5	2882	0	0	619,450.00
Concessionary Travel Passes to DWP Deceased	5286	Individuals who have a concessionary travel pass have been matched to deceased records. This will identify cases where a permit holder has died, but the local authority may not have been notified.	6	5280	0	0	£124,062.00

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REPORT TITLE	TOTAL ALL	Purpose of the Match	Amount of High Risk Matches	Amount of Medium Risk Matches	Amount of Low Risk Matches	Total amount recorded	Total Cabinet Office Saving
Blue Badge Parking Permit to Blue Badge Parking Permit - Phone Number	309	The purpose of this match is to identify people who may have committed fraud by obtaining more than one blue badge.	309	0	0	0	0
Blue Badge Parking Permit to Blue Badge Parking Permit - Phone Number	609	The purpose of this match is to identify people who may have committed fraud by obtaining more than one blue badge.	609	0	0	0	0
Blue Badge Parking Permit to Blue Badge Parking Permit - Email Address	295	The purpose of this match is to identify people who may have committed fraud by obtaining more than one blue badge.	295	0	0	0	0
Blue Badges to Amberhill Data	1	Identity fraud happens when fraudsters use a false identity or somebody else's identity details to support their criminal and deceptive activities. The NFI uses the Metropolitan Police Fraudulent Identity (Amberhill) Data to help identify potential fraud being perpetrated against NFI participating bodies through the use of these false identities including fraud by false representation (Section 2 - Fraud Act 2006).	1	0	0	0	0
Blue Badges to Amberhill Data	1	Identity fraud happens when fraudsters use a false identity or somebody else's identity details to support their criminal and deceptive activities. The NFI uses the Metropolitan Police Fraudulent Identity (Amberhill) Data to help identify potential fraud being perpetrated against NFI participating bodies through the use of these false identities including fraud by false representation (Section 2 - Fraud Act 2006).	1	0	0	0	0
Concessionary Travel Passes to Amberhill Data	1	Identity fraud happens when fraudsters use a false identity or somebody else's identity details to support their criminal and deceptive activities. The NFI uses the Metropolitan Police Fraudulent Identity (Amberhill) Data to help identify potential fraud being perpetrated against NFI participating bodies through the use of these false identities including fraud by false representation (Section 2 - Fraud Act 2006).	1	0	0	0	0

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REPORT TITLE	TOTAL ALL	Purpose of the Match	Amount of High Risk Matches	Amount of Medium Risk Matches	Amount of Low Risk Matches	Total amount recorded	Total Cabinet Office Saving
Duplicate creditors by creditor reference	27	Duplicates identified in this match suggest poor creditor management as the system has permitted a creditor reference to be used more than once.	0	0	27	0	0
Duplicate creditors by creditor name	142	To identify instances where the same supplier has been set up with more than one reference number on the system thus increasing the potential for creditors to obscure fraudulent activity.	0	0	142	0	0
Duplicate creditors by address	455	To identify multiple creditors operating at the same address. These may represent simple errors, where the same creditor may have been set up twice using a slightly different spelling, for example LIMITED and LTD, or an attempt to obscure fraudulent activity.	0	0	455	0	0
Duplicate creditors by bank account number	573	This output shows where the same bank account details appear on more than one record. Of particular interest is where the same bank details are shown against suppliers with different names. These may indicate where a supplier has changed trading name but the standing data has not been updated to reflect this or there are links between companies with different trading names.	0	0	573	0	0
Duplicate records by reference, amount and creditor reference	3	This match highlights possible duplicate payments in excess of £500 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff	0	0	3	0	0
Duplicate records by amount and creditor reference	17374	This match highlights possible duplicate payments in excess of £1,000 that may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff. There are likely to be more matches than in report 707 as this report does not require the invoice reference field to match.	2227	0	15147	0	0

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REPORT TITLE	TOTAL ALL	Purpose of the Match	Amount of High Risk Matches	Amount of Medium Risk Matches	Amount of Low Risk Matches	Total amount recorded	Total Cabinet Office Saving
VAT overpaid	190	This report identifies instances where VAT may have been overpaid. This is based on the information provided within the NFI invoice history data submission and the output includes the level and scale of overpaid VAT. The VAT amount is compared to a calculated maximum VAT of 20%, the maximum VAT rate in the payment period covered by the NFI exercise.	39	0	151	0	0
Duplicate records by invoice number and amount but different creditor reference and name	246	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.		246		0	0
Duplicate records by postcode, invoice date and amount but different creditor reference and invoice number	33	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff.		33		0	0
Duplicate records by postcode, invoice amount but different creditor reference and invoice number and date	204	This match highlights possible duplicate payments for the same goods/services but to creditors with different reference numbers, which may have arisen as a result of poor controls or fraudulent activity by suppliers and/or staff		204		0	0
Procurement - Payroll to Companies House (Director)	87	This match highlights possible conflicts of interest that may occur if the person is involved with the commissioning of a company they are also a director for		87		0	0
Procurement - Payroll to Companies House (Director)	55	This match highlights possible conflicts of interest that may occur if the person is involved with the commissioning of a company they are also a director for		220		0	0

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Appendix D: National Fraud Initiative

By: Jonathan Idle – Head of Internal Audit
Richard Benjamin – Internal Audit Manager

To: Governance and Audit Committee – 16th May 2024

Subject: **Global Internal Audit Standards**

Classification: Unrestricted

Summary:

The Governance and Audit Committee is required to be aware of the new Global Internal Audit Standards to be effective from January 2025.

Recommendation:

The Governance and Audit Committee is asked to **note** the New Global Internal Audit Standards and their implications.

FOR INFORMATION**1. Introduction and background**

- 1.1 Following consultation during 2023, in January 2024 the Global Institute of Internal Audit (the IIA) published a set of new Global Internal Audit Standards (the Standards). The Standards are due to come into effect from January 2025.
- 1.2 The previous International Professional Practices Framework (IPPF) was separated into categories for mandatory and recommended guidance. The new 2024 Global Internal Audit Standards have incorporated the recommended guidance into the mandatory requirements to aid practitioners in accessing and understanding the information. This has also led to the previous Code of Ethics, Core Principles and Implementation guidance under the umbrella of the new Standards.
- 1.3 The Standards are arranged into 5 Domains:
- I. Purpose of Internal Auditing
 - II. Ethics and Professionalism
 - III. Governing the Internal Audit Function
 - IV. Managing the Internal Audit Function
 - V. Performing Internal Audit Services
- 1.4 The 5 domains include 15 Principles and 53 individual standards to support these. Each standard includes:
- **Requirements** – Mandatory practices for Internal Audit
 - **Considerations** for Implementation – Common and Preferred practices to consider when implementing the requirements.
 - **Examples of Evidence of Conformance** – Examples to demonstrate that

the requirements have been implemented.

2. Key Impacts and changes of the new standards on clients

2.1 The new standards represent a number of changes to the requirements for Internal Audit, Senior Management and the Governance and Audit Committee. There is a detailed self-assessment being undertaken to identify gaps in compliance and a subsequent Improvement Plan will be presented to Governance and Audit Committee to address these.

2.2 Aside from these changes, there are some key additional requirements in the new Standards:

- A new Purpose statement that sets out the value of Internal Audit.
- New behavioral requirements for Internal Auditors, including the concept of Professional Scepticism
- Domain 3 covers the governance of Internal Audit and represents a significant change. Although it covers areas that were in the 2017 standards, the new standards go further and explicitly lay out requirements for Senior Management and the board (GAC). Further details of these are detailed in section 2.3 of this report.
- The standards require an Internal Audit Mandate to be approved by the Audit Committee. The mandate sets out the authority, role, responsibilities, scope and types of services. It also considers organisational independence, including interference such as limiting budgets or resources of Internal Audit.
- The chief audit executive (Head of Internal Audit) must develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organization and aligns with the expectations of the board, senior management, and other key stakeholders.
- The chief audit executive must coordinate with internal and external providers of assurance services and consider relying upon their work. If unable to achieve an appropriate level of coordination, the chief audit executive must raise any concerns with senior management and, if necessary, the board.
- The chief audit executive must strive to ensure that the internal audit function has the technology to support the internal audit process. The chief audit executive must regularly evaluate the technology used by the internal audit function and pursue opportunities to improve effectiveness and efficiency. The chief audit executive must communicate the impact of technology limitations on the effectiveness or efficiency of the internal audit function to the board and senior management. The chief audit executive must collaborate with the organisation's information technology and information security functions to implement technological resources properly.
- If internal auditors and management disagree about the engagement recommendations and/or action plans, internal auditors must follow an established methodology to allow both parties to express their positions and rationale and to determine a resolution.
- Internal auditors must ensure the final communication to stakeholders for individual engagements is reviewed and approved by the chief audit executive before it is issued.

2.3 Although it is the responsibility of the Chief Audit Executive to facilitate the conditions below, the Standards set out a number of essential conditions for Senior Management and the Audit Committee. *(Note where the Standards refer to the Board this represents the Governance and Audit Committee)*

Senior Management	Governance and Audit Committee
<ul style="list-style-type: none"> • Participate in discussions with the board and chief audit executive and provide input on expectations for the internal audit function that the board should consider when establishing the internal audit mandate. • Support the internal audit mandate throughout the organisation and promote the authority granted to the internal audit function. 	<ul style="list-style-type: none"> • Discuss with the chief audit executive and senior management the appropriate authority, role, and responsibilities of the internal audit function. • Approve the internal audit charter, which includes the internal audit mandate and the scope and types of internal audit services
<ul style="list-style-type: none"> • Communicate with the board and chief audit executive about management's expectations that should be considered for inclusion in the internal audit charter. 	<ul style="list-style-type: none"> • Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter to enable an effective internal audit function. • Approve the internal audit charter. • Review the internal audit charter with the chief audit executive to consider changes affecting the organization, such as the employment of a new chief audit executive or changes in the type, severity, and interdependencies of risks to the organization.
<ul style="list-style-type: none"> • Work with the board and management throughout the organisation to enable the internal audit function's unrestricted access to the data, records, information, personnel, and physical properties necessary to fulfill the internal audit mandate. 	<ul style="list-style-type: none"> • Demonstrate support to Internal Audit by: <ul style="list-style-type: none"> – Specifying that the chief audit executive reports to a level within the organisation that allows the internal audit function to fulfil the internal audit mandate. – Approving the internal audit charter, internal audit plan, budget, and resource plan. – Making appropriate inquiries of senior management and the chief audit executive to determine whether any restrictions on the internal audit function's scope, access, authority, or resources limit the function's ability to carry out its responsibilities effectively. • Meeting periodically with the chief audit executive in sessions without senior management present.
<ul style="list-style-type: none"> • Support recognition of the internal audit function throughout the organisation. 	<ul style="list-style-type: none"> • Champion the internal audit function to enable it to fulfill the Purpose of Internal Auditing and pursue its strategy and objectives.
<ul style="list-style-type: none"> • Engage with the board to determine the chief audit executive's qualifications, experience, and competencies. 	<ul style="list-style-type: none"> • Review the requirements necessary for the chief audit executive to manage the internal audit function, as described in Domain IV: Managing the Internal Audit Function. • Approve the chief audit executive's roles and responsibilities and identify the necessary qualifications, experience, and competencies to carry out these roles and responsibilities.
	<ul style="list-style-type: none"> • Communicate with the chief audit executive to understand how the internal audit function is fulfilling its mandate. • Communicate the board's perspective on the organisation's strategies, objectives, and risks to assist the chief audit executive with determining internal audit • Set expectations with the chief audit executive for:

	<ul style="list-style-type: none"> – The frequency with which the board wants to receive communications from the chief audit executive. – The criteria for determining which issues should be escalated to the board, such as significant risks that exceed the board’s risk tolerance. – The process for escalating matters of importance to the board. <ul style="list-style-type: none"> • Discuss with the chief audit executive disagreements with senior management or other stakeholders and provide support as necessary to enable the chief audit executive to perform the responsibilities outlined in the internal audit mandate.
<ul style="list-style-type: none"> • Collaborate with the board and the chief audit executive to determine the scope and frequency of the external quality assessment. • Review the results of the external quality assessment, collaborate with the chief audit executive and board to agree on action plans that address identified deficiencies and opportunities for improvement, if applicable, and agree on a timeline for completion of the action plans. 	<ul style="list-style-type: none"> • Review and approve the chief audit executive’s plan for the performance of an external quality assessment. Such approval should cover, at a minimum: <ul style="list-style-type: none"> – The scope and frequency of assessments. – The competencies and independence of the external assessor or assessment team. – The rationale for choosing to conduct a self-assessment with independent validation instead of an external quality assessment. • Review and approve the chief audit executive’s action plans to address identified deficiencies and opportunities for improvement, if applicable.

3. New Topical Requirements

- 3.1 New to the 2024 Global Internal Audit Standards are the setting of Topical Requirements. They are intended to assist the internal audit function by providing structure and consistency in covering governance, risk and control over specified areas. These requirements will be published during 2024 and will be mandatory when Internal Audit scope an audit in these topical areas.
- 3.2 Although mandatory, they are not a requirement to perform any particular engagement, nor are they a step-by-step approach to the execution of the Internal Audit engagement. The topical requirements actually include a tool to help internal audit document the rationale for including or excluding certain requirements.
- 3.3 To date, one Topical Requirement has been published on Cyber Security. Others being developed include.
- Organisational Governance
 - Fraud Risk Management
 - Information Technology Governance
 - Sustainability: Environment, Social and Governance
 - Third-party Management
 - Performance Audits (Public Sector specific)
- 3.4 As new Topical Requirements become available during the year for comment, Internal Audit will review and provide feedback to help inform the final content.

4. Recommendations

- 4.1 Members of the Governance and Audit Committee are asked to:
- a) **NOTE** the new Global Internal Audit Standards and key implications.

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By: Jonathan Idle – Head of Internal Audit
To: Governance and Audit Committee – 16 May 2024
Subject: **INTERNAL AUDIT PROGRESS REPORT**
Classification: Unrestricted

Summary:

This Progress Report details summaries of completed Audit reports between for the period January 2024 to April 2024.

Recommendation:

The Governance and Audit Committee note the Internal Audit Progress Report for the period January 2024 to April 2024.

FOR ASSURANCE

1. Introduction

- 1.1 Public Sector Internal Audit Standards (PSIAS) require that periodic reports on the work of Internal Audit should be prepared and submitted to those charged with governance.
- 1.2 This Progress Report provides the Governance and Audit Committee with an accumulative summary view of the work undertaken by Internal Audit for the period January 2024 to April 2024 together with the resulting conclusions, where appropriate.

2. Recommendation

- 2.1 Members are requested to note the Internal Audit Progress Report for the period January 2024 to April 2024.

3. Background Documents

Internal Audit Progress Report.

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INTERNAL AUDIT PROGRESS REPORT
GOVERNANCE AND AUDIT COMMITTEE
16 May 2024

1. Introduction

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

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

This activity report provides Members of the Governance and Audit Committee and Management with 15 summaries of completed work between January and April 2024.

2. Key Messages

- 15 audits have been finalised in the period reported. **Appendix A**
- 31 of 57 audits from the 2023/24 6-month rolling Audit Plan are either in fieldwork or reporting stage. **Appendix B**
- 26 of 57 audits either in planning, on hold or have not commenced. **Appendix B**

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:

- Permanent recruitment for the vacant Audit Manager posts have been recruited to successfully.
- Permanent recruitment to Senior Auditor Posts have been recruited to successfully.

4. 2023/24 Internal Audit Plan

This report also provides an update on the work completed between September and December 2023. The audit summaries are provided at [Appendix A](#). A summary is provided on current progress against the 2023/24 Audit Plan.

The number of audits shown in table are inclusive of the revisions made at November 2023 Governance and Audit Committee and no new revisions have been required at present.

Table 1- Audit Plan Status

Status	Number of Audits	%
Not yet started	1	2
Planning	9	15
Fieldwork	5	9
Ongoing	5	9
Draft Report	3	5
Final Report	18	32
On Hold	3	5
Removed/ Deferred	13	23
Total	57	

Table 2 – Summary of Audits by Committee Meeting

Governance & Audit Committee – 16 May 2024			
No	Audit	Opinion	Prospects for Improvement
9	RB29-2023 - Unregulated Care Placements	High	Very Good
10	RB09-2024 - Sevington Inland Border Post	Substantial	Good
11	RB07-2024 - Public Health Assurance Map	N/A	N/A
12	RB26-2024 - Asset Management Approach & Risk Prioritisation	Adequate	Good
13a	RB30-2024 - Sundry Debt Recovery – Debt Recovery	Substantial	Good
13b	RB30-2024 - Sundry Debt Recovery – Cancellation of Invoices	Limited	
14	ICT03-2024 - Supply Chain Cyber Security <i>Draft EXEMPT</i>	Adequate	Good
15	RB15-2024 - Data Quality – Lifespan Pathway – Risk of Overpayments Follow-up	N/A	N/A
16	RB08-2024 - Individual Contracts on Care Providers Follow-up <i>Draft</i>	N/A	N/A
17	RB05-2024 - Hospital Discharge <i>Draft</i>	Adequate	TBC
18	RB35-2024 - Gypsy Traveller Service Follow-up <i>Draft</i>	N/A	N/A
19	RB25-2024 – Income and Fees uplift, Client Benefit Analysis and Better Care Fund	Substantial	Good
20	RB34-2024 – Section 117 Aftercare Payments <i>Draft</i>	Advisory	N/A
21	CR03-2024 – Enterprise Business Capabilities (Replacement of Oracle)	Advisory	N/A
22	RB20-2024 – No Recourse to Public Funds – Specific Case Review <i>EXEMPT</i>	Advisory	N/A
23	RB35-2024 - Re-Letting of Key Contracts (ASCH Commissioning & Transformation) <i>Draft</i>	Advisory	N/A

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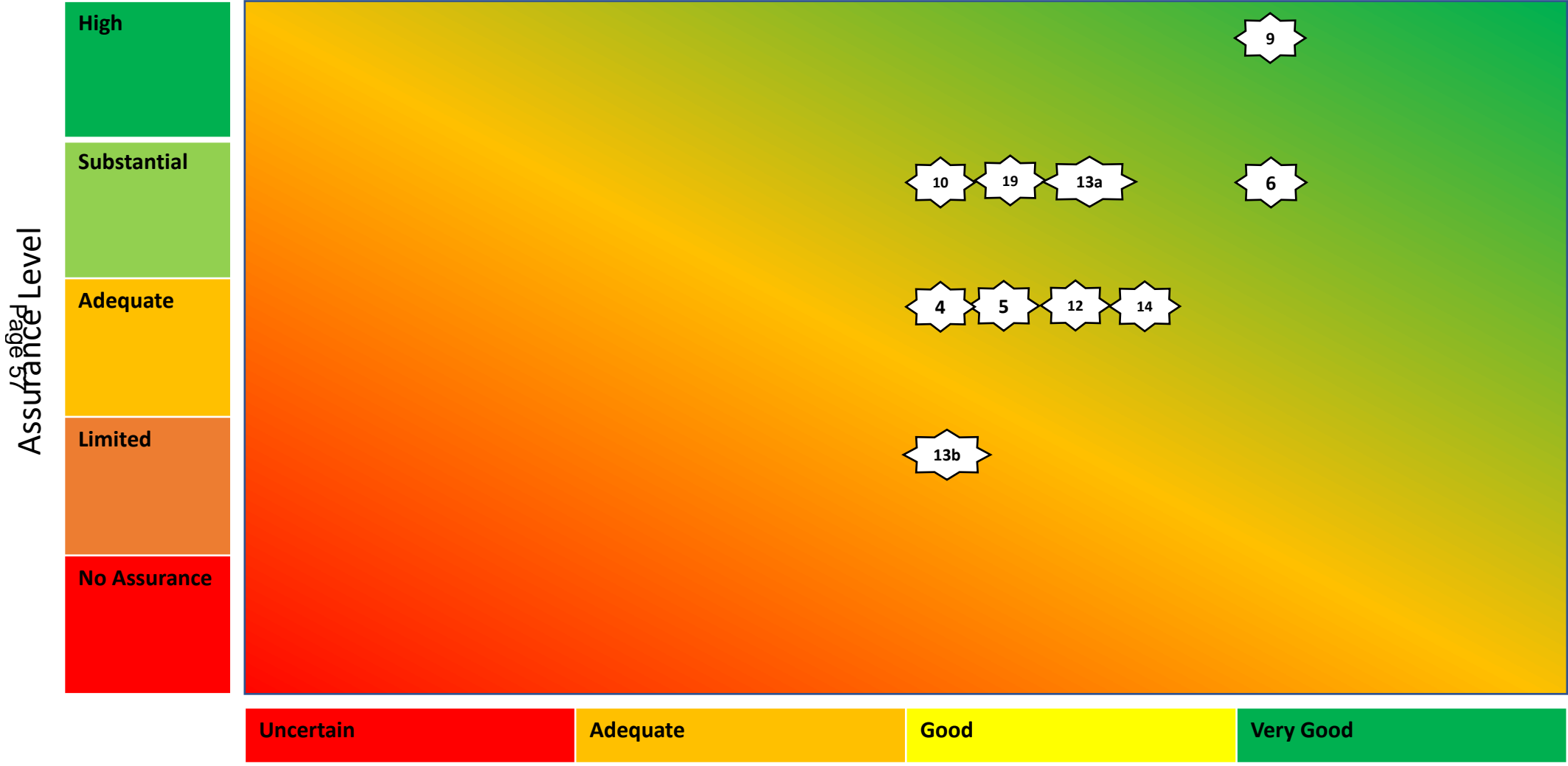
Table 2 – Summary of Audits by Committee Meeting

Governance & Audit Committee – 1 February 2024			
No	Audit	Opinion	Prospects for Improvement
1	Artificial Intelligence	Advisory	N/A
2	Single Data Platform	Advisory	N/A
3	Property Infrastructure – Functions and Processes Transferred to KCC From Gen2 Follow-up	Advisory	N/A
4	Disaster Recovery	Adequate	Good
5	Highways and Transportation Communications	Adequate	Good
6	Safeguarding (ASCH) – Risk Management Principles & Practices, Unregistered Staff and Designated Senior Officers	Substantial	Very Good
7	Task and Finish Group – New Provider Setup and Change of Provider Details	Advisory	N/A
8	Budget Savings Follow-up	Advisory	N/A

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



Prospects for Improvement

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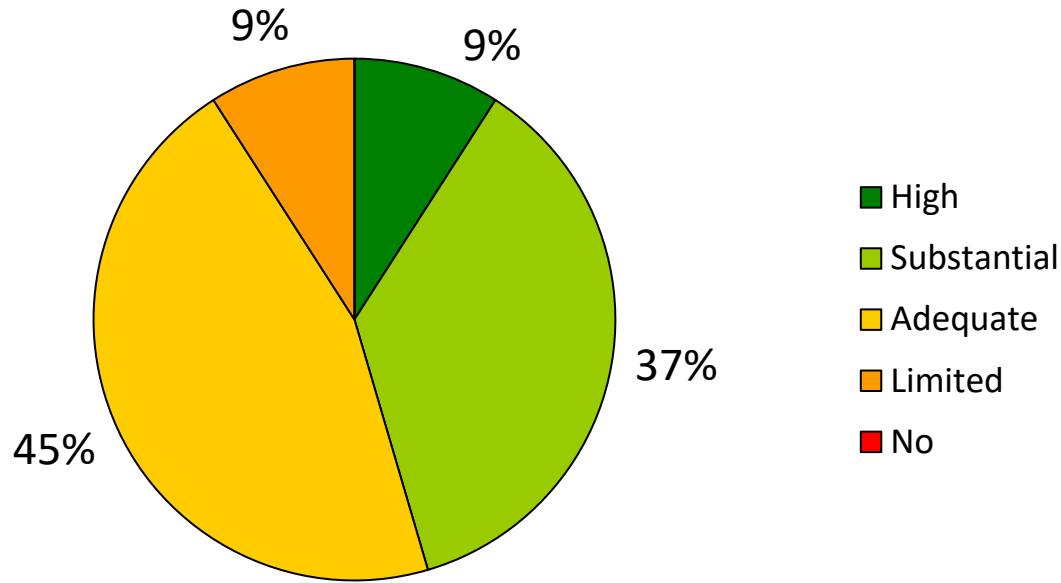
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2023/24 Audit Assurance Levels and Prospects for Improvement of Audits

Assurance Levels 2023/24



Assurance Level	No	%
High	1	9%
Substantial	4	37%
Adequate	5	45%
Limited	1	9%
No	0	0%

Prospects for Improvement	No	%
Very Good	2	22%
Good	7	78%
Adequate	0	0%
Uncertain	0	0%

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5. 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 2023-24, the Team has audited and certified 16 Interreg grant claims with a value of **€3,377,480**. This now concludes the work by Internal Audit on providing First Level Control Audits of Interreg Grant claims. Internal Audit will continue to provide support in resolving queries from the Joint Secretariat for project claims which have not yet been reviewed and paid by Interreg.

The Audit team also provide a service to certify Interreg grant claims for external clients with 2 claims certified in 2023-24.

Grant work is also completed by the Internal Audit team in respect of validating expenditure of various UK Government Grants awarded for activities such as Public Health, Highways, Environment, Travel Demand Management and Bus Service Operators Grant. In 2023-24, the Team has to date, audited and certified 26 government grants with a value of **£101,940,123**.

Details of all certifications for 2023-24 can be seen at **Appendix C**.

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7. Under the Spotlight!



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

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

Audit Definitions are provided at **Appendix D**

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(A) Adult Social Care and Health	(B) Children, Young People and Education
<ul style="list-style-type: none"> A1. RB07-2024 - Public Health Assurance Map A2. RB08-2024 - Individual Contracts on Care Providers Follow-up (draft) A3. RB05-2024 - Hospital Discharge (draft) A4. RB34-2024 – Section 117 Aftercare Payments (draft) A5. RB35-2024 - Re-Letting of Key Contracts (ASCH Commissioning & Transformation) (draft) 	<ul style="list-style-type: none"> B1. RB29-2023 – Unregulated Care Placements (CYPE) B2. RB15-2024 - Data Quality – Lifespan Pathway – Risk of Overpayments Follow-up B3. RB20-2024 – No Recourse to Public Funds – Specific Case Review <i>EXEMPT</i>
(C) Growth, Environment and Transport Cross Directorate	(D) Chief Executive
<ul style="list-style-type: none"> C1. RB09-2024 - Sevington Inland Border Post C2. RB26-2024 - Asset Management Approach & Risk Prioritisation C3. RB35-2024 - Gypsy Traveller Service Follow-up 	<ul style="list-style-type: none"> D1. RB30-2024 - Sundry Debt Recovery D2. RB25-2024 – Income and Fees uplift, Client Benefit Analysis and Better Care Fund
(E) Deputy Chief Executive	(F) Cross Directorate
<ul style="list-style-type: none"> E1. ICT03-2024 - Supply Chain Cyber Security (draft) <i>EXEMPT</i> 	<ul style="list-style-type: none"> F1. CR03-2024 – Enterprise Business Capabilities (Replacement of Oracle)

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Appendix A - Summaries

A1. RB07-2024 - Public Health Assurance Map

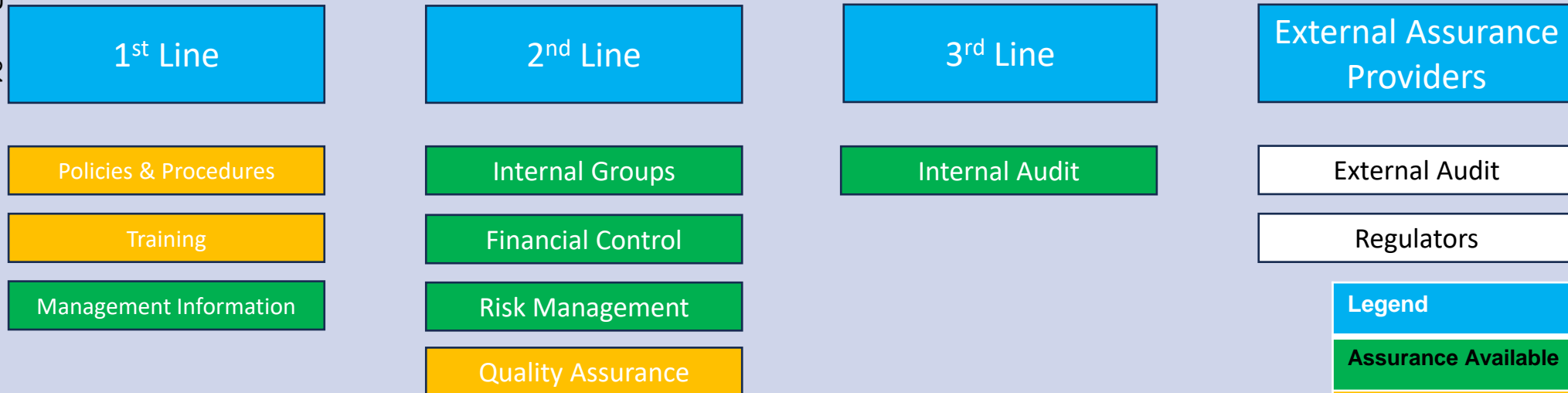
Audit Opinion	ADVISORY
Prospects for Improvement	N/A

Introduction

As part of the 2023/24 Audit Plan, it was agreed that Internal Audit would prepare a Public Health assurance map.

Public Health Assurance Map

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Legend
Assurance Available
Some assurance Available
No Assurance Available
Not Required

Conclusion

The above assurance map displays KCC's current position regarding assurance for Public Health and shows the areas in which gaps exist and where future work should be directed. Below are the areas in which gaps exist in assurance for Public Health:

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A1. RB07-2024 - Public Health Assurance Map

Theme	Line of Defence	Assessment	RAG Rating	Management Actions
Policies & Procedures	1 st Line	An array of Public Health policies and procedures are in place to support the team. Several are due for review and most documents do not have a version control table setting out the version number, the author, the date the document was created/reviewed, and a summary of changes in that version of the document.		<p>Action: An action plan is being developed for a standardised file management system being undertaken which will include adding version control processes.</p> <p>Action owner: Senior Business Officer and Business Support Team Manager</p> <p>Due date: End April 2024 for key documents to have standardised file management controls</p>
Training	1 st Line	Besides generic training that all KCC staff are required to do, there are two Public Health training courses available to staff in the Public Health team. The course material for one of the courses, 'Introduction to Public Health', is outdated and Internal Audit has been advised that the Public Health Training and Workforce Development team is on a waiting list to redesign the package with Learning and Development. The second training course, 'NHS Data Security Awareness Level 1', is mandatory for staff in the Public Health team and as at 24 January 2024, the completion rate was 100%.		<p>Action: Currently on the waiting list for review by L&D. Input into the review when started.</p> <p>Annual report by Public Health Principle for Training and Workforce Development</p> <p>Action owner: Public Health Principle for Training and Workforce Development</p> <p>Due date: December 2024</p>
Management Information	1 st Line	Key Performance Indicators (KPIs) for Public Health services that are commissioned by KCC are reported quarterly to the Health Reform and Public Health Cabinet Committee. These cover several areas including Mental Health, Lifestyle & Prevention, Sexual Health, Health Visiting and Structured Substance Misuse Treatment.		
Risk Management	2 nd Line	At KCC, there are directorate and corporate risk registers which detail Public Health risks sufficiently. Directorate risk registers are reported to Cabinet Committees annually and contain strategic or cross-cutting risks that potentially affect several functions. The Corporate Assurance & Risk Team oversee risk management processes across KCC and review risk registers periodically. A recent review was conducted of ASCH corporate risk registers. As part of the Transformation Programme, the Integrated Commissioning team are reviewing all contracts and risk registers.		

A1. RB07-2024 - Public Health Assurance Map

Theme	Line of Defence	Assessment	RAG Rating	Management Actions
Internal Groups	2 nd Line	Public Health matters are discussed at the Health Reform and Public Health Cabinet Committee which meets approximately every two months. Public Health matters are also discussed at the Kent Health and Wellbeing Board which leads and advises on work to improve Health and Wellbeing in Kent, through joined up commissioning across the NHS, Social Care, Public Health, and other services.	Green	
Financial Control	2 nd Line	Public Health has a ring-fenced budget; all funding is ring-fenced funds or grant funding. Reporting must be done for ring-fenced government grants which are part of the Department of Health and Social Care (DHSC). The Office for Health Improvement and Disparities (OHID), which is part of the DHSC, holds the Public Health team to account financially with interim and final returns required annually confirming that money has been spent in line with guidance. These returns are signed by the Director of Public Health and the KCC s151 Officer.	Green	
Quality Assurance	2 nd Line	In the life of a contract, the named commissioner for each service works closely with the service providers to monitor and facilitate delivery of quality services. Formal contract meetings take place throughout the contract which include monitoring of Key Performance Indicators (KPIs). In addition, there are governance meetings in place attended by Public Health consultants, service user representatives, commissioners, and specialists who review processes and data to ensure quality. Public Health quality processes were reviewed in May 2023 and some gaps were identified which are currently being addressed. Even though all service specifications are reviewed the gaps identified include the need for (i) a more robust process to review the content of safeguarding policies of providers in the context of KCC policies; and (ii) a more robust process to review quality indicators used by commissioners within service specifications.	Yellow	<p>Action: Map quality processes for PH commissioned services, contract meetings. safeguarding policies.</p> <p>Implement changes to quality indicators as part of the service transformation.</p> <p>Action owner: Assistant Director Integrated Commissioning</p> <p>Due date for all actions: 31 March 2025</p>

A1. RB07-2024 - Public Health Assurance Map

Theme	Line of Defence	Assessment	RAG Rating	Management Actions
Internal Audit	3 rd Line	<p>Internal Audit has audited several Public Health grants including: (i) Inpatient Detoxification Treatment Grant 2022-2023; (ii) Adult Weight Management Services Grant 2021-2022; (iii) Rough Sleeping Drug and Alcohol Treatment Grant 2022-2023; (iv) Supplementary Substance Misuse Treatment & Recovery (SSMTR) Grant 2022-23; (v) Supplementary Substance Misuse Treatment and Recovery Housing Support (HSG) Grant 2022-23; and (vi) Universal Drug Treatment Funding - Additional Drug Treatment Crime & Harm Reduction Activity in 2021/22. All grants were certified, and Internal Audit provided assurance that grants were spent and monitored in accordance with grant conditions.</p> <p>Assurance reviews of Public Health have not been undertaken and these will be included in the coming audit plans moving forward.</p>		
External Audit	External	The external auditors provide an opinion on the KCC financial statements which are for the full Council and are not specific to Public Health.		
Regulators	External	<p>There are several regulators which cut across public Health including the Department of Health and Social Care (DHSC) which includes the Office for Health Improvement and Disparities (OHID) and the UK Health Security Agency (UKHSA). The Public Health team have to do reporting for ring-fenced government grants which are part of the DHSC.</p> <p>In addition, the Department for Levelling Up, Housing and Communities (DLUHC) sets strategic vision.</p>		

A2. RB08-2024 - Individual Contracts on Care Providers Follow-up *DRAFT*

Audit Opinion	N/A
Prospects for Improvement	N/A

As part of the 2022-23 Internal Audit plan a review of Individual (Indi) Contracts with Care Providers was undertaken. The final report was issued in May 2023 and the opinion arising from the audit was **limited** assurance with **Good** prospects for improvement.

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

	No. of Issues Raised from Original Report	Implemented	Issue Outstanding	Risk Accepted
High	4	0	4	0
Medium	2	0	2	0
Low	0	NA	NA	NA

Key Findings From Follow-up

The follow-up work has identified that of the issues being reviewed, none have been implemented in full and therefore remain open.

Further follow up on these issues will be conducted in 3 months' time.

Issue Status

Issue	Risk Rating	Status
1 – Due Diligence Checks on Indi Contract Providers	High	In Progress
2 – Indi Contract Set-up Process	Medium	In Progress
3 – Acceptance of Indi Contracts by Providers	High	Not Implemented
4 – Provider Amendments	Medium	In Progress
5 - Indi Contract Monitoring	High	In Progress
6 – Indi Contracts Value for Money	High	In Progress

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A3. RB05-2024 - Hospital Discharge *DRAFT*

Audit Opinion

ADEQUATE

Prospects for Improvement

TBC

Scope

As part of the 2023/24 Audit Plan, it has been agreed that Internal Audit would undertake a review of the Hospital Discharge Pathway. The UK Hospital Discharge market is a challenge facing all local authorities across the country.

Hospital Discharge should be in accordance with government guidance and the Care Act 2014.

Key Strengths

Locality Teams

- There are now fully established teams dedicated to differing care packages. Due to the recent restructure, cases are allocated to teams based on the care needs of the client. The current structure of teams is the Hospital Discharge Team, HomeCare / HomeCare D2A Team, County Placement Team, and the Out County Team.
- Key client and supporting documentation are held on Mosaic, which is a central database managed by the Operational Learning Team. The database is accessible to KCC officers via SharePoint. Key information includes; responsible officer, referral, key client information, communication with the family and any other relevant updates.
- Only relevant officers, the practitioners, and Senior Management, have access to Mosaic
- The database is updated accordingly by practitioners, KCC officers and their respective line managers to explain progress, changes, or slippage (if any).
- Internal Audit sample testing demonstrated that hospital discharge and homecare placements had been found for all clients.
- There is a detailed new locality model process map, which documents the improved locality model. The new model has removed the silos and reduced the handoffs of the Hospital Discharge process.

- The hospital discharge waiting list is being actively monitored. Routine monitoring is performed and there is regular dialogue between teams. All clients who were on the waiting list at the time of audit fieldwork have now been allocated appropriate packages of care.
- Internal Audit have reviewed the process maps and completed a walkthrough of the process. Internal Audit determined that there are no significant gaps in the Hospital Discharge process.

Observations

As reflected by the national position and considered to be largely outside of KCCs control:

- The current agreement with the ICB mostly falls on KCC, with the Council bearing the majority of the financial pressures from hospital discharges.
- KCC's current guide price (as of 8th April 2024) is well below the market rate for care packages and is therefore unlikely to be sustainable due to market pressures.

Areas for Development

Agreement with Integrated Care Board (ICB)

- Internal Audit confirmed that Kent County Council (KCC) do not currently have a formal agreement set-up with the Integrated Care Board (ICB). The Health and Care Act 2022 requires Integrated Care Partnerships to produce an Integrated Care Strategy to set out how the assessed health and care needs of the area can be met through the exercise of the functions of the Integrated Care Board, partner local authorities or NHS England. **(HIGH)**

Value for Money

- Value for money is not achieved or monitored on the Hospital Discharge care packages. **(HIGH)**

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A3. RB05-2024 - Hospital Discharge *DRAFT*

Prospects for Improvement

The ICB Strategy is being refreshed. Internal Audit were informed that ASCH Commissioning are currently mapping the Section 75 agreement process with the ICB, the aim to understand what agreements KCC have in place with ICB. The Integrated Care Strategy uses a consensus to agree and focus on the priorities that must be delivered together as a system, using a logical framework (log frame) matrix is being used to develop system indicators so partners can track progress towards each outcome.

The UK Hospital Discharge market is a national issue. There are a large number of challenges that KCC is proactively trying to address. The key factors are delays, risk of early discharge, workforce shortages, lack of funding and increased patient demand.

Page 67
The Securing Kent's Future Budget Recovery Strategy paper issued on October 2023 recognises the need for the Council to work with NHS Kent & Medway to support a sustainable hospital discharge pathway, and a fair and appropriate apportionment of costs between health and social care, is critical if both the health and care system in Kent are to remain viable.

Internal Audit would like to comment on the good work being done by the Hospital Discharge team, following the implementation of the new locality model.

Summary of Management Responses

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

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Audit Opinion

ADVISORY

Prospects for Improvement

N/A

Introduction

Section 117 of the Mental Health Act 1983 (amended 2007) places a **duty** on the Integrated Care Board (ICB) and local Social Services Authority, in cooperation with voluntary agencies, to provide or arrange the provision of free after care services to people admitted to hospital for treatment under the act once they leave hospital. This includes patients granted leave of absence under Section 117 and patients going on community treatment orders (CTOs). It applies to people of all ages, including children and young people.

These duties and responsibilities are set out in the Mental Health Act Code of Practice [Code of practice: Mental Health Act 1983 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/672222/code-of-practice-mental-health-act-1983-2017.pdf)

Section 17(6) of the Act states that “after care services” means services which:

- *meet a need arising from, or related to, a person’s mental disorder and*
- *reduce the risk of a deterioration of the person’s mental condition (and, accordingly, reduce the risk of the person requiring admission to a hospital admission again for treatment for mental disorder)*

ICBs and local authorities should interpret the definition of after-care services broadly (s33.4 CoP) and the duty to provide after-care services free of charge continues as long as the patient is in need of such services (s33.6 CoP).

As part of the 2023/24 Audit Plan, it was agreed that Internal Audit will undertake a review of Section 117 Aftercare Payments.

Over the last few months there have been various separate workstreams focused on Section 117 both within the ICB and the local authority (KCC) which have highlighted several significant risks and issues which need addressing at a system level. For this reason, there is an urgent need to comprehensively review and update the local system and operational policies, processes, governance, commissioning and financial arrangements for Section 117 within Kent. A section 117 Task & Finish Group has been created to oversee this work.

In December 2023, Internal Audit were invited to sit on the Section 117 Task & Finish Group. It is likely that this group will be ongoing for a period of approximately 12 months.

The following management letter provides an update on the Section 117 Task & Finish Group.

Internal Audit Observations

Roles, Responsibilities and Collaborative Working

There is a dedicated Senior Responsible Officer (SRO) for the Section 117 Task & Finish Group.

The Group has brought together accountable parties across Kent in one space to agree priority areas of work and ensure delivery of both operational and strategic actions in a system focused way.

The Section 117 Task & Finish Group is made up of the following sub-groups:

- Finance
- Quality of Placements
- Record Keeping
- Review of Aftercare

Finance Sub- Group

A Finance Sub-Group has been established with finance lead representatives from ICB, KCC and Medway.

Quality of Placements Sub-Group

Group to be set up.

Record Keeping Sub- Group

Group to be set up.

Review of Aftercare Sub-Group

Initial work has commenced to ensure that a joint review is performed by KCC and ICB parties. Anticipated challenges are ensuring that joint reviews are taking place on a timely basis.

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A4. RB34-2024 – S117 Aftercare Payments *DRAFT*

Joint Funding Agreement

The Group have been exploring options. The Section 117 funding protocol identifies risk is an *equally shared domain* so where risk is the primary/prominent reason for high support then the Group will consider sharing the costs equally until risk reduces and the broader range of health and social care needs come to the fore and the relevant funding tool (CANFOR/CANDID) comes into play.

Shared Resolutions Panel

The Panel will be set-up as part of the Group.

Joint Section 117 Policy

Multi Agency Policy and Guidance (Kent & Medway Partnership Trust (KPMT), Integrated Care Board (ICB) and Kent County Council) – After Care Section 117 Mental Health Act 1983 has been published. This policy was last reviewed in November 2022 when it was amended to reflect the Care Act 2014 statutory definition. This policy was due for review in November 2023. It is anticipated that the review will be completed by the end of May 2024.

Training & Awareness

Training and awareness will be picked up following the policy review.

Section 117 Maturity Matrix

The Department of Health & Social Care statutory guidance – Discharge from Mental Health Inpatient Settings published on 26th January 2024 includes the Section 117 Maturity Matrix which is an assurance tool designed to assist local systems in self-assessing their current compliance with the national guidance on section 117 aftercare.

It is planned that a self-assessment will be performed which will form the basis for a work plan. Internal Audit have agreed to review the self-assessment and the associated evidence provided to produce a gap analysis.

Conclusion

The Section 117 Task and Finish Group was set up in December 2023. Progress on the majority of the initial objectives raised as recommendations to the Joint Commissioning Management Group (JCMG) is gaining momentum.

Collaborative monthly meetings are well-attended, and actions are monitored & tracked by the dedicated Senior Responsible Officer (SRO)

A further update will be provided to the Governance and Audit Committee in the next 6-months.

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A5. RB35-2024 – Re-Letting of Key Contracts (ASCH Commissioning & Transformation) *DRAFT*

Audit Opinion

ADVISORY

Prospects for Improvement

N/A

Introduction

On 5th October 2023 the Cabinet were asked to consider a paper setting out the **Budget Recovery Strategy – Securing Kent’s Future** - required to address the in-year and future years financial pressures the council is facing. The paper sets out the position of the Cabinet and the Corporate Management Team regarding the overall financial position of the authority, the specific drivers causing this financial pressure and the specific and broader action that can be taken through Securing Kent’s Future to return the council to financial sustainability.

The Securing Kent’s Future paper specifically addresses **service transformation opportunities**: KCC exists to provide services that meet the needs of Kent residents whilst meeting our Best Value duty. Consequently, the Council can only deliver budget sustainability through a significant focus on the services it provides and transforming them accordingly to continue to meet needs whilst bringing the budget back into sustainability. Below is a non-exhaustive list of some of the key service transformation opportunities that Adult Social Care and Health (ASCH) will be developed to support Securing Kent’s Future:

- **ASCH provider market redesign / recommissioning**: Very significant recommissioning opportunities exist for residential and domiciliary care contracts, to better meet client needs and mitigate significant forecast price increases. Partially avoiding these forecast increases in costs of homecare and residential care, and then ensuring that placement decisions take place within the framework to reduce off contract spend, will be vital. The scale of these contracts is such that significant resources across the Council will be required to support the recommissioning process to ensure that these contracts fully support Securing Kent’s Future, as this will be the single biggest action that can support a balanced budget for 2024/25.

- **ASCH social care prevention**: Further work can be undertaken to identify risk in the population and design effective preventative interventions before needs develop and people present with multiple complex needs, which drives significant increase in cost of placements (e.g., falls prevention, older persons accommodation). Whilst this may reduce demand for social care, it also has the potential to reduce demand to health services, including hospitals, which then will reduce the risk of inappropriate placement decisions through the hospital discharge pathway.

The role of Internal Audit is to attend the monthly ASCH Commissioning & Transformation DMT meetings, provide ongoing advice, make observations, and review the progress made towards the achievement of the core responsibilities of the group, as set out in the terms of reference. Internal Audit does not attend these meetings in a decision-making capacity

The following management letter provides an update on the ASCH Commissioning & Transformation activity.

Internal Audit Observations

Roles and Responsibilities

A terms of reference has been established.

The group is chaired by the Director of Integrated Commissioning ASCH.

A Senior Responsible Owner (SRO) has been assigned for each programme who reports to the Commissioning Programme Board.

There are six distinct programme boards:

1. Older People Residential & Nursing Care (OPRNC)
2. Care & Support in the Home (CSIH)
3. Supported Living
4. Learning Disabilities, Physical Disabilities & Mental Health (LDPDMH) Residential Care
5. Co-production and Engagement
6. 24/25 Savings Delivery

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A5. RB35-2024 – Re-Letting of Key Contracts (ASCH Commissioning & Transformation) *DRAFT*

The first full meeting was in January 2024, since then DMT has amended the way the meeting operates with an alternating focus on commissioning and operational transformation. This has already led to more cohesive agendas and discussion of issues.

Delivery of Commissioning Intentions

The consultants Cost of Care exercise has been concluded. This has given a baseline for the re-commissioning projects. The cost of Older Person residential and nursing care came out close to what KCC currently pay, which provides assurance that KCC are neither under or over paying for this care. The home care suggested rate is c8% higher than the current framework rate, which is a factor in the high use of off-framework providers.

Commissioning have been working on the timetable for the re-commissioning of the four main contracts. Discussions have taken place about the potential scope and order of business. The main conclusions being:

- Home care will be the first contract to be re-let as it is fundamental to the overall offer. It has also been decided to strip out Extra-Care and Supporting Independence Service (SIS) and to add these to the supported living procurement.
- OP Residential & Nursing care will be the second to be re-commissioned, as the biggest of the four contracts.
- Under 65 Residential Care and Supported Living will be re-commissioned in parallel as there is a significant overlap of providers and a desire to use the opportunity to shift the focus away from residential to care in a home, albeit a specialist housing unit.

There is a plan for a combined engagement exercise across the review of Making an Difference Every Day (MADE) and the four commissioning projects. This work commences in May 2024 with events already planned in.

A more detailed plan for Home Care re-commissioning has been prepared with Commercial Services to include detailed procurement planning. This exercise now needs to be repeated for the other three projects.

The transformation of the ASCH front door is underway, with a transformation partner due to be appointed shortly to support the embedding of the new model. DMT recently decided further actions to support this including the transfer of Kent Enablement at Home (KEAH) to front door service, to become a therapy led front door.

Shaping the Market

As part of its market shaping responsibilities, DMT decided recently to create a Quality Team to sit alongside the locality commissioners to provide greater and more pro-active assurance of quality across the market, not just the providers KCC commission. This will sit alongside a strengthened approach to safeguarding. These changes are in response to growing concerns about provider failures.

Change Reflects the Association of Directors of Adult Social Services (ADASS) Road Map

ASCH continues on its transformation journey in line with the ADASS Roadmap. KCC strategies and change management are co-produced, and the appointment of involvement officers who are experts by experience strengthens this approach. Actions are being taken to tackle waiting times for assessment. ASCH are developing the relationship with the ICB and network of NHS providers, and are in discussion with them about priorities for joint working. This includes agreement in principle to appoint a joint lead commissioner for Mental Health across KCC and the ICB.

Savings Activity

DMT has developed a detailed plan to achieve its savings in 2024/25. This breaks down the headline savings in the Medium Term Financial Plan (MTFP) into seventeen areas of action, which will be monitored by DMT. Dedicated capacity is being arranged to support oversight and delivery.

Conclusion

Despite the relative recent set-up of the DMT significant progress has been made; the Cost of Care exercise has concluded, a timetable for commissioning has been set-up in accordance with the highest priorities, a combined engagement exercise across MADE and the four commissioning projects and the transformation of the ASCH front door is underway with a transformation partner due to be appointed shortly. As part of market shaping responsibilities a Quality Team will be created to sit alongside locality commissioning and a detailed savings plan to achieve 2024/25 savings has been developed and ASCH are continuing on its transformation journey in line with the ADASS Roadmap including agreeing in principle the appointment of a joint lead commissioner for mental health across KCC and the ICB.

A further update will be provided to the Governance and Audit Committee in the next 6-months.

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B1. RB29-2023 – Unregulated Care Placements

Audit Opinion

HIGH

Prospects for Improvement

VERY GOOD

Scope

The aim of the audit was to provide assurance that unregulated care placements commissioned are being managed efficiently and effectively and that the desired outcomes are being achieved for the children/young people using the service.

Key Strengths

- CYPE has implemented several placement guidelines which are documented, and version controlled, with file paths for staff to access. The guidelines cover care regulations, statutory guidance, the obligations required of an Unregulated Placement and Provision, and the authorisation steps to using one for a child or young person.
- The Quality Assurance Visit feedback forms captured a wide range of information related to the child's well-being, placement details, and any specific requirements or concerns. The form aligned with relevant regulatory requirements and guidelines, demonstrating a commitment to compliance and the best interests of the children being placed.
- Providers are sent a questionnaire prior to the commencement of placement that verifies what skills, experience, processes, and strategies they will utilise to ensure they are able to meet the young person's identified needs and to support the matching of the placement.
- Commissioning demonstrated the children within our sample were placed on the Council's Approved Provider List; across all guidelines there were links and advice for staff using Approved Provider lists.
- Payment accuracy was confirmed for invoices and portal submissions, excluding cases involved in the Block payment process. The process for ceasing payments for unregulated care placements aligns with financial practices, ensuring timely termination when service users exit the care setting, or apply suspension to payments with any queries identified thereby controlling costs effectively.
- In the sample selected, there was provision of complete placement plan documentation to the Total Placement Service (TPS) by Children's Social Work Teams (CSWT) as well as details recorded on Liberi.

Areas for Development

- A young person within the Shared Housing Sample had a 'Confirmation of placement' document on file that related to another young person, indicating a potential error in documentation management. **LOW**

Prospects for Improvement

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

- Considering a significant High Court Judgement which placed heavy demands and stresses to the Total Placement Service (TPS), the team continually engaged with Audit when availability allowed to ensure cooperation and support is given to the process.
- During the course of the audit, TPS identified further enhancements to the process to the alignment of selected placements with the specific needs of the young person, ensuring thorough documentation and reconciliation throughout the process. This piece of work has started already.
- TPS will also undertake a further review by refining the structured process for engaging with young people, ensuring it remains dynamic and responsive to individual needs.
- TPS have adopted an enhanced application of the Individual Placement Agreements process to ensure even greater consistency and effectiveness. This new application is regularly reviewed and is currently active.
- A change in legislation of the Childrens Social Care strategy, will result in the requirement for provider to register with Ofsted, there has been a notable influx of late applications, potentially causing delays in the registration process. Collaborating with Management Information and Intelligence (MII) and commissioning, TPS have established a systematic approach to track and monitor the registration of provisions, ensuring efficient management despite the increased volume of applications.

Summary of Management Responses

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

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B2. RB15-2024 - Data Quality – Lifespan Pathway – Risk of Overpayments Follow-up

Audit Opinion	N/A
Prospects for Improvement	N/A

As part of the 2023/24 Audit Plan, Internal Audit undertook a follow-up review of RB16-2023 Data Quality – LAS System – Risk of Overpayments

The aim of the audit was to provide assurance that adequate progress has been made against issues raised from the previous audit undertaken in August 2023 where it received “Limited Assurance”.

	No. of Issues Raised from Original Report	Implemented	Issues Open and Agreed Actions	Risk Accepted
High	3	1	2	NA
Medium	1	1	0	NA
Low	0	NA	NA	NA

Key Findings From Follow-up

The follow-up work has identified that three of the four previous issues being reviewed and are now considered closed. The issues which have been agreed to close are as follows:

- Issue 1 - Delay in Setting up Records on LAS
- Issue 4 - Identifying, Tracking and Monitoring the Extent of Overpayments and Reporting Errors and Overpayments to IACF

Two of the four issues remains in progress:

- Issue 2 – Manual Payments
- Issue 3 - Lack of Control for Ending Services and Lack of Verification of Actual Hours

The actions that remain open will now be tracked within the follow-up process and progress update will be requested in 3 months.

Issue Status

Issue	Risk Rating	Status
1 - Delay in Setting up Records on LAS	High	Implemented
2 – Manual Payments	High	Partially Implemented
3 - Lack of control for Ending Services and Lack of Verification of Actual Hours	High	In Progress
4 - Identifying, Tracking and Monitoring the Extent of Overpayments and Reporting Errors and Overpayments to IACF	Medium	Implemented

C1. RB09-2024 - Sevington Inland Border Post

Audit Opinion	SUBSTANTIAL
Prospects for Improvement	GOOD

Introduction

As part of the 2023/24 Audit plan, it was agreed that Internal Audit will undertake a review of the procurement and the financial authorisation of the completed works at Sevington Inland Border Facility Post (IBF). The objective of the audit was to review the procurement process, assess whether VFM principles were followed, review the wider control environment to the financial management process, review the framework used and financial resilience implemented through good project management.

Scope of limitation

The conditions of the HTMC contract are based on based on documents that are written in 2010/2011 and the business plan and Bold Steps for Kent would have been out of date. I was unable to obtain the documents relevant to 2020. Board minutes were not provided, as the majority of the work agreements took place verbally. However, this was mitigated by continuous financial monitoring and the assurance that the grant was received by DfT to the Council for the completed works.

Key Strengths

- Key documents such as HTMC contract, Method of Statement, and Handover letters to DfT were in place.
- The Council demonstrated that VFM principles were adhered to, by maximising the impact of available resources.
- Payments were monitored closely and challenged by the Council where appropriate, ensuring works were completed to specification.
- There was an independent quantity surveyor from Gleed, directly employed by DfT.
- The IBF project was completed and handed over to DfT within the agreed timescale.
- Authorisations for FD629 form, used for urgent payments where an invoice cannot be obtained, were always signed, and approved by senior management.

- Even though there is a lack of CC Board minutes, this is mitigated by the consistent financial monitoring and from the project manager.

Areas for Development

- Conflicts of interest declaration within the Council were not provided nor declared. **(LOW)**
- The project manager appointment did not follow the expected interview channel. **(MEDIUM)**
- Handover documents have been provided to DfT instead of completion certificates for the works done. **(MEDIUM)**
- The Land Rover previously identified as part of an asset. Upon discussion it has been established that two Range Rovers are hire vehicles since late 2020. **(MEDIUM)**
- There were limited Council resources for the completion of the project. **(MEDIUM)**

Prospects for Improvement

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

Management have agreed on the issued and risk identified and provided positive points to action with set timescales.

There is resilience within the Council to complete large-scale projects. This creates a positive reputational recognition across the country.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	0	0
Medium Risk	4	4	0
Low Risk	1	1	0

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C2. RB26-2024 - Asset Management Approach & Risk Prioritisation

Audit Opinion

ADEQUATE

Prospects for Improvement

GOOD

Scope

This review has focussed on four areas as follows:

- (i) asset management approach;
- (ii) risk prioritisation;
- (iii) resourcing; and
- (iv) governance and oversight arrangements.

Key Strengths

- All asset groups are subject to condition assessments, surveys and/or inspections using a variety of methods including: (i) the Sideways Force Coefficient Routine Investigation Machine (SCRIM) vehicle which measures skid resistance on roads; (ii) the Surface Condition Assessment for National Network of Roads (SCANNER) vehicle which has lasers and is used for condition surveys. It has cameras which record other details such as cracking, rutting and level changes in microscopic detail; and (iii) visual inspection/checks.
- Data is stored on the Horizon system and models can be run to identify the maintenance and improvement works required.
- The forward works programme is reviewed and updated on a rolling basis annually. The works programme balances renewing assets and preserving existing roads to extend their life.

Areas for Development

- Highways Asset Management (HAM) approval limits are not in line with the KCC delegation matrix and on WAMS, staff are able to authorise capital works above their delegated authority. **(MEDIUM)**
- Workforce and succession plans require further work as they do not provide a holistic view of the skills and skill gaps in the team, and actions are not assigned and tracked to completion. **(MEDIUM)**
- There is a key person risk should the H&T Business Manager - Commercial Operations be absent at a key point in the Amey payment cycle or for a prolonged period. Furthermore, the *Procedure notes for processing the monthly payment application* require updating. **(MEDIUM)**
- Improvements to housekeeping are required to ensure staff have access to up-to-date information and supporting documentation can be located easily. **(LOW)**

Prospects for Improvement

- Every February, the HAM team is informed of the KCC element of funding it will receive for the next financial year. The lack of certainty over budgets makes it difficult for HAM to plan for the medium-term. If HAM were clear on funding for the upcoming financial year(s) earlier, this could help them to negotiate and obtain better pricing from contractors for capital works.
- A complete management action plan has been developed to address the issues raised.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	NA	NA
Medium Risk	3	3	NA
Low Risk	1	1	NA

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C3. Gypsy and Traveller Follow-up

Audit Opinion	N/A
Prospects for Improvement	N/A

As part of the 2021/22 Audit Plan, Internal Audit undertook a review of Gypsy Traveller Service. This audit, which was reported in March 2022, identified seven **HIGH** risk issues and two **MEDIUM** risk issues, and was allocated 'No assurance'.

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

Key Findings From Follow-up

The follow-up work has identified that of the nine issues being reviewed, six issues have been implemented in full and two issues are no longer relevant and have been deemed as superseded. The remaining one issue has been partially implemented however has been closed and a low priority issue raised.

	No. of Issues Raised from Original Report	Implemented / Action Closed	Issue Outstanding	Risk Accepted
High	7	7	0	0
Medium	2	2	0	0
Low	0	NA	NA	NA

Issue Status

Issue	Risk Rating	Status
1 – Gypsy & Traveller Pitch allocation	High	Implemented
2 – Documented Procedure Notes	High	Implemented
3 – Rental Fees	High	Superseded
4 – Case Management System	Medium	Superseded
5 – Processing of Pitch Applications	High	Implemented
6 – Fraud Risks	High	Implemented
7 – Outstanding Debt	High	Implemented
8 – Water Recharges	High	Implemented
9 - Unallocated Receipts	Medium	Implemented

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D1. RB30-2024 - Sundry Debt Recovery

Audit Opinion	SUBSTANTIAL (Sundry Debt Recovery Process)
	LIMITED (Cancellation of Invoices)
Prospects for Improvement	GOOD

Scope

- Sundry Debt was included within the approved 2023/24 Audit Plan as a priority 2 audit however, the Internal Audit service aims to be more flexible and adaptive to changing priorities and emerging risks and the plan was a 6-month rolling plan.
- Following on from recent Cabinet Papers and the Securing Kent's Future – Budget recovery Strategy, Internal Audit suggested that the audit of Sundry Debt Recovery be prioritised to assist the Council with financial recovery.
- It should be noted that this audit focussed on Sundry Debt and not the recovery of Social Care Debt as this has been subject to a separate audit recently (CS05-2023 – Social Care Debt Recovery).
- In addition, it should be noted that included within the scope of this audit was the raising of invoices via the Accounts Receivable (AR01) forms and cancellation of invoices which are the responsibilities of budget holders and actioned by the control team within Exchequer Services.

Key Strengths

- There is a KCC Debt Management Policy and supporting procedures available to all relevant staff. – Note The policy Is not version controlled although it is understood that an annual review is completed, however an issue has been raised in previous audit report – CS05-2023 as it is best practice for policies and process documents to include version control details.
- For those service areas who are responsible for their own sundry debt recovery, there are also procedures available.
- Guidance is available for all staff regarding completion of an AR01 form which enables a sundry debt invoice to be raised.
- All sampled invoices all had been raised in line with appropriate procedures except for timeliness.

- There is a sundry debt dashboard which details outstanding sundry debt across the Council and reports can easily be extracted from this.
- From a sample of 70 clients with an overdue outstanding sundry debt, all had appropriate recovery action taken.
- The level of debt written off is low There is a documented process for debts to be written off. A report can be extracted from oracle of all sundry debt write offs to date. All write offs examined had been subject to appropriate recovery action taken in line with the Debt Management policy and Financial Regulations to ensure that all recovery avenues had been exhausted.
- Each of the sample examined had a supporting fully completed write off form which had been appropriately authorised in accordance with Financial Regulations.
- It was evident for each that appropriate value for money/cost-benefit considerations have been considered before writing off.
- Write offs had been accounted for against the relevant budget code.
- Regular reports are provided to senior management detailing the Council's outstanding debt position

Areas for Development

- Although there is a KCC Debt Management Policy, this is currently dated 2019 and although it is believed that this has been subject to an annual review there is no version control details or record of approval date. This was raised within previous audit report CS05-2023 regarding Social Care Debt recovery.
- The guidance surrounding the issue of credit notes to cancel an invoice is not sufficient. **(MEDIUM)**
- Internal Audit sample testing identified that Sundry Debt invoices are generally not raised promptly and a small proportion of invoices did not include sufficient descriptions. **(MEDIUM)**
- There is a vast number of invoices being cancelled, without the monitoring of or sufficient authorisation limits. During the current financial year, the value of cancellations of sundry debt invoices was £12.6m. No monitoring of credit notes raised is carried out, apart from Exchequer Services Performance Indicator CONT02 - % of cases of AR Invoices/credit notes raised to customers. Anyone can request cancellation of a sundry debtor invoice with no second authorisation for high values. **(HIGH)**

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D1. RB30-2024 - Sundry Debt Recovery

Prospects for Improvement

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

- Management are aware of some of the issues within this report and in particular regarding the high level of sundry debt invoices that are cancelled.
- Management have accepted the issues identified and agreed appropriate action plans within a reasonable timescale.

Summary of Management Responses

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

D1. RB25-2024 – Income and Fees uplift, Client Benefit Analysis and Better Care Fund

Audit Opinion

SUBSTANTIAL

Prospects for Improvement

GOOD

Scope

- As part of the 2023/24 Audit plan, it was agreed that Internal Audit will undertake a review of fees and charges uplift as per Cabinet decision in February 2023.
- The objective of the audit was to provide assurance that the Council is fulfilling its duties to implement the uplift of the fees and charges as prescribed and agreed by senior leaders of the Council.

Sope of limitations

Internal audit was not provided with financial information for the following:-

Public health finance officers did not present any financial information, but conversations took place to understand the process behind it.

Limitations imposed by finance officers responsible for GET budgets did not allow for audit work in the following areas :-

- Kent Travel Saver
- Review of street works and permit
- LRA registration income
- Highways review income levels to offset bagging tech activity
- Review of fees and charges at Household Waste Recycling Centres
- Review of income levels and pricing policy for Kent Scientific services.
- Coroners: Medway SLA share of borrowing costs for Oakwood & Digital Autopsy & other GIN realignment
- Public health increase in external income for pay adjustments.

Key Strengths

- The Council has an understanding and an efficient finance monitoring process that covers the monitoring of income, savings, and key services summary.
- Income increases in areas such as Client Benefit uplift are accurate, complete and the application is effective to the rates set out by Department of Health & Social care.

- The price uplift on identified income from the budget book for £15.6m have been tested and aligns to the Q2 Finance Monitoring Report. This forms part of the Councils total target savings for the year.
- The communication channels between service managers and finance officers between the income uplift are strong.

Areas for Development

- Corporate Directors, Divisional Directors and Heads of Service are responsible for ensuring that the fees & charges within their area of responsibility comply with the policy. **(MEDIUM)**
- Market competition could drive the price down. The individual services don't see the overheads, they only see the direct costs, and are aware of overheads figures when they specifically ask the question. **(MEDIUM)**

Prospects for Improvement

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

- Finance management have agreed on issues raised and provided positive points to action with set timescales.
- There is resilience within the Council to effectively apply the increase in fees and charges across the services for FY 2023-24

Summary of Management Responses

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

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F1. CR03-2024 – Enterprise Business Capabilities (Replacement of Oracle) (DRAFT)

Audit Opinion

Advisory

Prospects for Improvement

N/A

Introduction

The aim of the EBC Programme is to replace the Council's current Oracle E-Business Suite (EBS) Solution, which has been in use for 23 years.

The Internal Audit and Counter Fraud service has continued to support the Enterprise Business Capabilities (EBC) Programme Board in a consultancy capacity during 2023/24.

Since the last progress report to Governance and Audit Committee in May 2023, there has been significant activity on the Enterprise Business Capabilities (EBC) Programme.

The following summary provides an overview of our observations across recent EBC Programme activity and includes several suggested actions to further improve the EBC Programme governance arrangements.

Summary

There has been a significant amount of work to progress the EBC Programme during 2023/24.

The strengths observed by Internal Audit across the EBC Programme include the following:

- There is a refreshed governance structure which oversees the whole Programme and a newly appointed Senior Responsible Officer. There are clear roles, responsibilities and accountabilities and Terms of Reference for each project team / group.
- The EBC Programme Team have recently been invited to complete a well-being survey, with positive responses being received and specific feedback received being taken onboard for future programme management.
- The timeline and scope for Phase 1 and Phase 2 has been defined and agreed and can now be more formally documented, monitored and tracked.

- There is strong communication across the whole EBC Programme Team.
- The EBC Programme Board is well attended and the Board are provided with comprehensive updates at regular intervals.
- The EBC Programme is currently on track to be delivered by the agreed timeline.

Internal Audit have raised 16 suggested actions to enhance the programme governance arrangements. The highest priority actions for consideration include the following:

- Consideration of the risks of running Phase 1 and Phase 2 so close together.
- Improved reporting on the EBC Programme Board budget position.
- Completing resource impact assessments for all workstreams to ensure there is sufficient resource capacity and resilience, particularly where there is reliance on internal staff resource to deliver, alongside business-as-usual activities.
- Urgent preparation and reporting of Data Protection Impact Assessment (DPIA) to the EBC Board and Council's Monitoring Officer.
- Invitations to Information Governance Team colleagues to attend future EBC Programme Board meetings for advice on Data Protection / DPIA.
- Improved recording on EBC Programme Board minutes to clearly reflect questions raised and responses received.
- Adding new risks to the EBC Programme Board risk register relating to potential EBC Programme budget and timeline overruns.
- Reviewing and reporting of EBC Programme risks nearing or overdue planned completion dates.

Further work by Internal Audit and Counter Fraud on the individual workstreams / activities underpinning the EBC Programme is planned during 2024/25.

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Appendix B - 2023/24 Internal Audit Plan Status

Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
CA01-2024	Annual Governance Statement	Planning			
CA02-2024	Risk Management	Planning			
CA03-2024	Ad-Hoc Reviews of Monitoring of Securing Kent Future Action Plan	Ongoing			
CR02-2024	National Children’s Care Review	On Hold			
CR03-2024	Enterprise Business Capabilities (Oracle)	Ongoing	Advisory	N/A	May GAC
CS01-2024	Budget Savings Follow-up	Complete	Advisory	N/A	January GAC
RB01-2024	Gifts and Hospitality	Fieldwork			
RB02-2024	Performance Management	Planning			
RB03-2024	Joint Funding & Governance (NHS) NHS Joint Working & Pooled Budgets	Deferred			
RB04-2024	Safeguarding (ASCH)	Complete	Substantial	Very Good	January GAC
RB05-2024	Hospital Discharge	Draft Report	Adequate	Good	May GAC
RB06-2024	Direct Payments / Abuse of Kent Card	Fieldwork			
RB07-2024	Public Health Assurance Mapping	Complete	N/A	N/A	May GAC
RB08-2024	Individual Contracts on Care Providers Follow-up	Draft Report	Advisory	N/A	May GAC
RB09-2024	Highways & Transport – Sevington Inland Border Post	Complete	Substantial	Good	May GAC
RB10-2024	Supported Living	Fieldwork			
RB11-2024	Project Management	Deferred			
RB12-2024	Business Planning Process	Planning			
RB13-2024	Home to School Transport Follow-up	Complete	Advisory	N/A	January GAC
RB14-2024	Domestic Abuse	Deferred			

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Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
RB15-2024	Data Quality – Lifespan Pathway – Risk of Overpayments Follow-up	Complete	Advisory	N/A	May GAC
RB16-2024	Freedom of Information	Planning			
RB17-2024	Strategic Reset Programme (Governance)	Deferred			
RB18-2024	Loan Approval to Schools	Planning			
RB19-2024	Schools Financial Services	Planning			
RB20-2024	No Recourse to Public Funds – Specific Case Review	Complete	Advisory	N/A	May GAC
RB21-2024	Assurance Mapping Financial Sustainability	Deferred			
RB22-2024	School Themed Review – Safeguarding	Deferred			
RB23-2024	Complaints	Planning			
RB24-2024	Property Infrastructure – Functions and Processes Transferred to KCC from Gen2 – Follow-up	Complete	Advisory	N/A	January GAC
RB25-2024	Income and Fees uplift Client Benefit Analysis and Better Care Fund	Complete	Substantial	Good	May GAC
RB26-2024	Asset Management Approach & Risk Prioritisation	Complete	Adequate	Good	May GAC
RB27-2024	Climate Adaptation (+Net Zero Follow-up)	Not Started			
RB28-2024	Highways Term Maintenance Contracts	Ongoing			
RB29-2024	Highways and Transport Communication	Complete	Adequate	Good	January GAC
RB30-2024	Sundry Debt Recovery	Complete	Substantial	Good	May GAC
			Limited		
RB31-2024	Helping Hand Support Scheme	Fieldwork			
RB32-2024	Task & Finish Group – New Provider Set-Up & Change of Provider Details	Complete	Advisory	N/A	January GAC
RB33-2024	Equalities Act Follow-up	On Hold			
RB34-2024	S117 Aftercare Payments	Ongoing	Advisory	N/A	May GAC
RB35-2024	Re-Letting of Key Contracts (ASCH Commissioning & Transformation)	Ongoing	Advisory	N/A	May GAC

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Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
RB36-2024	Data Security and Protection Toolkit (DSPT)	Fieldwork			
RB37-2024	Contract Management	Deferred			
RB38-2024	Compliance With Financial Regulations Follow-up	On Hold			
RB39-2024	Usage of Factoring Companies	Deferred			
RB40-2024	Homes for Ukraine	Deferred			
RB41-2024	UK Resettlement Scheme	Deferred			
RB42-2024	Local Transport Bus Market (BSIP) & Sustainability of Public Transport	Deferred			
RB43-2024	Agency	Deferred			
RB44-2024	Business Continuity Planning	Deferred			
RB45-2024	Gypsy Traveller Service Follow-up	Complete	Advisory	N/A	May GAC
ICT01-2024	Single Data Platform	Complete	Advisory	N/A	January GAC
ICT02-2024	Artificial Intelligence	Complete	Advisory	N/A	January GAC
ICT03-2024	Supply Chain Cyber Security	Draft Report	Adequate	Good	May GAC
ICT04-2024	Joiners, Mover and leavers	Planning			
ICT04-2023	Disaster Recovery	Complete	Adequate	Good	January GAC
RB29-2023	Unregulated Care Placements	Complete	High	Very Good	May GAC

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Appendix C – Grant Certification

Grants	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 – 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
EU Interreg – C-CARE	To deliver a range of activities linked to Covid-19 response including a technology resilience voucher scheme for businesses (ED), a green recovery voucher scheme for businesses (Environment Team) and a Covid-secure trading standards training module (Public Protection)	2 claims completed and 1 on-the-spot
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
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 France (Channel) England (FCE). This project aims to support 100 Life Sciences & nutrition SMEs & production sites from the FCE area to help them to become more innovative, to connect to companies and business opportunities in other countries and to overcome the barriers that they face with innovation and internationalisation. The long-term benefits for SMEs will be increased knowledge, innovation capacity, international contacts, and export sales potential (MP)	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 - Prowater	Contributing to climate adaptation by restoring the water storage of the landscape via ecosystem-based adaptation measures.	1 claim completed
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

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Grant	Description	Current Status
EU Interreg - USAC	This exciting new project aims to develop, research, and understand the benefits of United Nations Environmental, Scientific, and Cultural Organisation (UNESCO) status for the Kent Downs Area of Outstanding Natural Beauty (AONB), including Kent's Heritage Coast from Dover to Folkestone. It will develop new sustainable tourism initiatives that celebrate and protect our natural and cultural assets while benefitting the local economy. The project will include a Landscape Festival in 2022.	2 claims completed and 1 On the Spot
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 (£9.1 m)	Complete
Department for Transport	LEVI Fund – Local Electric Vehicle Infrastructure Funding 2022/23 (Capital Fund - £12.1m; Capability Fund - £940,400).	Complete
Sport England	Sport England 21/22 (£3.5m)	Complete
Department for Levelling Up, Housing & Communities	Community Renewal Fund (CRF) (£6.7m).	Complete
Office for Health Improvement & Disparities	SSMTRG - Supplementary Substance Misuse Treatment and Recovery 2022-23 (£1.1 m)	Complete
Office for Health Improvement & Disparities	IPD Grant - Local Government Act 2003: Section 31 Local Authority Grant for Inpatient Detoxification treatment 2022-23 (£167K).	Complete
Office for Health Improvement & Disparities	SSMTR - Housing Support Fund 2022/23 (£1.8m).	Complete
Office for Health Improvement & Disparities	OHID- Healthy Weight Grant - Supporting underserved groups or building capacity within Tier 2 Healthy Weight Services (£757K).	Complete

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Grant	Description	Current Status
Office for Health Improvement & Disparities	RSDATG - Rough Sleeper Drug and Alcohol Treatment Grant 22-23 (£416K).	Complete
Department for Environment, Food & Rural Affairs (DEFRA)	Biodiversity Net Gain. (£16k)	Complete
Department for Digital Culture, Media & Sport	Create Growth Programme (£1.275m) (3 Year Programme) – 2022/23.	Complete
Department of Culture, Media & Creative Industries	Turner ACE – Contemporary Capital Grant (£495k)	Complete
Department for Transport	Bus Services Operators Grant (BSOG) – Annual grant to support local bus services (£1.1m)	Complete
Department for Transport	Integrated Transport & Maintenance Block (£40.9m)	Complete
Arts Council England	ACE Turner – Jasmin Vardimon Dance Company (£3.1m)	Complete
Arts Council England	KCC Libraries – Playground (£85k)	Complete
Department for Transport	Bus Services Operators Grant - Walmer (£6m)	Complete
Office for Health Improvement & Disparities	SSMTRG - Supplementary Substance Misuse Treatment and Recovery 2023-24 (£2.2 m)	Complete
Office for Health Improvement & Disparities	IPD Grant - Local Government Act 2003: Section 31 Local Authority Grant for Inpatient Detoxification treatment 2023-24 (£814K).	Complete
Office for Health Improvement & Disparities	SSMTR - Housing Support Fund 2023-24 (£809k).	Complete
Office for Health Improvement & Disparities	IPS - Individual Placement & Support 2023-24 – IPD (£257K)	Complete
Office for Health Improvement & Disparities	RSDATG - Rough Sleeping, Drug & Alcohol Treatment Grant 2023-24 (£586K)	Complete

Appendix D - Definitions

Audit Opinion

High

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

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

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

Limited

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

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

Substantial

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

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

No Assurance

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

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

Adequate

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

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

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

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By: Jonathan Idle – Head of Internal Audit

To: Governance and Audit Committee – 16 May 2024

Subject: **ROLLING INTERNAL AUDIT PLAN 2024/25 + AUDIT CHARTER**

Classification: Unrestricted

Summary: This report details the proposed Rolling Internal Audit Plan for 2024/25; the Internal Audit Charter, which underpins the plans and practice of the Internal Audit team and the key performance indicators to be tracked and monitored during 2024/25.

Recommendation: FOR DECISION

Introduction

- 1) The Public Sector Internal Audit Standards (PSIAS) require the Internal Audit service to produce a risk-based audit plan. This paper sets out the proposed 2024/25 Rolling Internal Audit Plan (Plan), including a summary of the available resources.
- 2) The 2024/25 Plan will be a rolling 6-month plan, to allow more flexibility to incorporate changing and emerging risks into the Plan, replacing the previous fixed annualised audit planning approach.
- 3) This paper sets out the following:
 - The current priority audits. These Audits have been prioritised using our risk-based assessment and evaluation methodology, following the criteria detailed below. A significant proportion of the priority audits will be undertaken throughout the year. Internal Audit will focus deliver against priority audits identified and ensure sufficient coverage against 8 themes of Corporate Health, Corporate Risks and those linked to Securing Kent's Future. The audits contained in the plan will be risk assessed throughout the current year.
 - A reserve list of audits has also been included and will be considered should the priority audits included should the risk landscape change. The significance and priority of all potential audits identified within the audit planning process, will be continually risk assessed throughout the year.
 - The Internal Audit Charter. The Charter is a mandatory requirement of the Public Sector Internal Audit Standards, which should be reviewed and updated periodically. The Charter sets out the purpose, authority and responsibility of Internal Audit. An update on the Internal Audit Charter may be required later in the current year due to the changes in the Global Internal Audit Standards and should they be required will be taken back to Governance and Audit Committee for approval.
 - The key performance indicators to track and monitor audit plan delivery and service performance during 2024/25.

2024-25 Internal Audit Plan

- 4) The Public Sector Internal Audit Standards (PSIAS) stipulates the need for the development of an Audit Plan.
- 5) To enable the Internal Audit service to be more flexible and adaptive to changing priorities and emerging risks, the Plan for 2024/25 will be a 6-month rolling Plan. This dynamic approach will ensure optimum value to the Council and stakeholders and more effective deployment of audit resources.
- 6) The Plan will be reviewed every 3 months by completing an assessment of all potential audits identified against the following criteria:
 - Significance** How important is the activity to the Council in achieving its objectives, key plans and managing its risks?
 - Sensitivity** How much interest would there be if things went wrong and what would be the reputational impact?
 - Time** When is the best time for the audit to be completed?
- 7) The quarterly review will also consider an evaluation of relevant business intelligence to identify new priorities / emerging risks and potential audit areas.
- 8) Another key consideration, when reviewing and updating the Plan throughout the year, will be to ensure there continues to be sufficient coverage of the 8 themes of Corporate Health, which are utilised to ensure there is sufficient coverage for the Head of Internal Audit’s Annual Opinion in July 2025.
- 9) Any amendments to the Plan will be reported to the Governance and Audit Committee.
- 10) The Plan for 2024/25 is attached at **Appendix A**. This includes 79 potential priority and reserve audits, which are spread across the Directorates as follows:

Directorate	Number of Audits
Cross-Directorate	12
Adult Social Care & Health	10
Chief Executive Directorate	21
Children, Young People and Education	11
Deputy Chief Executive	17
Growth, Environment & Transport	8
Total Audits	79

- 11) The Plan has been developed through a risk-based planning process, including the following elements:
 - A review of the corporate and division risk registers and discussion with the Corporate Risk Manager.
 - Discussions with Corporate Directors, Directors and Heads of Service.
 - Attendance at Directorate Management Team meetings.
 - Horizon scanning to identify emerging risks and issues.
 - Organisational priorities linking to Securing Kent's Future.
 - A review of audits deferred from the 2023/24 Plan.
 - Undertaking an assessment to determine the required coverage needed for the Head of Internal Audit's Annual Opinion for 2024/25.
 - A review of the Council's Annual Governance Statement.
 - A review of previous cyclical / core audit work.
 - Identification of audit reviews to be followed up.
 - Consideration of other sources of assurance.
- 12) The Plan includes some audits with specific scope areas where this has already been identified and some audits where scope is still to be determined.
- 13) The Plan does not detail the number of days to be assigned to the individual audits, but it does illustrate the total days / resources available.
- 14) **Appendix A** sets out how the audits listed on the Plan map to the Reasonable Assurance – 8 Themes of Corporate Health, KCC's Corporate Risks and to Securing Kent's Future.
- 15) In addition to the projects listed on the Plan, there is also have **24** days set aside for grant certification work.
- 16) The outcomes from the 2024/25 Plan will provide the following:
 - Overall opinion and assurance to support the 2024/25 Annual Governance Statement.
 - Assurance against the mitigation of key corporate risks.
 - Assurance over the critical systems of the Council.
 - On-going advice and information to management on risks and controls.
 - Opportunities to provide management with value for money support and advice.
- 17) Excluded from Appendix A are detailed plans for:
 - Internal Audit coverage of Commercial Services Group
 - Income generating and shared service work with Tonbridge and Malling Borough Council, Kent and Medway Fire and Rescue Service, Parish Councils and audits of selected grants.

Resources

- 18) Based on the current Team resources, the total days available for 2024/25 is **2388** days.
- 19) The number of audit days available for the KCC 2023/24 Audit Plan is estimated to be **1,250**.
- 20) A summary of the overall Audit Plan is illustrated below:

2023/24 KCC Audit Plan	Days
KCC	1250
Sub-Total	1250
External Clients	768
Grants	30
Sub-Total	798
Total	2048

- 21) Based on the current staffing levels and assumptions, there is sufficient resource to deliver the 2024/25 Audit Plan.

Internal Audit Charter

- It is a requirement of the Public Sector Internal Audit Standards (the Standards) that the purpose, authority and responsibility of Internal Audit is formally defined in an Internal Audit Charter and that this be periodically reviewed and presented for approval to senior management and the Board (defined as the Audit Committee in the Local Government Application Note by CIPFA).
- The Charter, which is attached at **Appendix A** has been reviewed to ensure it remains fit for purpose to support delivery of the 2024/25 Plan and is compliant with the Standards. No amendments have been made to the Charter previously submitted in April 2022.
- An update on the Internal Audit Charter may be required later in the current year due to the changes in the Global Internal Audit Standards and should they be required will be taken back to Governance and Audit Committee for approval.

Key Performance Indicators

- 22) **Appendix A** sets out the Key Performance Indicators (KPI's) to be tracked and monitored during 2024/25. The updated KPI's reflect an ongoing trend to increasing outcome-based monitoring of the Internal Audit service.

Conclusions

- 23) The Plan provides sufficient coverage of the Council's current and emerging risks and priorities, with sufficient flexibility to add further reviews onto the plan as needed. There will be sufficient resources to deliver the proposed Plan.

Recommendations

24) Members are asked to:

- Agree the proposed Rolling Internal Audit Plan for 2024/25
- Approve the Internal Audit Charter
- Note the Key Performance Indicators for 2024/25

Appendices:

Appendix A – 2024/25 Audit Plan + Audit Charter

Jonathan Idle
Head of Internal Audit
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Kent County Council

Rolling Internal Audit Plan

Governance and Audit Committee

16 May 2024

2024/25 AUDIT RESOURCES

CLIENTS	DAYS
Kent County Council	1250
Grants	24
Other Clients	768
TOTAL	2042

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Reasonable Assurance
Model

Audits against
Corporate Risks

Audits against Securing
Kents Future

Cross Directorate

Adult Social Care &
Health (ASCH)

Chief Executive
Department (CED)

Childrens, Young People
& Education (CYPE)

Deputy Chief Executive
Department (DCED)

Growth, Environment &
Transport (GET)

Appendix A - Audit
Charter

Appendix B - Key
Performance Indicators

2024/25 AUDIT PLAN SUMMARY

DIRECTORATES							
PRIORITIES	CROSS DIRECTORATE	ASCH	CED	CYPE	DCED	GET	TOTALS
PRIORITY	12	9	13	7	10	7	58
RESERVE	0	1	8	4	7	1	21
TOTALS	12	10	21	11	17	8	79

A significant proportion of the priority audits will be undertaken throughout the year. Internal Audit will focus deliver against priority audits identified and ensure sufficient coverage against 8 themes of Corporate Health, Corporate Risks and those linked to Securing Kent's Future. The audits contained in the plan will be risk assessed throughout the current year.

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Priority Audits (57)			
Adult Social Care & Health (ASCH) (9)		Chief Executive Department (CED) (13)	
<ul style="list-style-type: none"> Mosaic – Pay Portal Payment to Providers Section 117 Aftercare Payments ASCH Referrals and Signposting 3rd Party Social Care Risks 	<ul style="list-style-type: none"> Commissioning & Transformation Board Public Health Service Transformation Budget Forecasting & Expenditure Review of Specific Contract Award Lesson Learnt 	<ul style="list-style-type: none"> KCC Governance Improvement Action Plan Voluntary Community Sector Application of Spending Controls Treasury Management Contract Variations / Waiver Process and Approvals 	<ul style="list-style-type: none"> Budget Savings including Follow-up Standards of Public Life Contract Extensions Follow-up Procurement Follow-up Modern Slavery Use of Consultants Contract Novation Risk Management
Children, Young People & Education (CYPE) (7)		Deputy Chief Executive Department (DCED) (10)	
<ul style="list-style-type: none"> KCC Registered Children's Care Homes School Themed Review – Procurement Decision Making (CYPE) 	<ul style="list-style-type: none"> Education - Alternative Provision (Pupil Referral Units) Process review of SEND Payments Review of SEND Assurances Capital Programme (Schools) 	<ul style="list-style-type: none"> Disciplinaries Facilities Management Unaccompanied Asylum Seeking Children (UASC) Accommodation Payroll Cyber Security Assurance Map 	<ul style="list-style-type: none"> KCC Website Review KCC Incident Response Plan Backups Strategic Reset Programme (SRP) Laptops Follow-up
Growth, Environment & Transport (GET) (7)		Cross Directorate (12)	
<ul style="list-style-type: none"> Border Control - EU Entry Exit System Checks (EES) Highways Maintenance Term Contract Economic Strategy Delivery Waste and Circular Economy 	<ul style="list-style-type: none"> Income and Sales Department for Environment, Food & Rural Affairs (DEFRA) Checking of Goods Changes Climate Change 	<ul style="list-style-type: none"> Securing Kent's Future - Delivery Plans Compliance with Financial Regulations Follow-up Equality, Diversity & Inclusion including Equalities Act Follow-up Enterprise Business Capabilities (Oracle) Restructures Business Continuity Planning (BCP) Effectiveness of Whistleblowing 	<ul style="list-style-type: none"> Artificial Intelligence Establishments Payment Card Industry Data Security Standards (PCI DSS) Follow-up Decision Making Consultation Process Decisions on Accepting Grant funding

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Reserve List Audits (21)	
Adult Social Care & Health (ASCH) (1)	Chief Executive Department (CED) (8)
<ul style="list-style-type: none"> Joint Funding & Governance (NHS) - NHS Joint Working & Pooled Budgets 	<ul style="list-style-type: none"> Project Management Domestic Abuse Contract Management Information Governance Assurance Map Refresh Data Protection Impact Assessments (DPIA) Subject Access Requests Annual Governance Statement Changes to Strategies / Policies
Children, Young People & Education (CYPE) (4)	Deputy Chief Executive Department (DCED) (7)
<ul style="list-style-type: none"> School themed Review – Safeguarding Safeguarding Children Assurance Map Unaccompanied Asylum Seeking Children (UASC) Care Leavers Care Placement Costs 	<ul style="list-style-type: none"> Managers - People Management Responsibilities IT Projects/ ICT Commissioning Single Data Platform Legacy systems/ hardware Minor Works Framework Health and Safety Recruitment
Growth, Environment & Transport (GET) (1)	
<ul style="list-style-type: none"> Local Transport Bus Market (BSIP) & Sustainability of Public Transport 	

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Audit Plan mapped to Reasonable Assurance – 8 Themes of Corporate Health (57)			
Corporate Governance (10)		Risk Management (5)	
<ul style="list-style-type: none"> Securing Kent's Future - Delivery Plans KCC Governance Improvement Action Plan Education - Alternative Provision (Pupil Referral Units) Equality, Diversity & Inclusion including Equalities Act Follow-up ASCH Referrals and Signposting 	<ul style="list-style-type: none"> Standards of Public Life Establishments Economic Strategy Delivery Decisions on Accepting Grant Funding Decision Making Consultation Process Decision Making (CYPE) 	<ul style="list-style-type: none"> KCC Registered Children's Care Homes Business Continuity Planning (BCP) Climate Change 	<ul style="list-style-type: none"> Border Control - EU Entry Exit System Checks (EES) Risk Management
Financial Control / VFM (12)		Commissioning, Procurement & Partnerships (11)	
<ul style="list-style-type: none"> Mosaic – Pay Portal Process Review of SEND Payments Application of Spending Controls Treasury Management Section 117 Aftercare Payments Budget Forecasting & Expenditure Income and Sales 	<ul style="list-style-type: none"> Budget Savings including follow-up Compliance with Financial Regulations Follow-up Payment to Providers 3rd Party Social Care Risks Department for Environment, Food & Rural Affairs (DEFRA) Checking of Goods Changes 	<ul style="list-style-type: none"> School Themed Review – Procurement Voluntary Community Sector Review of Specific Contract Award Lesson Learnt Contract Extensions Follow-up Procurement Follow-up Modern Slavery 	<ul style="list-style-type: none"> Use of Consultants Contract Variations / Waiver Process and Approvals Contract Novation Highways Maintenance Term Contract Waste and Circular Economy
Change Management and Programmes/ Projects (6)		Asset Management (5)	
<ul style="list-style-type: none"> Enterprise Business Capabilities (Oracle) Unaccompanied Asylum Seeking Children (UASC) Accommodation Strategic Reset Programme (SRP) 	<ul style="list-style-type: none"> Review of SEND Assurances Commissioning & Transformation Board Public Health Service - Transformation 	<ul style="list-style-type: none"> Restructures Disciplinaries 	<ul style="list-style-type: none"> Facilities Management Capital Programme (Schools) Payroll
Information Technology & Information Security (7)		Counter Fraud (2)	
<ul style="list-style-type: none"> Payment Card Industry Data Security Standards (PCI DSS) Follow-up Cyber Security Assurance Map Laptops Follow-up 	<ul style="list-style-type: none"> Backups KCC Incident Response Plan KCC Website Review Artificial Intelligence 	<ul style="list-style-type: none"> Counter Fraud Plan Effectiveness of Whistleblowing 	

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Audits against KCC Significant Risks

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

CR0003	Securing resources to aid economic recovery and enabling infrastructure	High (25)
Ref	Audit	
RB42-2025	Economic Strategy Delivery	
RB43-2025	Waste and Circular Economy	

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CR0045	Maintaining effective governance and decision making in a challenging financial and operating environment	High (20)
Ref	Audit	
RB18-2025	KCC Governance Improvement Action Plan	
RB24-2025	Standards of Public Life	
RB03-2025	Equality, Diversity & Inclusion including Equalities Act Follow-up	
RB08-2025	Decision Making Consultation Process	
RB09-2025	Decisions on Accepting Grant funding	
RB34-2025	Decision Making (CYPE)	

CR0009	Future financial and operating environment for local government	High (20)
Ref	Audit	
RB25-2025	Contract Extensions Follow-up	
RB26-2025	Procurement Follow-up	
RB23-2025	Budget Savings including follow-up	
RB40-2025	Strategic Reset Programme (SRP)	
RB14-2025	Commissioning & Transformation Board	
RB02-2025	Compliance with Financial Regulations Follow-up	
RB44-2025	Income and Sales	

CR0042	Border fluidity, infrastructure and regulatory arrangements	High (20)
Ref	Audit	
RB41-2025	Border Control - EU Entry Exit System Checks (EES)	
RB45-2025	Department for Environment, Food & Rural Affairs (DEFRA) Checking of Goods Changes	

CR0014	Cyber and information security resilience	High (20)
Ref	Audit	
ICT02-2025	Payment Card Industry Data Security Standards (PCI DSS) Follow-up	
ICT01-2025	Artificial Intelligence	
ICT03-2025	Cyber Security Assurance Map	
ICT04-2025	KCC Website Review	
ICT05-2025	KCC Incident Response Plan	
ICT06-2025	Backups	

CR0052	Impacts of Climate Change on KCC Services	High (20)
Ref	Audit	
RB46-2025	Climate Change	

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CR0053	Capital Programme affordability	High (25)
Ref	Audit	
RB35-2025	Capital Programme (Schools)	
CR05-2025	Highways Maintenance Term Contract	

CR0056	SEND Delivery Improvement and High Needs Funding shortfall	High (25)
Ref	Audit	
CR03-2025	Review of SEND Assurances	
CR04-2025	Process Review of SEND Payments	

CR0015	Managing and working with the social care market	High (20)
Ref	Audit	
RB17-2025	Review of Specific Contract Award Lesson Learnt	

CR0059	Significant failure to bring forecast budget overspend under control within budget level assumed	High (25)
Ref	Audit	
RB10-2025	Mosaic – Pay Portal	
RB31-2025	KCC Registered Children's Care Homes	
RB01-2025	Securing Kent's Future - Delivery Plans	
RB20-2025	Application of Spending Controls	
RB02-2025	Compliance with Financial Regulations Follow-up	
RB16-2025	Budget Forecasting & Expenditure	

CR0063	Capacity to accommodate and care for Unaccompanied Asylum-Seeking (UAS) Children	High (16)
Ref	Audit	
RB38-2025	Unaccompanied Asylum Seeking Children (UASC) Accommodation	

CR0064	Risk of Failing to Deliver Effective Adult Social Care Services	High (20)
Ref	Audit	
RB12-2025	ASCH Referrals and Signposting	
RB13-2025	3 rd Party Social Care Risks	
CR02-2025	Section 117 Aftercare Payments	

Audits with Link to Securing Kents Future		
Audit Title	Nature of Work	Priority
Securing Kent's Future - Delivery Plans	Assurance	Priority
Application of Spending Controls	Assurance	Priority
Mosaic – Pay Portal	Assurance	Priority
Commissioning & Transformation Board	Assurance	Priority
Budget Savings including follow-up	Assurance	Priority
Section 117 Aftercare Payments	Consultancy	Priority
Public Health Service Transformation	Assurance	Priority
Budget Forecasting & Expenditure	Assurance	Priority

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2. Risk Based Audits			
2.1 Cross Directorate			
Ref	Audit Title	Nature of Work	Priority
RB01-2025	Securing Kent's Future - Delivery Plans	Assurance	Priority
RB02-2025	Compliance with Financial Regulations Follow-up	Assurance	Priority
RB03-2025	Equality, Diversity & Inclusion including Equalities Act Follow-up	Assurance	Priority
RB04-2025	Restructures	Assurance	Priority
RB05-2025	Business Continuity Planning (BCP)	Assurance	Priority
RB06-2025	Effectiveness of Whistleblowing	Assurance	Priority
RB07-2025	Establishments	Assurance	Priority
RB08-2025	Decision Making Consultation Process	Assurance	Priority
RB09-2025	Decisions on Accepting Grant funding	Assurance	Priority
CR01-2025	Enterprise Business Capabilities (Oracle)	Consultancy	Priority
ICT01-2025	Artificial Intelligence	Assurance	Priority
ICT02-2025	Payment Card Industry Data Security Standards (PCI DSS) Follow-up	Assurance	Priority

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2. Risk Based Audits			
2.2 Adult Social Care & Health (ASCH)			
Ref	Audit Title	Nature of Work	Priority
RB10-2025	Mosaic – Pay Portal	Assurance	Priority
RB11-2025	Payment to Providers	Assurance	Priority
RB12-2025	ASCH Referrals and Signposting	Assurance	Priority
RB13-2025	3 rd Party Social Care Risks	Assurance	Priority
RB14-2025	Commissioning & Transformation Board	Assurance	Priority
RB15-2025	Public Health Service Transformation	Assurance	Priority
RB16-2025	Budget Forecasting & Expenditure	Assurance	Priority
RB17-2025	Review of Specific Contract Award Lesson Learnt	Assurance	Priority
CR02-2025	Section 117 Aftercare Payments	Consultancy	Priority
	Joint Funding & Governance (NHS) - NHS Joint Working & Pooled Budgets	Assurance	Reserve

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2. Risk Based Audits

2.3 Chief Executive Department (CED)

Ref	Priority	Reserve List		
RB18-2025	KCC Governance Improvement Action Plan	Assurance	Project Management	Assurance
RB19-2025	Voluntary Community Sector	Assurance	Domestic Abuse	Assurance
RB20-2025	Application of Spending Controls	Assurance	Contract Management	Assurance
RB21-2025	Treasury Management	Assurance	Information Governance Assurance Map Refresh	Assurance Map
RB22-2025	Contract Variations / Waiver Process and Approvals	Assurance	Data Protection Impact Assessments (DPIA)	Assurance
RB23-2025	Budget Savings including Follow-up	Assurance	Subject Access Requests	Assurance
RB24-2025	Standards of Public Life	Assurance	Annual Governance Statement	Assurance
RB25-2026	Contract Extensions Follow-up	Assurance	Changes to Strategies / Policies	Assurance
RB26-2025	Procurement Follow-up	Assurance		
RB27-2025	Modern Slavery	Assurance		
RB28-2025	Use of Consultants	Assurance		
RB29-2025	Contract Novation	Assurance		
RB30-2025	Risk Management	Assurance		

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2. Risk Based Audits

2.4 Children, Young People & Education (CYPE)

Ref	Audit Title	Nature of Work	Priority
RB31-2025	KCC Registered Children's Care Homes	Assurance	Priority
RB32-2025	School Themed Review - Procurement	Assurance	Priority
RB33-2025	Education - Alternative Provision (Pupil Referral Units)	Assurance	Priority
RB34-2025	Decision Making (CYPE)	Assurance	Priority
RB35-2025	Capital Programme (Schools)	Assurance	Priority
CR03-2025	Process review of SEND Payments	Consultancy	Priority
CR04-2025	Review of SEND Assurances	Consultancy	Priority
Page 107	School Themed Review – Safeguarding	Assurance	Reserve
	Safeguarding Childrens Assurance Map Refresh	Assurance Map	Reserve
	Care Placement Costs	Assurance	Reserve
	Unaccompanied Asylum Seeking Children (UASC) Care Leavers	Assurance	Reserve

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2. Risk Based Audits			
2.5 Deputy Chief Executive Department (DCED)			
Ref	Audit Title	Nature of Work	Priority
RB36-2025	Disciplinaries	Assurance	Priority
RB37-2025	Facilities Management	Assurance	Priority
RB38-2025	Unaccompanied Asylum Seeking Children (USAC) Accommodation	Assurance	Priority
RB39-2025	Payroll	Assurance	Priority
RB40-2025	Strategic Reset Programme (SRP)	Assurance	Priority
ICT02-2025	Laptops Follow-up	Assurance	Priority
ICT03-2025	Cyber Security Assurance Map	Assurance Map	Priority
ICT04-2025	KCC Website Review	Assurance	Priority
ICT05-2025	KCC Incident Response Plan	Assurance	Priority
ICT06-2025	Backups	Assurance	Priority
	Managers – People Management Responsibilities	Assurance	Reserve
	IT Projects/ ICT Commissioning	Assurance	Reserve
	Single Data Platform	Assurance	Reserve
	Legacy Systems/ Hardware	Assurance	Reserve
	Minor Works Framework	Assurance	Reserve
	Health and Safety	Assurance	Reserve
	Recruitment	Assurance	Reserve

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2. Risk Based Audits

2.6 Growth, Environment & Transport

Ref	Audit Title	Nature of Work	Priority
RB41-2025	Border Control - EU Entry Exit System Checks (EES): - Business continuity - Emergency Planning - Supply Chain Management	Assurance	Priority
RB42-2025	Economic Strategy Delivery	Assurance	Priority
RB43-2025	Waste and Circular Economy	Assurance	Priority
RB44-2025	Income and Sales	Assurance	Priority
RB45-2025	Department for Environment, Food & Rural Affairs (DEFRA) Checking of Goods Changes	Assurance	Priority
RB46-2025	Climate Change	Assurance	Priority
CR05-2025	Highways Maintenance Term Contract	Consultancy	Priority
	Local Transport Bus Market (BSIP) & Sustainability of Public Transport	Assurance	Reserve

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KENT COUNTY COUNCIL

Internal Audit Charter

INTRODUCTION

This Internal Audit Charter formally defines the purpose, authority and responsibility of the Internal Audit service within Kent County Council. It is consistent with the mandatory requirements of the Public Sector Internal Audit Standards (PSIAS) and the supporting Local Authority Guidance Note (LGAN) produced by the Chartered Institute of Public Finance and Accountancy (and the Chartered Institute of Internal Auditors (IIA). The Charter will be reviewed at least annually to ensure it is up-to-date and reflects the PSIAS).

PURPOSE

The definition of Internal Audit is a mandatory part of the PSIAS and is as follows:

'Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.' Its mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Kent County Council's Internal Audit mission statement is, 'To support service delivery by providing an independent and objective evaluation of our clients' ability to accomplish their business objectives, manage their risks effectively and, where relevant, provide advice and insight.'

AUTHORITY

The requirement for the Council to 'maintain an adequate and effective system of internal audit of its accounting record and its systems of internal control' is contained in the Accounts and Audit Regulations 2015. This supplements the requirements of Section 151 of the Local Government Act 1972 for the Council to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs. The Council has delegated this responsibility to the Corporate Director of Finance.

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STATUS OF INTERNAL AUDIT WITHIN THE ORGANISATION

The Head of Internal Audit and Counter Fraud (Head of IA&CF) reports directly to the Corporate Director of Finance and quarterly to the Governance and Audit Committee; meeting regularly with the Chair on a one-to-one basis. The Head of IA&CF will also report to senior management and Members when necessary, including statutory officers, Head of Paid Service, Monitoring Officer, and the Leader of the Council.

The Governance and Audit Committee are responsible for ensuring Internal Audit are independent of the activities it audits, is effective, has sufficient experience and expertise and the scope of the work to be carried out is appropriate. The Governance and Audit Committee approve the Charter every year within the Annual Audit and Fraud Plan (the Plan).

The Head of IA&CF has direct access to the Chair of the Governance and Audit Committee and has the opportunity to meet with the Governance and Audit Committee in private.

The Chair of the Governance and Audit Committee will be involved in the appointment and termination of the Head of IA&CF.

RESPONSIBILITY

It is the responsibility of management to establish and maintain systems of corporate governance, risk management and internal control to provide assurance that the Council's objectives are being achieved and to minimise the risk of fraud or irregularity.

Internal Audit will contribute to the corporate governance process by providing an assurance on the effectiveness of these systems of risk management and internal control, making practical recommendations for enhancements where considered necessary. Management has responsibility to implement agreed actions in relation to issues raised by audit or to accept the risks resulting from not acting. However, Internal Audit will consider taking matters to higher levels of management or to the Governance and Audit Committee, if it is felt that the risk should not (or need not) be borne, or management fails to implement agreed actions in a timely manner.

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PROFESSIONAL STANDARDS

The Council's Internal Audit activity will conform to standards and guidance contained in the Public Sector Internal Audit Standards. The PSIAS encompasses the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework which include:

- the Definition of Internal Auditing;
- the Core Principles;
- the Code of Ethics; and
- the International Standards for the Professional Practice of Internal Auditing.

Compliance, by all those involved in the delivery of Internal Audit services with the Code of Ethics laid down in the PSIAS enhances the environment of trust between Internal Audit and senior management. Fundamentally, the following ethical standards are observed:

- Integrity – performing work with honesty, diligence and responsibility;
- Objectivity – making a balanced assessment of relevant circumstances not unduly influenced by personal interests or by others in forming judgements;
- Confidentiality – respecting the value and ownership of information obtained and not disclosing without appropriate authority, unless there is a legal or professional obligation to do so;
- Competence and Due Professional Care – applying the knowledge, skills and experience needed in the performance of work.

Additional requirements and interpretations for the UK public sector have been incorporated.

The Council's Internal Audit activity will also have regard to the Committee on Standards in Public Life, and to the Seven Principles of Public Life.

INDEPENDENCE AND OBJECTIVITY

Internal Audit will be sufficiently independent of the activities it audits to enable auditors to perform their duties in a manner that facilitates impartial and effective professional judgements and recommendations. This will include ensuring that where an audit is undertaken of an area where the Head of IA&CF has operational responsibility, appropriate measures are put in place to avoid compromising independence. In the case of the Counter Fraud Service this will be achieved through a tri-authority peer review; the most recent peer review was completed in May 2021.

The Head of IA&CF will have free and unrestricted access and freedom to report in his/her own name to the Corporate Director of Finance, Head of Paid Service, Monitoring Officer and Chair of the Governance and Audit Committee.

In addition, Internal Audit will be responsible for determining its priorities based on an evaluation of risk. Auditable areas which are deemed to represent the most significant controls that are operating in order that KCC delivers its business objectives are identified from directorates, annual operating plans, consultation with managers and Internal Audit's experience of the directorates. These are used to determine the strategic and annual Plans. The Plan will be flexible enough to accommodate the needs of senior management and Members depending on the relative significance of emerging risks. The Governance and Audit Committee will approve the Plan and at each of its meetings will receive reports summarising significant findings of audit work undertaken.

Internal Audit will also report to the Governance and Audit Committee, progress on the directorates' implementation of actions agreed in relation to issues raised by Internal Audit.

Objectivity will be preserved by ensuring that all members of staff are free from any conflicts of interest and do not undertake any duties that they could later be called upon to audit, including where members of staff have been involved in, for example working groups, consultancy etc. Internal Auditors will also refrain from assessing specific operations for which they were previously responsible, within the previous year.

Should the independence or objectivity of the Internal Audit service be impaired in fact or appearance, the Head of IA&CF will disclose details of the impairment to the Corporate Director of Finance and /or the Chair of the Governance and Audit Committee depending upon the nature of the impairment.

When requested to undertake any additional roles or responsibilities outside of Internal Auditing, the Head of IA&CF must highlight to the Governance and Audit Committee any potential or perceived impairment to independence and objectivity having regard to the principles contained within the Code of Ethics. The Governance and Audit Committee must approve and periodically review any safeguards put in place to limit impairments to independence and objectivity.

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SCOPE & NATURE OF INTERNAL AUDIT

Internal Audit activity will be undertaken to provide assurance to senior management (Corporate Directors / Corporate Management Team) and the Governance and Audit Committee (referred to as 'Board' in the PSIAS) as to the adequacy and effectiveness of the Councils' systems for corporate governance, risk management and internal control. This effectively means that Internal Audit has independent oversight of all of the Council's operations, resources, services and processes and includes:

- Reviewing the soundness, adequacy and application of financial and other management controls to manage the risks to achieve the Council's objectives;
- Reviewing the extent of compliance with, relevance and financial impact on strategic and operational goals of established policies, plans and procedures;
- Reviewing the extent to which the organisation's assets and interests are accounted for and safeguarded from losses arising from:
 - Fraud and other offences
 - Waste, extravagance and inefficient administration, poor value for money and other causes;
- Reviewing the suitability and reliability of financial and other management data developed within the organisation;
- Reviewing awareness of risk and its control and providing advice to management on risk mitigation and internal control in financial or operational areas where new systems are being developed or where improvements are sought in the efficiency of existing systems;
- Promoting and raising awareness of fraud and corruption;
- Investigating allegations of fraud and corruption;
- Providing advice (consultancy) to Directorates for a variety of issues, such as project assurance, controls advisory requests, areas of concern and lessons learnt reviews.

Internal Audit's activities extend to all remote establishments, subsidiary companies and trading activities.

Where the Head of IA&CF considers that the scope of audit work is being restricted, the Corporate Director of Finance and the Governance and Audit Committee will be advised.

Internal Audit is not relieved of its responsibilities in areas of the Council's business that are subject to review by others but will assess the extent to which it can rely upon the work of others and co-ordinate its audit planning with the plans of such review agencies.

The Head of IA&CF will provide an annual audit opinion as to the adequacy of the Council's governance arrangements, internal controls and risk management processes. This will be used to support the Annual Governance Statement.

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Appendix A - Audit
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FRAUD AND IRREGULARITY

Internal Audit and Counter Fraud do not have to investigate all cases of potential frauds and irregularities; however, they must all be reported to the Head of IA&CF or the Counter Fraud Manager who will determine if an investigation needs to take place. Internal Audit will report to the Governance and Audit Committee at the conclusion of each investigation, a summary of the fraud/irregularity, control weaknesses and the outcome. If a significant fraud or irregularity is identified this will be brought to the attention of the Chair of the Governance and Audit Committee at the time of the investigation.

RIGHT OF ACCESS

To fulfil its objectives, Internal Audit will be granted unrestricted access to all staff, Members, records (documentary and electronic), assets and premises, deemed necessary in the course of its duties. Internal Audit will ensure that all information received as part of their work is treated confidentially at all times.

INTERNAL AUDIT RESOURCES

The Plan is developed annually and takes into account the work that is needed to enable the Head of IA&CF to provide an assurance on the control environment and governance across the Council. To ensure that there are adequate Internal Audit resources available to deliver the Plan, an assessment is made to determine the number of staff days available; and to identify the knowledge and experience of staff to ensure that Internal Audit has the right skills mix to deliver the Plan. The Head of IA&CF will use a combination of in-house, partner or third parties to deliver aspects of the Plan to the best expertise and value for money. When engaging a partner, the Head of IA&CF will ensure the partner has the appropriate knowledge and experience to deliver the engagement, applies the quality assurance standards of the section and has access to all information and explanation required to undertake the engagement (coordinated through Internal Audit managers).

REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

In accordance with the Accounts and Audit Regulations, there is a requirement for an annual review of the effectiveness of the system of internal control. This is also part of the wider annual review of the effectiveness of the system of internal control. The Head of IA&CF will carry out an annual review of the Internal Audit function, in accordance with the Quality Assurance and Improvement Programme outlined below and will report the results to the Governance and Audit Committee to enable it to consider the findings of the review. In addition, the Head of IA&CF will arrange for an independent review to be carried out, at least every five years which will be reported to the Governance and Audit Committee; this was last undertaken in March 2021. The Head of IA&CF will review the Charter annually and attach a revised document to the annual Plan.

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PROVISION OF ASSURANCE TO THIRD PARTIES

The Council's Internal Audit section is sometimes requested to undertake Internal Audit and assurance activity for third parties. These include internal audit services, grant certification and financial accounts sign-off.

The same principles detailed in this Charter will be applied to these engagements.

In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement. Internal auditors will address controls consistent with the engagement's objectives and be alert to significant control issues.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The Head of IA&CF will maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity. The programme will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the International Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Head of IA&CF will communicate to the Corporate Director of Finance and the Governance and Audit Committee on the internal audit activity's QAIP, including results of ongoing internal assessments and external assessments conducted at least every five years.

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VERSION CONTROL

Document Owner: Jonathan Idle, Head of Internal Audit and Counter Fraud.

Version	Reviewed	Reviewer	Approver
Original			
2	February 2015	Head of Internal Audit	Governance & Audit Committee
3	April 2016	Strategic Audit Manager	Governance & Audit Committee
4	March 2019	Head of Internal Audit	Governance & Audit Committee
5	July 2020	Head of Internal Audit	Governance & Audit Committee
6	July 2021	Head of Internal Audit	Governance & Audit Committee
7	April 2022	Head of Internal Audit	Governance & Audit Committee
8	July 2023	Head of Internal Audit	Governance & Audit Committee

2024/25 Internal Audit Key Performance Indicators

1. The Key Performance indicators (KPI's) and Performance Monitoring for the Internal Audit service have been reviewed with the intention of updating to more modern metrics updates with an ongoing shift from quantitative to outcome and value measuring performance.
2. Thus, it has been the tradition within Internal Audit to concentrate upon input and output metrics such as:
 - Percentage of the Audit Plan delivered.
 - Planned v Actual days / % of audits completed within resource allocation.
 - Delivery of all agreed Audit Committee papers on time.
 - % of Draft audit reports issued within ten working days of completion of fieldwork.
 - % of Final Reports issued within five working days of receipt of responses to draft report.
3. These are valid to measure within the service internally as they are part of how Audit Managers monitor individual and team efficiency, however it is more relevant to report to the Governance and Audit Committee and stakeholders on whether there is value from the work of Internal Audit and whether the work helps the organisation strengthen controls and the management of risk and achieve its objectives and priorities.
4. To further shift the performance measurement of the Internal Audit service to being outcome based and accountable to the Governance and Audit Committee, the following measures in Table 1 will be reported to the Committee:

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Appendix A - Audit Charter

Appendix B - Key Performance Indicators

2024/25 Internal Audit Key Performance Indicators – Table 1

KCC Key Performance Indicator

	Factor	Basis	Measured by
A	Strategic Alignment	For Internal Audit to be relevant, its coverage must be aligned to the Council's main risks	<ul style="list-style-type: none"> Either an Assurance Map on Internal Audit coverage or reporting to the Committee on annual coverage compared to the Corporate Risk Register
B	Rolling Audit Plan	Having a Rolling Audit Plan reflects the need for coverage of key risks at the right time	<ul style="list-style-type: none"> Number of Relationship Management meetings held to discuss Rolling Audit Plan Stakeholder feedback on the effectiveness of IA coverage
C	Timely Insights	In addition to the timeliness of reports, insights should be provided in a timely manner to managers and stakeholders	<ul style="list-style-type: none"> Stakeholder feedback on effectiveness of collaboration Stakeholder Feedback on Embedded Assurance insights
D	Adding Value	The fundamental basis for the service to the Council that Internal Audit should be providing.	<ul style="list-style-type: none"> The proportion of audit coverage providing wider assurance via the use of data analytics Recording how audit coverage has contributed to the Council saving money. Documenting how and where IA has provided guidance for improving poor or effective controls. Documenting how IA has provided embedded assurance advice from the initial stages of strategic initiatives
E	Management Actions	To determine if there has been actual improvement from Internal Audit reviews	<ul style="list-style-type: none"> % of high priority / risk issues agreed % of high priority / risk issues implemented. % of all issues agreed % of all issues implemented.
F	Client Satisfaction	Determining whether value is added	<ul style="list-style-type: none"> Client satisfaction surveys at the end of each audit. Annual Key stakeholder perception survey (some questions to be amended)
G	Audit Efficiency	The responsibility to operate efficiently	<ul style="list-style-type: none"> Time from audit planning to draft report being issued. Completion of all Grant Certifications for the Council/ respective Directorates within set timescales.

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From: Roger Gough, Leader of the Council
Amanda Beer, Chief Executive Officer

To: Governance and Audit Committee – 16th May 2024

Subject: **CORPORATE RISK REGISTER**

Classification: Unrestricted

Summary: Governance & Audit Committee receives the Corporate Risk Register twice each year for assurance purposes, and will now receive more regular updates throughout the year, given the challenging risk environment that the Council is operating within.

This report includes a summary of key points raised from the recent presentation of the corporate risks to relevant Cabinet Committees for scrutiny.

FOR ASSURANCE

1. Background

- 1.1 The Corporate Risk Register is regularly reviewed and updated to reflect any significant new risks or changes in risk exposure that arise due to internal or external events; and to track progress against mitigating actions.
- 1.2 There is still a challenging backdrop of continued uncertainty in the local government operating environment. At the Governance & Audit Committee meeting on 19th March, the latest Risk Management Policy and Strategy for the Council was reviewed and approved, which included key messages relevant to risk management from KCC's budget recovery strategy, *Securing Kent's Future*, taking into account the difficult environment the Council is operating within and the approach required to respond effectively.

2. Corporate Risk Register summary

- 2.1 The Corporate Risk Register was last presented to Governance & Audit Committee for assurance in May 2023. Since that time, Cabinet has received an update on the register in January 2024. Regular risk updates have continued throughout the year to Corporate Board and senior management forums.
- 2.2 Changes to the risk register since last reported to this Committee are summarised below.

Risks added to the register:

2.2.1 CRR0061: Care Quality Commission (CQC) Assurance Readiness (Medium)- As part of the Health and Care Act 2022 the CQC have new regulatory powers to oversee the quality and performance of both local authorities and Integrated Care Systems (ICS) using a single assessment framework alongside the existing inspection responsibilities they hold for providers of regulated activity. The CQC will apply the Local Authority Assurance Assessment framework and the review will focus on how well KCC is meeting its duties under Part One of the Care Act. KCC is preparing for this new regulatory regime.

2.2.2 CRR0064: Delivery of effective adult social care services (High). This risk broadens the scope of the previous adult safeguarding risk, which it replaces, to acknowledge the risk of failing to deliver effective Adult Social Care services, with the council impacted by factors such as increasing demand (and cost of demand) for services, market factors, recruitment and retention of staff.

2.2.3 CRR0063: Capacity to accommodate and care for Unaccompanied Asylum-Seeking Children (UASC) (High) – this risk originally re-entered the Corporate Risk Register in the summer of 2023 in light of a High Court Judgement meaning that a protocol between KCC and the Home Office to ensure KCC did not need to take more children than it could safely accommodate, could no longer be applied in its current form. This means that the Council is required to accommodate and look after all UAS children arriving into the County, pending transfer to other local authorities under the National Transfer Scheme. This presents numerous pressures on an already stretched service.

KCC is now working with the Home Office to ensure there is funding in place to secure sufficient temporary accommodation for all expected new UAS Children arrivals moving forwards. Several possible sites across the county have already been identified and local residents informed. While the funding aspect of the risk is likely to reduce, the operational risk is still high for several months until suitable accommodation is secured.

Risk Rating Increase

2.3 CRR0045 – Maintaining effective governance and decision making in a challenging financial and operating environment. This risk focuses on the need for effective governance and decision making as well as robust internal control mechanisms to support timely and challenging policy decisions, particularly in light of recent examples from other local authorities.

In October 2023 the External Auditors issued a report on governance arrangements at the Council, which identified 22 recommendations, including those which related to strategic arrangements for delivering priorities, effective

challenge to, and scrutiny of, decisions and the Council's structure, systems and behaviours. The External Auditors referred to their October 2023 report in their Annual Report of 2022/23, raising a key recommendation in regard to weaknesses in arrangements for governance, and noted that the same recommendation had been made in 2021/22. This was supported by findings in the Monitoring Officer's Annual Governance Statement. The External Auditor stated that there have been areas of improvement during the year including workshops, review of written governance processes and a Member development survey, however they also concluded that the culture, behaviours and standards should also keep pace with improvement work. Therefore the risk rating has been raised for a time, until actions in the Annual Governance Statement action plan have been satisfactorily implemented.

Risks Removed from the Register

- 2.4 CRR0001: Safeguarding Vulnerable Children. There will always be a need for vigilance and no complacency regarding this risk. However, there are comprehensive controls in place that have received independent assurance. Therefore, the risk has been delegated to directorate level, with the emphasis on the Director of Children's Services to escalate to CMT if required.
- 2.4.1 CRR0057 Home To School Transport Pressures. This was previously a corporate risk relating to Home To School Transport on the Corporate Risk Register that focused on operational concerns in the wake of a major re-tendering exercise, for which the Internal Audit function has conducted a lessons-learned review that has been followed by a management action plan, overseen by the Governance & Audit Committee. This has been removed as a standalone corporate risk, as the predominant risk now relates to increases in costs for Home To School Transport (SEND in particular). Therefore, the cost pressures and plans being progressed to mitigate them are to be included as part of the corporate budgetary and SEND delivery improvement and high needs funding shortfall risks. Any more operational risks on this topic are captured at directorate / divisional level.
- 2.4.2 CRR0004 - Simultaneous Emergency Response and Resilience. Ensuring that the Council works effectively with partners to plan for, respond to, and recover from, emergencies and service disruptions is becoming increasingly important. Throughout the past year, KCC has been engaging with an independent review of the Kent Resilience Forum to provide clarity on KCC's role, contribution and responsibilities as a partner within the KRF. One key outcome from this was the redesign and strengthening of KCC's Emergency Planning and Resilience Service. The Council has proven to be adept at handling numerous incidents concurrently in recent years, with this becoming

“business as usual”. Therefore, the risk has been delegated to directorate level, from which the Risk Owner (Director of Infrastructure) can escalate if there are particular concerns. Standalone corporate risks still remain for specific threats, such as cyber-attacks and the upcoming introduction of the EU’s Entry Exit System (EES).

- 2.4.3 CRR0050 - CBRNE incidents, communicable diseases and incidents with a public health implication – KCC response to and recovery from the impacts of the Covid-19 public health emergency. Following the annual review and refresh of the corporate risk register at the end of 2023 it was proposed that providing there were no further concerns regarding communicable diseases over the winter period, this risk be deescalated to the Public Health risk register in April 2024. The risk continues to be monitored by the Director of Public Health and can be re-escalated to the corporate risk register should the risk profile change.
- 2.5 The Council’s Risk Management Policy & Strategy states, “*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.*” Therefore, the Committee may wish to consider whether any corporate risks, or mitigating controls require more in-depth review for assurance purposes.
- 2.6 The Corporate Risk Register is attached in appendix 1, along with headline details of directorate risks at appendix 2, and a summary list of items relating to corporate risk areas that have been discussed at Committee meetings over the past six months (appendix 3).

3. Cabinet Committee Summary

- 3.1 Corporate risks are divided up and presented to the relevant Cabinet Committees annually, along with summaries of the latest positions for directorate risks and a few headline risk areas from divisional registers. This provides an opportunity for Members to scrutinise the key risks with the relevant Cabinet Member and Corporate Director present. The reports covered the latest position with the corporate risks, how they were evolving and key mitigations.
- 3.2 Members at each Committee took the opportunity to ask several questions of Cabinet Members, Corporate Directors and other Lead Officers. These included:
- requests for risk assurance for risks that are due to be deescalated from corporate to directorate level.
 - requests for more information on mitigating actions.
 - suggestions to consider further consequences for risks.
 - questioning of the efficacy of controls listed against the risks presented.

- requests to consider change in scope to risks.
- querying of risk ratings.
- highlighting linkages between risks, aggregation and scenario modelling of cumulative impacts.
- highlighting of secondary risks, where new risks are potentially introduced through our mitigations. This linked to conversations relating to risk “trade-offs.”

3.2.1 Several corporate risk areas already receive focus as part of substantive items at Cabinet Committees. For example, there were specific items on implications of the upcoming EU Entry / Exit System (EES) at two Committees, with further items to be presented ahead of their planned introduction in October 2024.

4. Managing Risk in the Current Context – Criteria for Inclusion

4.1 The Corporate Risk Register has grown significantly over the past few years given the challenging environment in which the Council is operating. With an increasing number of risks and the majority of them still rated as High, it has prompted a review of the criteria for what risks appear on the Corporate Risk Register, as well as the criteria for risks to come off the register. This approach was endorsed by Cabinet in January 2024.

4.2 As a result, several principles have been developed to aid or reinforce decision-making for inclusion onto or off the Corporate Risk Register. They are:

- *Risks are not automatically added to the Corporate Risk Register because they involve or affect more than one department of the Council.* The risks we are required to manage are becoming increasingly complex and systemic in their nature. If all risks with council-wide implications were featured on the Corporate Risk Register, it would lead to an exponential increase in size of the number of risks on the register.
- *Risks should be deescalated from the corporate risk register to directorate level once the ‘target’ residual level is judged to have been reached, unless the residual risk exposure is rated as “High”.* The risks are not closed, and can be re-escalated by the Risk Owner if the risk profile should change.
- *Risks should not be added to the corporate register purely as a demonstration that we are taking them seriously.* Any tendency to satisfy stakeholder (e.g. auditor or regulator) expectations by including a risk that it is felt they would expect to see, should be resisted. Each risk on the register is there due to the evaluation of a risk assessment, the output of which demonstrates that the current level of risk exposure (taking into account existing controls) warrants inclusion.

4.3 Risks deescalated to directorate level will still be subject to regular review by Directorate Management Teams, and directorate risks will still be reported to Cabinet Committees and Governance & Audit Committee as part of established reporting cycles.

5. Timescales to Target Residual levels of risk

- 5.1 Approximate timescales for the management of risks to “target” residual risk ratings are now integrated into summary profile of the register as well as being listed against each risk. Risk Owners for the corporate risks are regularly asked to review these timescales, but as the majority of risks assigned were 1-2 year timescales during 2022, a more specific “stock take” of progress will be conducted as part of the individual meetings with CMT and Cabinet Members in autumn 2024.

6. Monitoring and Review

- 6.1 The risks within the Corporate Risk Register, their current risk level and progress against mitigating actions are reported to Cabinet quarterly via the KCC Quarterly Performance Report.

7. Recommendation

- 7.1 The Governance and Audit Committee is asked to:
- a) NOTE the report for assurance.

Report Author:

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Relevant Director

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Corporate Risk Register - Summary Risk Profile – May 2024

Low = 1-6 Medium = 8-15 High =16-25

Risk No.*	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since Summer 2023	Timescale to Target (baseline summer 2022 unless otherwise stated).
CRR0003	Securing resources to aid economic recovery and enabling infrastructure	High (25)	High (16)	↔	3+ Years
CRR0009	Future financial and operating environment for local government	High (25)	High (16)	↔	1-2 Years
CRR0014	Cyber and information security resilience	High (20)	High (20)	↔	At Target
CRR0015	Sustainability of the social care market	High (25)	Medium (15)	↔	3+ Years
CRR0039	Information Governance	Medium (15)	Medium (9)	↔	1-2 Years
CRR0042	Border fluidity, infrastructure, and regulatory arrangements	High (25)	High (16)	↔	1-2 Years
CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment	High (20)	Medium (10)	↔	1-2 Years
CRR0049	Fraud and Error	Medium (10)	Low (5)	↔	Within 1 Year
CRR0052	Adaptation of KCC Services to Climate Change impacts	High (25)	High (16)	↔	3+ Years

CRR0053	Capital Programme affordability (impacts on assets, performance and statutory duties)	High (25)	High (16)	↔	3+ Years
CRR0056	SEND Delivery Improvement and High Needs Funding shortfall	High (25)	High (16)	↔	3+ Years
CRR0058	Capacity and capability of the workforce	High (16)	Medium (9)	↔	1-2 Years
CRR0059	Significant failure to bring forecast budget overspend under control within budget level assumed	High (25)	Medium (9)	↔	Within 1 Year (baseline June 2023)
CRR0060	Reinforced Autoclaved Aerated Concrete	Medium (15)	Low (5)	↔	Within 1 Year (baseline June 2023)
CRR0061	CQC Assurance	Medium (15)	Medium (10)	New Risk	Within 1 Year
CRR0063	Capacity to accommodate and care for Unaccompanied Asylum-Seeking (UAS) Children	High (25)	High (20)	Re-Entry	TBC
CRR0064	Delivery of Effective Adult Social Care Services	High (20)	Medium (15)	New Risk	Within 1 Year (baseline December 2023)

*Each risk is allocated a unique code, which is retained even if a risk is transferred off the Corporate Register. Therefore, there will be some 'gaps' between risk IDs.

NB: Current & Target risk ratings: The 'current' risk rating refers to the current level of risk taking into account any mitigating controls already in place. The 'target residual' rating represents what is deemed to be a realistic level of risk to be achieved once any additional actions have been put in place. On some occasions the aim will be to contain risk at current level.

Likelihood & Impact Scales					
Likelihood	Very Unlikely (1)	Unlikely (2)	Possible (3)	Likely (4)	Very Likely (5)
Impact	Minor (1)	Moderate (2)	Significant (3)	Serious (4)	Major (5)

APPENDIX 1: Corporate Risk Register

Risk Register - Corporate Risk Register

Current Risk Level Summary

Green	0	Amber	4	Red	13	Total	17
Current Risk Level Changes							

0	1	1	0	9
0	0	0	1	3
0	0	0	0	2
0	0	0	0	0
0	0	0	0	0

Risk Ref	CRR0009	Risk Title and Event	Assigned To	Last Review date	Next Review		
		Future financial and operating environment for Local Government	John Betts	25/03/2024	25/06/2024		
		<p>Levels of spending and growth pressures across services outstrip the Council's core spending power, threatening the financial sustainability of KCC, its partners and service providers.</p> <p>In order to set a balanced budget, the council is likely to have to continue to make significant year on year savings.</p> <p>Quality of KCC commissioned / delivered services suffers as financial situation continues to worsen.</p> <p>Continued delays and uncertainty surrounding review of local government funding impacts on KCC's medium term financial planning.</p>					
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk
The Government's Autumn Budget 2023 statement only included very high-level public spending plans and no individual department plans beyond 2024-25, and the Local Government Finance Settlement only covered 2024-25 with no indicative allocations for subsequent years. This means that although the funding for 2024-25 is now confirmed, the forecasts for later years are speculative, consequently planning has to be sufficiently flexible to respond	<p>Unsustainable financial situation and potential drawdown from reserves, ultimately resulting in s114 notice.</p> <p>Failure to delivery statutory obligations and duties or achieve social value.</p> <p>Potential for partner or provider failure – including sufficiency gaps in provision.</p> <p>Reduction in resident satisfaction and reputational damage.</p> <p>Increased and unplanned pressure on resources.</p> <p>Decline in performance.</p>	High 25 Major (5) Very Likely (5)		<ul style="list-style-type: none"> Outcomes Based Budgeting approach being developed to strengthen links between outcomes and funding, within resource envelopes, using robust analysis and evidence that includes aligning performance and finance information. Processes in place for monitoring delivery of savings and challenging targets to bear down on future cost growth, as well as the budget as a whole. Monthly budget reviews involving the Chief Executive Officer, section 151 Officer and Corporate Directors to scrutinise progress against agreed budget savings. Quarterly budget meetings between Cabinet Member for Finance and Corporate Director for Finance with Cabinet Members and Corporate Directors as relevant. 	<p>A -Accepted</p> <p>Control</p> <p>Control</p> <p>Control</p>	28/06/2024	High 16 Serious (4) Likely (4)

Risk Register - Corporate Risk Register

<p>accordingly. Even so, it is clear that 2024-25 and the medium term to 2026-27 are likely to continue to be exceptionally challenging and will require significant spending reductions. Even though overall net cash is increasing, this is not sufficient to keep pace with forecast spending demands. There is also no certainty that additional central government funding to address spending pressures in social care will be baselined/continued for future years. The level of savings required in 2024-25 and over the medium term continues to be higher than in recent years driven largely by growth in spending rather than cuts in funding, representing a new and very specific challenge. A significant financial risk for the Council is the continuing and increasing underlying deficit and accumulated debt on the High Needs Block of Dedicated Schools Grant (DSG), a forecast total of £178m as at 31st March 2024 (excluding contributions from KCC and DfE).</p> <p>No further monies were allocated to local authorities in the 2023 Autumn Statement.</p>	<p>Legal challenge resulting in reputational damage to the Council.</p> <p>Impact on Council Tax.</p>		<ul style="list-style-type: none"> • Forecasts for future spending growth to be revised as necessary once estimates become more certain and only finalised in controllable budgets once uncertainties have been resolved. John Betts • Robust budgeting and financial planning in place via Medium Term Financial Planning (MTFP) process, including stakeholder consultation. John Betts • Regular review of HM Treasury forecasts and Government planned spending levels for Local Government. John Betts • KCC Strategic Reset Programme established and reprioritised to focus on key budget delivery programmes. Amanda Beer • Budget Recovery Strategy - Securing Kent's Future - set, to address the in-year and future years' financial pressures the council is facing and the specific and broader action that can be taken to return the council to financial sustainability. Roger Gough • Financial analysis conducted after each Chancellor of the Exchequer Budget Statement to review potential implications for future local government settlements. Dave Shipton • Ensure evidence of any additional KCC spend required to cover impacts relating to new burdens imposed, e.g. EU exit, Supporting Families grant. Dave Shipton • Engagement with CCN, Society of County Treasurers and other local authorities and Government of potential opportunities and issues around devolution and public service reform. David Whittle • Ongoing policy analysis of the devolution agenda and devolution deals agreed by the government. David Whittle • Regular monitoring and oversight of progress against KCC's 'Safety Valve' agreement with the Department for Education (DfE). Sarah Hammond 	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		
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Risk Register - Corporate Risk Register

			<ul style="list-style-type: none"> • KCC Quarterly Performance Report monitors key performance and activity information for KCC commissioned or delivered services. Regularly reported to Cabinet. 	Matthew Wagner	Control		
			<ul style="list-style-type: none"> • Ongoing monitoring and modelling of changes in supply and demand in order to inform strategies and service planning going forward. 	Matthew Wagner	Control		
			<ul style="list-style-type: none"> • Regular analysis and refreshing of forecasts to maintain a level of understanding of volatility of demand which feeds into the relevant areas of the MTFP and business planning process. 	Corporate Directors CD	Control		
			<ul style="list-style-type: none"> • Assessing impact and responding to Government plans with the potential for significant financial implications for the Council, including adult and children's social care, charges to waste collection arrangements etc. 	Corporate Directors CD	Control		

Risk Register - Corporate Risk Register

Risk Ref	CRR0053	Risk Title and Event	Assigned To	Last Review da	Next Review			
		Capital Programme Affordability (impacts on assets, performance and statutory duties)	John Betts	25/03/2024	25/06/2024			
<p>Impact on ability to meet operational requirements and/or statutory duties. Increase in maintenance backlogs. Emergency works on essential sites are prioritised to avoid serious health and safety incidents, with knock-on impacts for non-priority sites.</p>								
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
<p>The affordability of the capital programme presents a number of risks to specific programmes, including Highways, Schools and the KCC Estate more broadly. The uncertainty includes capital expenditure funded by grants, many of which are crucial to delivery of statutory services, Ongoing investment to maintain and modernise our assets competes with the priority to protect frontline services from effects of public sector funding restraint. There are a number of geo-political uncertainties in the current environment which additionally impact on the financial and operating environment. The construction industry is experiencing acute inflation pressures, long material lead time and sporadic material supply. Directly linked to material and labour shortages. Current inflationary pressures are impacting on the capital</p>	<p>Business interruption due to increasing level of reactive / emergency repairs, or parts of estate decommissioned (in whole or partially if deemed unsafe). Health and safety incidents (potentially serious) associated with asset degradation. Inability to meet statutory duties e.g. lack of appropriate school place provision. Non-priority sites may not be maintained to a sufficient standard and may not be safe and fit for purpose leading to building closures. Assets not maintained sufficiently now will require future additional spend to maintain with the possibility of reactive costs which may create a revenue pressure. Delays result in additional inflationary costs. Funding annual rolling programmes from borrowing is unsustainable. Reputational damage as a result of building closures or any impact on service delivery</p>	High		<ul style="list-style-type: none"> Recruitment to 2 x Premises Officers to visit schools and support them with forecasting maintenance budgets Papers to Secretary of State seeking approval to increase school financial thresholds 10 year capital programme published as part of the 24-34 capital programme. This identified projected costs for some of the rolling programmes and a separate section of potential stand-alone projects which are markers, and will need to have a full business case and identified funding planned evaluated and agreed. Extensive lobbying of Government in relation to capital funding. Asset safety factors associated with our assets are given priority during the budget setting process. Health and Safety Team in place in advisory capacity to ensure compliance to Government and HSE and guidelines. An annual programme of planned preventative maintenance is undertaken at KCC sites by the relevant Facilities Management contract partners The most urgent works will be completed on the agreed, prioritised sites. 	Joanne Taylor Joanne Taylor Cath Head John Betts John Betts Maria Kelly Anthony Carty Joanne Taylor	A -Accepted A -Accepted Control Control Control Control Control	30/09/2024 30/06/2024 	High 16 Serious (4) Likely (4)

Risk Register - Corporate Risk Register

<p>programme significantly. Expectations of key stakeholders on capital spend. Risks associated with changes in legislation related to developer contributions. This could lead to a requirement for significant forward funding. The level of borrowing to fund the capital programme is not sustainable and the impact on the revenue budget is significant.</p>				<ul style="list-style-type: none"> • Infrastructure works with Assistant Education Directors to communicate to schools regarding their obligations for maintenance and their responsibilities for repairs under financial thresholds • External funding bid for 'schools rebuilding programme' (DfE) was submitted, and successful for Birchington Primary School. • Review of KCC estate – Future Assets Programme. Business cases for each of the three workstreams are being developed (Office Estate, Community Buildings, Specialist Assets) with associated consultations. • Lobbying central Government re capital grants relating to Highways. 	<p>Joanne Taylor</p> <p>Joanne Taylor</p> <p>Rebecca Spore</p> <p>Haroona Chughtai</p>	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		
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Risk Register - Corporate Risk Register

Risk Ref	CRR0059	Risk Title and Event	Assigned To	Last Review da	Next Review			
		Significant failure to bring forecast budget overspend under control within budget level assumed	John Betts	25/04/2024	25/07/2024			
<p>Further management action being put in place for the remainder of the current financial year fails to significantly reduce forecast overspend. Risk of significant adverse variance to the level of savings and income agreed in KCC's budget.</p> <p>Spending growth pressures exceed forecasts.</p>								
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
<p>The Council is under a legal duty to set a balanced and sustainable budget and maintain adequate reserves such that it can deliver its statutory responsibilities and priorities.</p> <p>The latest revenue forecast position for 2023-24 before further management action was a £30m overspend (excluding schools), based on Q3 actuals (reported 21st March 2024).</p> <p>The most significant overspends (and budgeted spending growth) in both 2022-23 and 2023-24 are in adult social care and children's services.</p> <p>Urgent action is required to bring revenue spending down to a sustainable level, both within the current financial year and over the medium term (see CRR0009) to safeguard the council's</p>	<p>As at 31/3/22 the council's total usable revenue reserves represented 32.2% of net revenue (down from 35.8% at the start of the year excl. reserves for Covid-19 business rates reliefs).</p> <p>The level of reserves as % of revenue and sustainability of reserves based on recent levels of drawdown put the council at the top of the lower quartile of county councils.</p> <p>Council reserves further depleted below a sustainable position.</p> <p>Impact on service delivery.</p> <p>More imminent danger of financial failure – ultimately issuing of s114 notice by Corporate Director Finance (s151 Officer).</p> <p>Negative impact on MTFP three year plan.</p> <p>Council reserves pushed below a sustainable position</p>	<p>High</p> <p>25</p> <p>Major (5)</p> <p>Very Likely (5)</p>		<ul style="list-style-type: none"> To maximise scope of effective scrutiny by all Members, there will be a review of meetings and agendas to ensure appropriate focus on core activity on the budget, key decisions and performance relating to "Securing Kent's Future", including regular finance update reports to Cabinet, Scrutiny Committee and Policy and Resources Committee. Council's Budget Strategy, linked to Securing Kent's Future, confirmed at County Council Budget meeting in February 2024 and confirms key principles to abide by. Any adverse variations to agreed savings / income are swiftly identified with compensating actions agreed with management. Section 151 Officer meeting weekly with the Leader, Deputy Leader (Cabinet Member for Finance), Chief Executive Officer and Monitoring Officer to provide progress updates. Finance and performance monitoring progress reports will be considered at every Cabinet meeting to ensure the focus on Securing Kent's Future remains until the council's financial position is stabilised. 	<p>Benjamin Watts</p> <p>John Betts</p> <p>John Betts</p> <p>John Betts</p> <p>John Betts</p>	<p>A -Accepted</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>	<p>31/07/2024</p>	<p>Medium</p> <p>9</p> <p>Significant (3)</p> <p>Possible (3)</p>

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financial resilience and viability.	Impact on service delivery			• Budget monitoring will continue to include a full report on all budgets on a quarterly basis with exception reports in the intervening months focussing on the largest and most volatile areas of spending.	John Betts	Control		
	More imminent danger of financial failure – ultimately issuing of s114 notice by Corporate Director Finance (s151 Officer)			• Savings delivery plans and monitoring processes in place.	John Betts	Control		
	Negative impact on MTFP three-year plan.			• Analysis and enhancements to financial reporting introduced to better identify the underlying drivers for the main budget variances and the impacts and dependencies of management action and policy choices to reduce the forecast overspend.	John Betts	Control		
				• Quarterly budget meetings between Cabinet Member and Finance and Corporate Directors	John Betts	Control		
				• The Council's Financial Regulations (and delegation levels within), "Spending the Council's Money" and Code of Corporate Governance, to ensure they remain fit for purpose in the current environment.	John Betts	Control		
				• Robust delivery plan information has been developed for 2024/25 – milestones, risks, dependencies etc, and will be reported to Strategic Reset Board.	Dave Shipton	Control		
				• Analytics function used to undertake detailed analysis of the main areas of overspend.	Matthew Wagner	Control		
				• Equality Impact Assessment screening will be completed for any alternative and / or additional savings necessary under the recovery plan.	Corporate Management Team	Control		

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			<ul style="list-style-type: none"> • Budget Recovery Plan - Securing Kent's Corporate Future - being developed to address in-year forecast overspend and outline a pathway to future financial sustainability. This includes focusing predominantly on the material spending areas of council activity and those with the greatest forecast variances from the approved budget in adults and children's services. 	Corporate Management Team	Control		
			<ul style="list-style-type: none"> • Any adverse variations to agreed savings / income are swiftly identified with compensating actions agreed with management. 	Corporate Management Team	Control		
			<ul style="list-style-type: none"> • Resource Accountability Statements signed off by Corporate Directors. 	Corporate Management Team	Control		

Risk Register - Corporate Risk Register

Risk Ref	CRR003	Risk Title and Event	Assigned To	Last Review da	Next Review			
		Securing resources to aid economic growth and enabling infrastructure	Simon Jones	03/04/2024	03/07/2024			
<p>The inability to secure sufficient funding, including contributions from development, to deliver the infrastructure necessary to support growth may require gap funding in order for KCC to fulfil its statutory duties.</p> <p>Deferral of developer contributions and / or elongated planning consents leads to delayed or compromised infrastructure.</p> <p>Whilst future details and guidance are awaited regarding implementation of the Levelling Up and Regeneration Act from Central Government, this presents significant financial risk dependent upon emerging policy.</p>								
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
<p>The economy in Kent & Medway has been impacted by the Covid pandemic, inflation and other world events, and the impacts could be disproportionate across the county (e.g., in coastal areas). To gain an understanding of the implications, an impact assessment has been conducted, which has led to the preparation of an Economic Framework for the County, which aims to act as a stimulus for improvement.</p> <p>The Council actively seeks to secure the resources/funding necessary to provide the infrastructure required to support growth, which often need to be bid for in very tight timescales and are increasingly subject to the drive to deliver economic impact, housing and employment outputs.</p> <p>At a local level there is often a significant gap between the overall costs of the infrastructure required and the</p>	<p>Key opportunities for growth missed.</p> <p>The Council finds it increasingly difficult to fund services and match-fund infrastructure across Kent and fully mitigate the overall impact of housing growth on KCC services and, therefore communities.</p> <p>Kent becomes a less attractive location for inward investment and business.</p> <p>Our ability to deliver an enabling infrastructure becomes constrained.</p> <p>Reputational risk associated with delayed delivery of infrastructure required.</p> <p>Additional revenue costs incurred due to infrastructure delays and operational costs increasing.</p>	<p>High</p> <p>25</p> <p>Major (5)</p> <p>Very Likely (5)</p>		<ul style="list-style-type: none"> Formulate countywide transport policy and strategy with Member Task & Finish Group and Cabinet. 	Lee Burchill	A -Accepted	29/11/2024	High
				<ul style="list-style-type: none"> Kent & Medway Economic Framework 	Steve Samson	A -Accepted	28/06/2024	Serious (4)
				<ul style="list-style-type: none"> Develop an implementation plan for Kent & Medway Framework with KMEP sub-groups and local stakeholders for taking forward the ambitions and action areas set out in the framework 				Likely (4)
				<ul style="list-style-type: none"> Kent Design Guide to be published – will influence and provide people with expectations and standards that we expect. 	Tom Marchant	A -Accepted	31/03/2025	
				<ul style="list-style-type: none"> Multi-agency Kent and Medway Employment Task Force has been established. 	David Smith	Control		
				<ul style="list-style-type: none"> Kent & Medway Economic Framework delivered against. 	Steve Samson	Control		
				<ul style="list-style-type: none"> Specific business support packages, including the Kent & Medway Business Fund, Economic Recovery and Resilience Plan, Arts Investment Fund etc. 	Steve Samson	Control		
				<ul style="list-style-type: none"> Strong engagement of private sector through Kent and Medway Economic Partnership (KMEP), Business Advisory Board and Kent Developer Group 	Steve Samson	Control		
<ul style="list-style-type: none"> Monitoring of socio-economic data and trends and development of responses to changed economic trends. 	Steve Samson	Control						

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<p>Council's ability to secure sufficient funds through the current funding systems, including Section106 contributions, Community Infrastructure Levy and other growth levers. The Levelling Up and Regeneration Act introduces proposals to totally replace the existing 106 / CIL system with a new Infrastructure Levy. This may result in further risk for KCC.</p>			<ul style="list-style-type: none"> • Teams across the Growth, Environment and Transport directorate work with each individual District on composition of local infrastructure plans including priorities for the CIL and Section 106 contributions, to articulate needs for the demands on services • Government consultations on proposals for reform of the planning system in England considered and responded to. • The KCC Developer Contributions Guide has been updated and adopted. • Infrastructure Mapping Platform being piloted in East Kent before countywide rollout, setting out the infrastructure needed to deliver planned growth. • Single Monitoring System (SMS) is used to track individual s106 planning obligations from the Council's initial request for developer contributions through the issue of invoice for payment • Responses are made to emerging Government strategies 	<p>Tom Marchant</p> <p>Tom Marchant</p> <p>Tom Marchant</p> <p>Tom Marchant</p> <p>Stephanie Holt-Castle</p> <p>Stephanie Holt-Castle</p>	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		
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Risk Register - Corporate Risk Register

Risk Ref	CRR0042	Risk Title and Event	Assigned To	Last Review da	Next Review			
		Border Fluidity, infrastructure and regulatory arrangements	Simon Jones	10/04/2024	10/07/2024			
<p>That changes in border customs, checking and processing routinely disrupt local communities and both the strategic and local road networks.</p> <p>That the Government does not provide sufficient capital and revenue financial support to departments, agencies, local authorities and other infrastructure stakeholders necessary to address the necessary infrastructure, legislation and controls to ensure a long term plan for frictionless border movements.</p>								
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
<p>Changes at the UK border with Europe means additional controls now exist on the movement of goods and people between the UK and the EU.</p> <p>The UK Government and the EU have introduced new border controls and further changes are being introduced including the new Entry/Exit System (EES).</p> <p>KCC has been working with partners at a local and national level to assess potential implications for the county and prepare for various scenarios. KCC is reliant on coherent, coordinated governance and information across Government to aid the Local Authority and partners locally in planning their contingency arrangements and responding appropriately.</p>	<p>Significant slowdown in the existing flow of goods and people through the Kent Ports leads to long delays in accessing Dover Ports and Eurotunnel.</p> <p>Impacts on major traffic routes as a result of Operation Brock and other mitigations for port delays and the consequential increase in local and pan Kent road journey times, impacting on local residents and businesses.</p> <p>Significant detrimental impact on county's economic competitiveness, attractiveness for inward investment and quality of life for Kent residents.</p> <p>Significant increase in imported goods subject to statutory checks by Trading Standards including consumer goods and animal feeds.</p> <p>Imported animals now subject to welfare checks at Border controls posts, breaches of welfare subject to investigation by Trading Standards.</p> <p>Shortages and delay may impact supply chains.</p> <p>Interruption and affect on business services, both statutory</p>	High		<ul style="list-style-type: none"> Working with Government to develop short, medium and long-term plans for border resilience looking at infrastructure and technological solutions. 	Toby Howe	A -Accepted	31/07/2024	High
		25		<ul style="list-style-type: none"> Regular presentations to Cabinet Committee on potential impacts relating to people and goods. 	Simon Jones	A -Accepted	30/10/2024	Serious (4)
		Major (5)		<ul style="list-style-type: none"> Preparation for impacts of two separate but interconnected schemes that will affect non-EU citizens travelling to most EU countries; implementation of the EU Entry/Exit System (EES) system and the EU European Travel Information and Authorisation System (ETIAS). 	Andy Jeffery	A -Accepted	31/07/2024	Likely (4)
		Very Likely (5)		<ul style="list-style-type: none"> Carry out exercises to test internal KCC business continuity and response plans 	Andy Jeffery	A -Accepted	30/06/2024	
				<ul style="list-style-type: none"> KCC contributes to the Kent & Medway Resilience Forum Operation Fennel strategic plan 	Toby Howe	Control		
				<ul style="list-style-type: none"> Regular engagement with senior colleagues in relevant Government Departments. 	Simon Jones	Control		
				<ul style="list-style-type: none"> Several training exercises have taken place to prepare for various scenarios and to ensure staff competency is maintained. 	Andy Jeffery	Control		
				<ul style="list-style-type: none"> KCC are part of the Operation Fennel Strategic and Tactical Groups (multi agency planning groups for potential disruption at Port of Dover and Eurotunnel). These groups plan work across KMRF to prepare for the impacts of EES and KCC contribute towards this work. 	Andy Jeffery	Control		

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Page 140	<p>and discretionary, such as: Adult's and children's social care workers being able to reach necessary areas. Care homes in the affected areas. Officers and Community Wardens working in affected areas. Critical infrastructure including schools, KCC buildings and other KCC responsible areas.</p>			<ul style="list-style-type: none"> • KCC are leading on the Kent and Medway Resilience Forum which undertakes EES planning work. 	Andy Jeffery	Control		
				<ul style="list-style-type: none"> • Government funding to support improving access to the borders. 	Andy Jeffery	Control		
				<ul style="list-style-type: none"> • A KCC EES planning structure has been implemented which manages EES on behalf of CDRF. 	Andy Jeffery	Control		
				<ul style="list-style-type: none"> • KCC contribution to multi-agency communications in the 'response' phase, and leadership of communications in the 'planning' and 'recovery' phases 	Christina Starte	Control		
				<ul style="list-style-type: none"> • KCC services are continually reviewing business continuity arrangements, taking potential scenarios into consideration, with co-ordination via Directorate Resilience Group. 	Service Managers	Control		
				<ul style="list-style-type: none"> • KCC membership of the Delivery Models Operational Group and associated working groups such as Emergency Planning, Infrastructure etc. 	Steve Rock Trading Standards	Control		
			<ul style="list-style-type: none"> • Recruited additional staff for Port Team and animal health officers to provide capacity. 	Steve Rock Trading Standards	Control			

Risk Register - Corporate Risk Register

Risk Ref	CRR0052	Risk Title and Event	Assigned To	Last Review da	Next Review
		Adaptation of KCC Services to Climate Change impacts.	Simon Jones	02/04/2024	02/07/2024

Adverse impacts on KCC services – buildings (lost or stranded assets), staff (sickness and lower productivity), service users, and the public.

Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
Impacts of Climate Change, particularly in relation to weather changes on KCC and the services KCC provides or commissions.	Sustained deterioration of public health and increasing health inequalities across the county. Economic impacts from asset destruction/deterioration, service disruption and recovery costs of extreme weather events. Degradation and loss of Kent's key ecosystems, impacting the health and viability of our natural environment/protected areas and Kent's ability to effectively mitigate and adapt to climate change. Negative impact on Kent economy and wellbeing of Kent residents. Inability to keep public safe and moving around the network. Reputational damage due to customer dissatisfaction.	High		<ul style="list-style-type: none"> Adaptation Programme actions - Kent wide plan e.g. building differently, active travel, farming practices, flood management, partnership working – 2050 target. Environmental risk to be built into project work Kent Environment Strategy – actions re emissions reduction, travel, air quality – outputs – link to Net Zero 2050 Strategic Statement – Priority 3 re Environment Estate rationalisation and building in additional measures to reduce emissions. ISO 14001 accreditation (the international standard for Environmental Management Systems) implemented and maintained 	Matthew Smyth	A -Accepted	31/07/2024	High
		25			Tom Marchant	Control		16
		Major (5)			Matthew Smyth	Control		Serious (4)
		Very Likely (5)			Matthew Smyth	Control		Likely (4)
					Rebecca Spore	Control		
					Matthew Williams	Control		

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Risk Ref	CRR0015	Risk Title and Event	Assigned To	Last Review da	Next Review			
		Sustainability of the Social Care Market	Richard Smith	04/03/2024	04/06/2024			
<p>Social Care market is not sustainable. Inability to obtain the right kind of provider supply at affordable prices. Significant numbers of care home closures or service failures. Increases in hand backs of care Providers choose not to tender for services at Local Authority funding levels or accept service users with complex needs.</p>								
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
<p>Local Authorities have a statutory duty to provide a viable and sustainable social care market to meet the needs of the local population who meet Care Act eligibility.</p> <p>The main risks associated with care market instability are: Financial – As a result of the increasing cost and complexity of demand for services and constrained local authority budgets compounded by recent inflation. Workforce - inflation running at a high level and cost of living crisis affecting adult social care workforce, which is paid less favourably than comparative sectors leading to high vacancy levels, and high staff turnover rates particularly in the home care sector.</p> <p>There are particular challenges in Kent in the residential sector.</p>	<p>Gaps in the care market for certain types of care or in geographical areas meaning difficulty in placing some service users. Unable to offer care packages immediately leading to delays with discharging from Health Services Reduction in quality of care provided due to workforce pressures Significant numbers of care home closures or service failures.</p>	High		<ul style="list-style-type: none"> Undertake a co-production and engagement exercise with people with lived experience, partners and providers to inform how we commission Review of existing quality monitoring arrangements ASCH Commissioning Intentions document being drafted. External consultant engaged to review existing commissioning arrangements, including a cost of care assessment. Care in the Home Services refresh completed bringing Supported Living Services under the Care in the Home Umbrella. Care and Support in the Home Services contract combining homecare and community based supporting independence services. Development of micro providers market with partner Community Catalysts. Quarterly contract management reviews take place including focus on performance against targets (engagement and set up). Daily risk assessment for people in the community awaiting packages of care and short term bed provision for those at high risk Engagement with Integrated Care Board around joint commissioning opportunities 	Mel Anthony Simon Mitchell Simon Mitchell Simon Mitchell Paul Stephen Paul Stephen Paula Parker Mark Albiston Richard Ellis	A -Accepted A -Accepted A -Accepted A -Accepted Control Control Control Control Control	30/05/2024 30/05/2024 30/05/2024 30/04/2024 	Medium 15 Major (5) Possible (3)

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Recovery from the Covid-19 pandemic has added additional pressures, further threatening sustainability of the market. Latent demand and a reduction in access to health care has led to an increase in clients presenting with more complex needs. There is increased demand for care and support, and pressures arising from hospital discharges.

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| <ul style="list-style-type: none"> • Adult Social Care Pressures Plan - outlining the strategic and operational response to a range of factors including, vacancies in the health and social care workforce, waiting lists for care and support, winter pressures and budgetary pressures. | Richard Smith | Control |
| <ul style="list-style-type: none"> • Older Persons Accommodation Strategy refreshed, which analyses demand and need and sets the future vision and direction for accommodation to support vulnerable Kent residents alongside the Adult Social Care Strategy - Your Life, Your Wellbeing | Richard Smith | Control |
| <ul style="list-style-type: none"> • Pipeline prioritisation tool is in place for Strategic Commissioning projects, shared with DivMT and Director of Strategy Policy, Relationships and Corporate Assurance | Chris Wimhurst | Control |
| <ul style="list-style-type: none"> • Analytics function utilises data to inform decision making before moving commissioning activity forward. | Matthew Wagner | Control |
| <ul style="list-style-type: none"> • Analytical work is being conducted on assessments and reviews in adult social care to help inform key commissioning activity, including winter planning and impact of Covid. | Matthew Wagner | Control |
| <ul style="list-style-type: none"> • Ongoing monitoring of Home Care market and market coverage. Commissioners and operational managers review the capacity of the Home Care market with a view to developing a strategy to ensure market coverage. | Simon Mitchell | Control |
| <ul style="list-style-type: none"> • Ongoing Contract Monitoring, working in partnership with the Access to Resources team | Simon Mitchell | Control |
| <ul style="list-style-type: none"> • Opportunities for joint commissioning and procurement in partnership with key agencies (i.e. Health) being regularly explored, including joint work regarding the provision of dementia nursing beds. | Simon Mitchell | Control |
| <ul style="list-style-type: none"> • Quarterly market pressure reports to ASCH DMT | Simon Mitchell | Control |

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			<ul style="list-style-type: none"> • Regular engagement with provider and trade organisations 	Simon Mitchell	Control		
			<ul style="list-style-type: none"> • Analytics of the current market, and potential future market to ensure appropriate provision for regulated/unregulated care. Three sets of performance data to be triangulated (Analytic/Performance Data/Budget) 	Simon Mitchell	Control		
			<ul style="list-style-type: none"> • KCC is part of local and regional Quality Surveillance Groups that systematically bring together the different parts of the health and care system to share information, identify and mitigate risks to quality, including those relating to care providers. 	Simon Mitchell	Control		
			<ul style="list-style-type: none"> • New contracts commenced relating to Disability and Mental Health Residential Care services. 	Simon Mitchell	Control		
			<ul style="list-style-type: none"> • Contract for Discharge Services presented to Cabinet Committee and approved by the Cabinet Member. 	Simon Mitchell	Control		
			<ul style="list-style-type: none"> • Ensuring contracts have indexation clauses built-in, managed through contract monitoring 	Michael Bridger	Control		
			<ul style="list-style-type: none"> • Continue to work innovatively with partners, including health services, districts and boroughs, and providers to identify any efficiencies across the wider sector. 	ASCH Divisional Directors	Control		

Risk Register - Corporate Risk Register

Risk Ref	CRR0056	Risk Title and Event	Assigned To	Last Review da	Next Review		
		SEND Delivery Improvement and High Needs Funding shortfall	Sarah Hammond	02/04/2024	02/07/2024		
<p>Insufficient improvement in areas identified within Ofsted timescales and children with SEND do not meet sufficient progress within the available financial resource.</p> <p>Inability to manage within budget and reduce accumulated deficit on Dedicated Schools Grant reserve.</p>							
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk
<p>The Kent local area inspection by Ofsted and the CQC for children with SEND took place in January 2019. This inspection found nine significant areas of weakness across the local area which resulted in a Written Statement of Action being issued. In September 2022, the Local Area was revisited by Inspectors from both Ofsted and the CQC, who found that the area had not made sufficient progress in addressing any of the significant weaknesses. In March 2023 an Improvement Notice was issued to KCC. An Improvement Plan (Accelerated Progress Plan - APP) will be required to be formalised by the Local Area against which Outcome and Impact based KPIs will be scrutinised and addressed. In addition, there has been a significant increase in the number of children receiving Special Educational Needs</p>	<p>Adverse impact on outcomes for vulnerable young people.</p>	High		<ul style="list-style-type: none"> Delivery of SEND Improvement Programme, which includes delivery of requirements detailed in the Kent Accelerated Progress Plan. 	Sarah Hammond	A -Accepted Regular review	High
	<p>Dissatisfaction from families.</p>	25 Major (5)		<ul style="list-style-type: none"> KCC has entered into a "Safety Valve" agreement with the Department for Education (DfE), enabling Kent County Council (KCC) to receive funding over a 5-year period to substantially fund the accumulated deficit on the Dedicated Schools Grant (DSG) High Needs Block (HNB). The agreement requires commitment to areas of review and improvement identified by Department for Education (DfE) to bring in year spend in line with the in-year budget by 2027/28. A financial contribution from the Council is also expected. 	John Betts	Control	16 Serious (4)
	<p>Potential for legal action if statutory time limits or processes are not met.</p> <p>Continued funding of deficit on the DSG reserve by net surplus balances in other reserves becomes unsustainable, impacting on the financial resilience of the Council.</p> <p>Should the Secretary of State not be satisfied with the Council's progress at any stage, she may choose to invoke her statutory powers of intervention (s497A Education Act 1996) to direct the Council to take any further actions deemed necessary to secure the improvements required in SEND services.</p>	Very Likely (5)		<ul style="list-style-type: none"> Continual lobbying of Government on two matters; increased funding in both the short and medium term, and structural changes to government policy to help reduce the demand i.e. via County Council Network, Association of Directors of Children's Services. Includes provision of evidence of the impact of the High Needs pressures on the quality of education children receive, schools, other providers and the Local Authority. 	Roger Gough	Control	Likely (4)

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<p>and Disability support and the Council's Dedicated Schools Grant (DSG) budget is overspending on the High Needs Block.</p> <p>The Council is now part of the DfE Safety Valve programme and as part of this, will need to bring High Needs spending back into balance over the medium term and contribute to repaying the historic deficit. Corresponding pressure on some of KCC's non-DSG SEND related budgets e.g. SEN Home to School Transport, is also being experienced (CRR0057). Consequently, meeting the needs of children and young people with SEND within available resources is becoming ever more challenging. The ability to forecast costs in future years is difficult.</p>			<ul style="list-style-type: none"> • The Council has produced for approval by the Department for Education (DfE) and NHS England (NHSE) an Improvement Plan (Accelerated Progress Plan) to deliver appropriate and sustainable improvement, covering the areas identified in the Ofsted and CQC revisit report of 9 November 2022, as well as recommendations made by the Department. Sarah Hammond • Continual lobbying of Government on two matters; increased funding in both the short and medium term, and structural changes to government policy to help reduce the demand i.e. via County Council Network, Association of Directors of Children's Services. Includes provision of evidence of the impact of the High Needs pressures on the quality of education children receive, schools, other providers and the Local Authority. Sarah Hammond • Local area SEND Strategy developed in collaboration with partners, which goes beyond the Written Statement of Action to enable sustained improvement and transform Kent's SEND offer. Sarah Hammond • Robust programme management in place, ensuring appropriate alignment between project workstreams and overall programme delivery arrangements. Sarah Hammond • KCC SEND Transformation Strategic Board in place, with responsibility for coordinating activity and tracking improvement progress, reporting into the partnership Strategic Improvement and Assurance Board. Sarah Hammond • Kent and Medway Children and Young People's Programme Board joint governance mechanism with Health partners (sub-group of Integrated Care Board) Sarah Hammond 	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		
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Risk Register - Corporate Risk Register

			<ul style="list-style-type: none">Independently chaired Strategic Improvement and Assurance Board established, including representation from the Local Authority (including Members and cross directorate colleagues), Health, Learning and Teaching settings, representatives of parents and carers, and where appropriate young people.	Sarah Hammond	Control		
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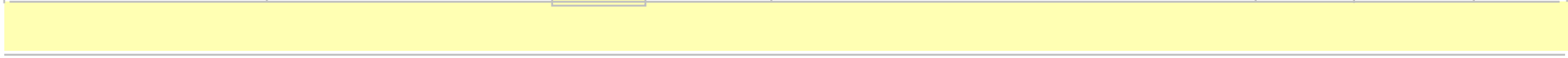
Risk Register - Corporate Risk Register

Risk Ref	CRR0063	Risk Title and Event	Assigned To	Last Review da	Next Review			
		Capacity to accommodate and care for Unaccompanied Asylum-Seeking (UAS) Children	Sarah Hammond	02/04/2024	02/07/2024			
<p>Insufficient resource (people and finances) to provide suitable social work assessment capacity, placements and support for UAS children in a timely fashion.</p> <p>Shortfall in funding the full cost associated with fulfilling the Council's statutory duties, particularly in relation to additional costs arising from the High Court Judgement.</p>								
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
<p>In recent years, large numbers of unaccompanied children have arrived in the UK and claimed asylum. Because almost all of these children enter the UK in Kent, KCC is the local authority responsible for accommodating and looking after them in the first instance, in addition to those who already live in its area. Due to significant numbers of UAS children arrivals over a sustained period of time, and deficiencies in the operation and enforcement of the National Transfer Scheme (NTS), in September 2021 KCC and the Home Office agreed a protocol setting out how KCC would manage this situation in future. As a result of a recent High Court Judgement, this protocol can no longer be applied in its current form, meaning that the Council is required to accommodate and look after all UAS children arriving into the County, pending transfer</p>	<p>Impacts on vulnerable young people (both UAS children and potential knock-on impacts for Kent looked after children). Inability to fulfil statutory duties effectively. Significant additional budget pressures on the Authority, impacting on its financial resilience. Legal consequences. Reputational damage.</p>	<p>High 25 Major (5) Very Likely (5)</p>		<ul style="list-style-type: none"> Intensive negotiations taking place with Home Office and Department for Education on how to ensure suitable placements are provided for unaccompanied children, in line with our duties. 	Sarah Hammond	A -Accepted	29/06/2024	High 20 Serious (4)
				<ul style="list-style-type: none"> Commissioning of a new facility to operate as a safe care reception centre. 	Christy Holden	A -Accepted	29/06/2024	Very Likely (5)
				<ul style="list-style-type: none"> Representations made to Government for additional support to deal with UAS children costs. 	Roger Gough	Control		
				<ul style="list-style-type: none"> UAS child numbers are continually monitored and reviewed to assess capacity and aid planning 	Louise Fisher	Control		
				<ul style="list-style-type: none"> Best endeavours are being applied to ensure assessments are completed for every child that arrives in port and find appropriate placements, despite resourcing challenges. 	Louise Fisher	Control		
				<ul style="list-style-type: none"> Registering of reception centres with Ofsted to meet regulations coming into effect in autumn 2023. 	Louise Fisher	Control		
				<ul style="list-style-type: none"> The Council has utilised / re purposed available buildings to increase accommodation capacity in the short term. 	Rebecca Spore	Control		
				<ul style="list-style-type: none"> UAS Children Project Board in place to coordinate support efforts across the organisation. 	Sarah Hammond	Control		

Risk Register - Corporate Risk Register

to other local authorities under the National Transfer Scheme. This presents numerous pressures on an already stretched service, and for the council as a whole.

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Risk Register - Corporate Risk Register

Risk Ref	CRR0045	Risk Title and Event	Assigned To	Last Review da	Next Review		
		Maintaining effective governance and decision making in a challenging financial and operating environment.	Amanda Beer	02/04/2024	02/07/2024		
<p>Members are unwilling or unable to agree necessary policy (service) decisions within required timescales to deliver a legally balanced budget and sustainable medium term financial plan (MTFP).</p> <p>Members agree a budget requiring unrealistic and undeliverable efficiency savings leading to significant in year overspends. Statutory officers (S151, Monitoring Officer, Head of Paid Service) are required to use their powers to intervene or alert the Council to inappropriate/illegal decision making.</p>							
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk
<p>The continuation of a challenging financial and operating environment for Local Government (see risk CRR0009) will require difficult policy decisions to be made in a timely manner, which requires continued effective governance and decision making as well as robust internal control mechanisms. Examples from other local authorities has shown the impact that ineffective decision making can have on financial resilience. KCC's constitution explicitly references the demarcation of Member and Officer roles, which consequently places dependency on the effectiveness of the member governance of the Council.</p> <p>In October 2023 the External Auditors issued a report on governance arrangements at the Council, which identified</p>	<p>Decisions challenged under judicial review on the appropriateness of the decision-making within KCC. Monitoring Officer / Head of Paid Service statutory report to Council. Reputational damage to the Council. S114 Notice issued by the S151 Officer.</p>	High		<ul style="list-style-type: none"> Review of KCC Informal Governance arrangements and Operating Standards Implementation of the actions identified within the 2022/23 Annual Governance Statement report Medium Term Financial Plan and Budget Book agreed by Full Council and support/briefings provided for all political groups by officers on budget development options Effective internal audit arrangements in place and robust monitoring arrangements for the delivery of internal audit recommendations to Governance & Audit Committee Appropriately detailed and timely financial monitoring reports considered by Cabinet and Cabinet Committees Governance reviews from across the Local Government sector are analysed to identify any lessons learned and reported to relevant stakeholders, including Governance & Audit Committee. Appropriate officer development and training programme in place and overseen by CMT Budget Recovery Strategy - Securing Kent's Future - set, to address the in-year and future years' financial pressures the council is facing and the specific and broader action that can be taken to return the council to financial sustainability. 	<p>Amanda Beer A -Accepted</p> <p>Benjamin Watts A -Accepted</p> <p>John Betts Control</p> <p>John Betts Control</p> <p>John Betts Control</p> <p>John Betts Control</p> <p>Roger Gough Control</p>	<p>31/07/2024</p> <p>30/06/2024</p>	<p>Medium</p> <p>10</p> <p>Major (5)</p> <p>Unlikely (2)</p>
				20 Major (5) Likely (4)			

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<p>22 recommendations including around strategic arrangements for delivering priorities, effective challenge to and scrutiny of decisions and the Councils structure, systems and behaviours.</p>				<ul style="list-style-type: none"> • Appropriate performance reporting of service and corporate performance to Cabinet, Cabinet Committee and Full Council 	David Whittle	Control		
<p>The External Auditors referred to their October 2023 report in their Annual Report of 2022/23, raising a key recommendation in regard to significant weaknesses in arrangements for governance, and noted that the same recommendation had been made in 2021/22. This was supported by findings in the Monitoring Officers annual governance statement who has noted that improvements need to be made if governance is to be effective, in both the 2021/22 and 2022/23 reports.</p>				<ul style="list-style-type: none"> • Appropriate and effective corporate risk management procedures in place for the Council • Operating standards for KCC officers that support KCC's constitution published on KNet, signposting officers to essential policy information and additional guidance on specific topics, to help officers discharge their responsibilities effectively. 	David Whittle	Control		
<p>The external auditor stated that that there have been areas of improvement during the year including workshops, review of written governance processes and a Member development survey, however they also concluded that the culture, behaviours and standards should also keep pace with improvement work.</p>				<ul style="list-style-type: none"> • Informal governance arrangements authorised by the KCC Constitution have been published on KNet as a practical guide for how officers work with elected Members to help them support effective decision making for our service users, residents and communities. • Key and significant decision-making process in place for Executive decisions and appropriately published Forward Plan of Executive Decisions • Annual Governance Statement (AGS) arrangements in place with returns made across both senior and statutory officers • Democratic Services support effective Committee governance and scrutiny arrangements. • Member and Officer codes of conduct in place and robustly monitored and enforced • Member development and training programme in place and overseen by Selection and Member Services Committee • Completion of the activities required, including the review of the Constitution, to ensure that the Chief Executive Officer (CEO) has a fit for purpose support and governance structure (as agreed by the County Council) to continue the effective discharge of duties. 	David Whittle	Control		

Risk Register - Corporate Risk Register

			<ul style="list-style-type: none"> • Following the publication of the 2021/22 AGS, a dedicated team was assembled within the Governance, Law and Democracy function to improve the awareness and application of governance and decision making across the council. 	Benjamin Watts	Control		
			<ul style="list-style-type: none"> • Provision for Chief Officers to seek written direction from Executive Members within the KCC Constitution 	Benjamin Watts	Control		

Risk Register - Corporate Risk Register

Risk Ref	CRR0014	Risk Title and Event	Assigned To	Last Review da	Next Review		
		Cyber & Information Security Resilience	Lisa Gannon	02/04/2024	02/07/2024		
Confidentiality, integrity and availability of data or systems is negatively impacted or compromised leading to loss of service, data breaches and other significant business interruptions.							
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk
Malicious (intentional) actions against KCC from individuals, cyber criminals and state sponsored attacks.	Data Protection breach and consequent Information Commissioner's Office (ICO) sanction.	High 20 Major (5)		<ul style="list-style-type: none"> Data Protection and Information Governance training is mandatory and requires staff to refresh periodically. Progress rates monitored regularly. 	Control		High 20 Major (5)
Supply chain compromise including third party data transfers, vulnerabilities in purchased equipment and supplier system breaches.	Damages claims. Reputational Damage. Potential significant impact on business interruption if systems require shutdown until magnitude of issue is investigated. Loss or corruption of data. Loss of key systems potentially impacting ability to deliver statutory services.	Likely (4)		<ul style="list-style-type: none"> Investment in and implementation of new controls and technologies including capabilities of M365 E5 licenses. Cyber security threats are constantly evolving and therefore new tools and capabilities are required to keep up and mitigate the risk. 	Control		Likely (4)
Human error leading to staff revealing information or taking actions which assist malicious actor in being able to affect systems or data, including responding to phishing emails and losing account credentials.	Partners unable to discharge their duties Complaints			<ul style="list-style-type: none"> Supply chain risk management program including keeping an inventory of all ICT suppliers and third party data transfers, cyber requirements built into procurement, regular assurance of supplier security to ISO 27001 and Cyber Essentials, and regular risk assessments carried out to identify supply chain risks. 	Control		
Compromise of physical security controls and/or infrastructure including unauthorised access to data centres, network cables and natural disaster (flood, fires etc.)				<ul style="list-style-type: none"> Security engagement, training and awareness. Ongoing program of security engagement, training and awareness, upskilling staff to reduce human error. This includes communications, e-learning and training for staff. 	Control		
Gaps in existing resources and capabilities, including technological controls and resource challenges in provider's operational teams.				<ul style="list-style-type: none"> Frequent security audits, penetration tests and compliance submissions External review of security posture provides validation that our controls work and are being managed effectively. 	Control		

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			<ul style="list-style-type: none"> Multiple layers of logical, physical and administrative security controls Defence in depth is a key cyber security concept that the Authority adheres to, involving multiple layers of security control for protection from various threats. 	James Church	Control		
			<ul style="list-style-type: none"> Cyber standards and risk assessment have been included into the central ICT commissioning framework 	James Church	Control		
			<ul style="list-style-type: none"> Internal assurance programme including audits, risk assessment and vulnerability management Completion of internal audits and assurance audits to ensure cyber is being managed effectively. Continuing to action audit recommendations via the Consolidated Security Action Plan. Risk assessments completed on new implementations to ensure that cyber risks are highlighted and treated. Vulnerability management activities to identify and treat vulnerabilities in good time. 	James Church	Control		
			<ul style="list-style-type: none"> Data Protection and Information Governance training is mandatory and requires staff to refresh periodically. Progress rates monitored regularly. 	Benjamin Watts	Control		
			<ul style="list-style-type: none"> Additional messages warning staff of cyber threats are being sent out regularly. 	Diane Christie	Control		
			<ul style="list-style-type: none"> Messages to encourage increased awareness of information security amongst staff are to be communicated to align with key implementation milestones of the ICT Transformation Programme. 	Diane Christie	Control		

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Risk Ref	Risk Title and Event	Assigned To	Last Review da	Next Review				
CRR0064	Risk of Failing to Deliver Effective Adult Social Care Services	Richard Smith		07/06/2024				
<p>Impact on outcomes for people who draw on care and support and unpaid carers</p> <p>Potential that people will come to harm and the Council will be unable to ensure that their safeguarding statutory duty under S.42 of the Care Act 2014 will be fully met.</p> <p>Non-compliance with Care Act 2014, the Mental Health Act 1983, the Mental Capacity Act 2005 and associated legislation, and the regulatory requirements of the Care Quality Commission.</p>								
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
<p>The Council is at risk of failing to deliver effective Adult Social Care services and there is the potential to not meet requirements of statutory services under the Care Act 2014, the Mental Health Act 1983, the Mental Capacity Act 2005 and associated legislation, and the regulatory requirements of the Care Quality Commission.</p> <p>The Council has been impacted by:</p> <ul style="list-style-type: none"> - continual reduction in Central Government funding - Demographic changes - Increased demand for services - Demand led statutory services which can be difficult to predict - Increasing costs due to increasing complexity of health and social care needs. - Increasing costs due to cost of living 	<p>Failure to fulfil our duty of care could result in serious harm or detriment or in extremely rare cases death to a person with significant impact on families, carers and support networks. This could in turn result in prosecution, having to pay compensation and a negative impact on the reputation of the Council.</p> <p>Reputational impact. Public perception of the council being willing to accept poor standards of care. Low public confidence in social care</p> <p>A loss of trust in the Council's ability to safeguard people who live in Kent.</p> <p>Overspending on the budget which may impact the wider council.</p>	<p>High</p> <p>20</p> <p>Major (5)</p> <p>Likely (4)</p>		<ul style="list-style-type: none"> • Phase three of the workforce deployment, review of team size, and composition in terms of skills to ensure we are achieving the full benefit of the restructure • Plans developed with HROD to ensure we maintain a highly skilled and effective workforce through specific recruitment and retention activity • External consultancy analysis of the opportunities to work to prevent, delay, and reduce need for care and support to inform our preventative strategy • Enhanced governance and assurance arrangements to increase oversight and control of issues relating to performance, finance and operational challenges. • Targeted plans to deliver sustainable adult social care budget <ul style="list-style-type: none"> • Reprofiting of targets to deliver savings • Phase 2 of the ASC restructure • Activity and outcomes in terms of people and finance tracked to ensure all system work is concluded and any identified savings can be realised at the earliest opportunity. 	<p>Mark Albiston</p> <p>Mark Albiston</p> <p>Richard Smith</p> <p>Mark Albiston</p> <p>Mark Albiston</p>	<p>A -Accepted</p> <p>Control</p> <p>A -Accepted</p> <p>Control</p> <p>Control</p>	<p>30/04/2025</p> <p>31/07/2024</p>	<p>Medium</p> <p>15</p> <p>Major (5)</p> <p>Possible (3)</p>

Risk Register - Corporate Risk Register

<p>pressure/inflation/interest rates/utilities. - increasing costs from social care market providers - recruitment and retention of staff - recovering from the impacts of the Covid-19 pandemic on the sector, including the NHS Recovery Plan</p>			<ul style="list-style-type: none"> • A review of work streams across the Directorate to ensure that all available resources are directed towards the delivery of statutory functions, savings and efficiency plans and all non-essential work is stepped down has taken place, this work will continue to ensure resources are continually focused on priority areas, • National campaign for social workers is now live. Advert for managed services to support with key activities is live. • Recruitment of a time limited Data Quality officer to identify and resolve DQ issues on Mosaic and improve accuracy of performance and financial reporting. 	<p>Mark Albiston Richard Smith</p>	<p>Control Control</p>		
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Risk Register - Corporate Risk Register

Risk Ref	Risk Title and Event	Assigned To	Last Review da	Next Review
CRR0058	Capacity and capability of the workforce	Paul Royel	02/04/2024	02/07/2024
<p>Workforce capacity challenges - insufficient staff to meet service demands.</p> <p>Capacity pressures within the management, and leadership teams potentially impacting time for reflection and decision making.</p> <p>Impact on budgets from use of agency staff/contractors to fill roles to support service delivery.</p> <p>There is a risk that services may not have the capacity to deal with the additional demand and associated cost pressures or may have to reduce quality to meet the need.</p> <p>Complaints from Kent residents</p> <p>Lack of depth / resilience of key personnel or teams.</p>				

Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk
<p>KCC is experiencing increasing demand for services due to whole system pressures which placing pressure on the existing capacity of the workforce.</p> <p>As a result of the complexity and volatility of issues being faced in the organisation capacity in within the management, and leadership teams is stretched.</p> <p>Increasing complexity of issues being faced by KCC require capable and experienced officers with potentially different skill sets.</p> <p>The financial position of the Council limits the ability to manage in spikes operational</p>	Adverse impact on productivity	High		<ul style="list-style-type: none"> Review of pay strategy to ensure it remains competitive and sustainable for the future. Ian Allwright Considering benefits of implementing exit and retention surveys to identify drivers for both leavers and for those who chose to stay Diane Christie Targeted advice, support and interventions available via HR business partners for areas of particular recruitment / retention concern relating to key roles. Paul Royel Workforce planning and appropriate career development and succession planning mechanisms in place. Paul Royel Delivery of the People Strategy for 2022-2027 approved by Personnel Committee Paul Royel KCC's Organisation Design principles set out and periodically refreshed and monitored to ensure they remain fit for purpose. Paul Royel 	A -Accepted	30/04/2025	Medium
	Negative impact on performance and / or delivery of statutory functions or services.	16 Serious (4)			A -Accepted	30/06/2024	12 Serious (4)
	Lack of experienced staff with specialist skills	Likely (4)			Control		Possible (3)
	Reliance on interim and agency staff potentially impacting stability of teams and consistency of service.				Control		
	Inability to progress service development.				Control		
	Low staff morale and negative impact on wellbeing, potentially leading to burn out.				Control		

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<p>demand by way of recruitment.</p> <p>To support capacity, use of agency staff is increasing.</p> <p>Newly qualified professionals in services require adequate time and support from senior officers, which has secondary capacity impacts.</p> <p>Impacts of supporting secondments on teams and services with limited capacity or on difficult to resource roles.</p> <p>As well as national skills shortages in key areas, attracting suitably qualified, skilled and experienced staff, and retaining them to ensure sufficient capacity and capabilities to deliver services continues to be reported as a challenge across directorates. This is influenced by internal and external factors such as the financial position of the Council, local and national elections and the subsequent political uncertainty.</p>	<p>Impact on delivery of projects to expected time scales.</p> <p>Employer and Service Reputational damage</p> <p>Negative impact on budgets and savings plans</p>			<ul style="list-style-type: none"> • Workforce profile report for the Personnel Committee gives detailed analysis on staffing levels and provides comparator information on previous years – now being provided more regularly to Personnel Committee for Member oversight and scrutiny. • Communication, implementation and measurement of the impact of the People Strategy. • Delivery of the Change Support Hub to provide suite of tools, knowledge, models, videos and change related resources to support leaders, managers, staff, and project delivery teams. The aim of the Change Hub is to aid employees to build change understanding and skills at a time right for them, to support the delivery of KCC ambitions through its many change programmes. • Delivery of Management Development activities to provide clarity and guidance for KCC managers on their responsibilities and accountabilities, including focus on key areas, such as digital, hybrid, equality, inclusiveness. • Regular staff survey conducted, followed by facilitation of engagement and action plans with senior management. Includes predictive analytics to explore key drivers of intention to leave to enable appropriate responses to develop. • Promoting even more regular communications between managers and their teams while working remotely via "Good Conversations" tools etc. 	<p>Paul Royel</p> <p>Paul Royel</p> <p>Janet Hawkes</p> <p>Janet Hawkes</p> <p>Diane Christie</p> <p>Diane Christie</p>	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		
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Risk Register - Corporate Risk Register

			<ul style="list-style-type: none"> • Communications and engagement campaigns will be delivered to support the implementation and embedding of People Strategy priorities. In particular, building awareness, understanding and use of our employee package will support staff retention. • Implementation of action plans arising from latest staff survey (conducted November 2023) 	<p>Kate Nowowiecki</p> <p>Corporate Management Team</p>	<p>Control</p> <p>Control</p>		
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Risk Register - Corporate Risk Register

Risk Ref	CRR0060	Risk Title and Event	Assigned To	Last Review da	Next Review		
		Unidentified RAAC in Schools and Corporate Estate	Rebecca Spore	02/04/2024	02/07/2024		
Unidentified RAAC could become unstable and lead to unsafe building/collapse without warning							
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk
<p>RAAC is a lightweight form of precast concrete, frequently used in public sector buildings in the UK from the mid-1960s to at least the mid-1980s. It is mainly found in roofs, although occasionally in floors and walls. It is less durable than traditional concrete and there have been problems as a result, which could have significant safety consequences.</p> <p>RAAC is now life-expired and liable to collapse – this has already happened in 2018 in a school in Kent with no notice. Following the collapse in 2018 KCC commissioned a validation exercise of schools (excluding academies and voluntary aided schools) and the corporate landlord estate to identify RAAC. The exercise highlighted 12 schools with high potential for RAAC, following inspection and testing, 3 positive results for RAAC were found at 3 schools. KCC took adequate steps at the time to implement a strategy for remediation. In 2021 the Department for</p>	<p>More properties are identified as having RAAC meaning threat to delivery of critical services</p> <p>Capital/revenue costs of potential remediation work/temporary accommodation are not within agreed budgets</p> <p>Potential disruption to schools/service delivery while investigations are ongoing.</p> <p>Perception that previously inspected buildings are not safe when there is wider communication about the issue</p> <p>Potential loss of life if an incident occurs at a time when a building is occupied.</p>	<p>Medium</p> <p>15</p> <p>Major (5)</p> <p>Possible (3)</p>		<ul style="list-style-type: none"> Remainder of corporate landlord estate to be surveyed Joanne Taylor Care providers have been written to in regards to their contractual responsibilities for health and safety. Where providers identify RAAC they are to advise contract managers who are liaising with Health and Safety colleagues for advice and guidance Maria Kelly Health and Safety Team in place in advisory capacity to ensure compliance to Government and HSE and guidelines. Maria Kelly Senior surveyor has agreed to write to all landlords where KCC have staff or services in them. Joanne Taylor <p>In meantime, within the CLL RAAC survey, KCC have allowed to undertake inspections if we do not get the necessary assurance from the landlords.</p> <p>CLL RAAC surveys are expected to be completed by December 2023</p> <ul style="list-style-type: none"> Temporary remedial action is underway at the primary school where RAAC was identified . Joanne Taylor Ongoing engagement with the Department for Education (DfE) RAAC Team in order to obtain funding for remediation works. DfE have agreed to fund all capital expenditure in relation to remediation of RAAC in schools. Joanne Taylor Joint task group is in place with Education Joanne Taylor DfE have communicated to all schools regarding RAAC risk Joanne Taylor 	<p>A -Accepted</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>	<p>30/06/2024</p>	<p>Low</p> <p>5</p> <p>Major (5)</p> <p>Very Unlikely (1)</p>

Risk Register - Corporate Risk Register

<p>Education published a guide for responsible bodies to help identify RAAC.</p> <p>Kent County Council (KCC), as the Local Authority, is responsible for the maintenance of Community and Voluntary Controlled school buildings in Kent. This responsibility is taken seriously, with continuous maintenance and modernisation programmes in place to ensure that the school estate is fit for purpose. Included within these programmes are routine building checks that identify possible future maintenance issues with accommodation.</p> <p>Recently another instance of RAAC has been identified at a KCC maintained primary school and as a result, KCC is re-surveying the school estate.</p> <p>Further information being made available to DfE over the Summer of 2023 regarding performance of RAAC material has led to the DfE changing the guidance previously issued earlier in 2023 and requiring complete closure of affected areas where it is present until mitigation works have been completed.</p>		<ul style="list-style-type: none"> • Review of the 2018/19 condition survey, Joanne Taylor • New condition surveys for schools and corporate landlord estate to identify potential RAAC Joanne Taylor • Kent Schools (Local Authority responsibility) written to in relation to and Diocesan schools and Academies written to in relation to their responsibilities. Joanne Taylor • Existing arrangements in schools via Hard FM contract for identification and reporting of building issues Joanne Taylor • Urgent Key Decision taken to authorise the necessary works (up to a cap) alongside the assurance processes. Joanne Taylor • Communications sent to all landlords where KCC have staff or services in them Rebecca Spore 	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		
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Risk Register - Corporate Risk Register

Risk Ref	Risk Title and Event	Assigned To	Last Review da	Next Review
CRR0061	CQC Assurance	Richard Smith	04/03/2024	04/06/2024
	Negative assurance report from CQC impacting the reputation of the Authority			
	Insufficient capacity and capability of available resource and funding within project and operational teams to deliver reform changes in required timescales.			
	Insufficient funding to support the reform and policy changes are unachievable.			
	Failure to embed the Kent Story into practice and delivery.			
	Person's voice is not reflected in decision making regarding their care			

Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk
As part of the Health and Care Act 2022 the CQC have new regulatory powers to oversee the quality and performance of both Local Authorities and Integrated Care Systems (ICS) using a single assessment framework alongside the existing assurance assessment responsibilities they hold for providers of regulated activity.	The Health and Care Act 2022, introduces a new power for the Secretary of State to intervene when it is considered that a Local Authority is failing to meet its duties.	Medium		<ul style="list-style-type: none"> Communication and engagement plan under development to ensure effective engagement methods with all stakeholders prior, during and following assessment. Jade Shepherd Principal Social worker and CQC Assurance Lead attending all adults team meetings to discuss CQC assessment process and the opportunity to engage and support staff. Vicki Minkiewicz Weekly/Fortnightly Project Team meetings to review progress, risks and blockers for escalation to DMT Sydney Hill Engagement with CYPE to share lessons learned/best practice including a joint dashboard of activities which is continually reviewed to ensure it contains relevant and useful information Sydney Hill Continuation of improvement plan which references sustainability and integration, CQC assurance is embedded within ASCH business plan. Activities to improve ASCH sustainability also documented within SPR delivery plans for 2024/25. Sydney Hill CQC Steering Group in place Sydney Hill 	A -Accepted	31/05/2024	Medium
	Negatively impacting relationships with providers and partners - loss of confidence	15 Major (5)					
The CQC will apply the Local Authority Assurance Assessment framework and the reviews will focus on how well KCC is meeting its duties under Part One of the Care Act.	Unable to meet the requirements of 18 (3) of the Care Act 2014.	Possible (3)			A -Accepted	30/06/2024	Unlikely (2)
	Negative assurance report from CQC impacting the reputation of the Authority.				Control		
The assessment framework will look at: <ul style="list-style-type: none"> how KCC works with 	Negatively impacting relationships with customers, carers and families - loss of confidence.				Control		
	Interdependencies between ASCH and CYPE could be impacted should the Regulator				Control		

Risk Register - Corporate Risk Register

<p>people</p> <ul style="list-style-type: none"> • how support is provided to people • how KCC ensures safety • the leadership across adult social care. <p>Formal assessments will start from December 2023 with the aim to undertake all local authority assessments within two years.. It is not known when the Kent formal assessment will be and a period of 9-11 weeks will be given. Following the Kent formal assessment, an overall rating will be given, and a rating for each quality statement will be provided. This will be supported by a summary of areas of improvement and strength.</p>	<p>issue a negative assurance report.</p> <p>A negative assurance report may impact the ability to recruit.</p>			<ul style="list-style-type: none"> • CQC Steering Group is in place. April 2024 meeting approved the terms of reference. Attendees from SRP, Commissioning, Public Health, Policy and Strengthening independence. The Group meets on a monthly basis. Sydney Hill • South East Region ADASS self-assessment is subject to ongoing review and is refreshed on a quarterly basis Sydney Hill • CMT and Cabinet Members have been engaged and briefed on ADASS self-assessment output Sydney Hill • Business case determining resource requirements to support CQC related activity agreed and funded through Strategic Reset programme Board for a one year fixed period. Sydney Hill • Regular progress report to DMT including any escalations Sydney Hill • Continuous improvement plan has been developed following self-assessment and is a live monitored document to support and prioritise improvement activity. Sydney Hill • Programme of training events including the 10 Core Skills Topics identified to support with the embedding of the Practice Framework to support practitioners to develop knowledge and skills as part of continuing professional development. Sarah Denson • KCC Safeguarding Competency Framework in place, including Mental Capacity Act requirements. Sarah Denson • Continued embedding of the Practice Framework and Quality Framework to drive improvements to 'be the best we can be' Sarah Denson 	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		
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			<ul style="list-style-type: none"> • KCC is a statutory partner to the Kent & Medway Safeguarding Adults Board – a statutory service which exists to make sure that all partner agencies are working together to help and protect adults with care and support needs in the Kent and Medway area who may be experiencing, or are at risk of, abuse or neglect, and unable to protect themselves.. The Board has an independent Chair and its work carried out by a number of working groups. 	Sarah Denson	Control		
			<ul style="list-style-type: none"> • Test of Assurance Peer Review facilitated by Local Government Association has been signed off with a focus on three key areas of assurance. 	Jade Shepherd	Control		
			<ul style="list-style-type: none"> • Staff events facilitated by Local Government Association to support front line workers with example questions and responses from CQC assurance reviews. Themes from the workshops are to be factored into Self-assessment. 	Jade Shepherd	Control		
			<ul style="list-style-type: none"> • Communications and engagement plan for the ASCH workforce in place in regards to CQC assurance 	Jade Shepherd	Control		
			<ul style="list-style-type: none"> • Monthly highlight reports to SRPB providing updates on progress, risks, and challenges 	Jade Shepherd	Control		
			<ul style="list-style-type: none"> • An all staff event held with a focus on CQC assurance 	Richard Smith	Control		
			<ul style="list-style-type: none"> • Assurance Board is to receive and monitor all information and activity across the County pertaining to Quality, Performance and Culture to provide confidence in the consistency and approach of practice across locality teams. Finance will be a key theme that runs through all 3 key areas of 'Assurance' 	Richard Smith	Control		
			<ul style="list-style-type: none"> • Attendance at the South East region ADASS networking groups where information is shared from LGA, DHSC, and opportunities to share intelligence/best practise 	Richard Smith	Control		

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			<ul style="list-style-type: none"> • CQC assurance project forms part of the Strategic Reset Programme, projects within this programme are led by CMT, and are priority change projects which focus on the Council's most critical, complex and high-risk change programmes to support them to be delivered successfully • Ongoing focus on culture development across ASCH workforce • Adult Social Care Pressures Plan - outlining the strategic and operational response to a range of factors including COVID-19, vacancies in the health and social care workforce, waiting lists for care and support, winter pressures and budgetary pressures. • Transitions Panel with stakeholders from Childrens and Adult social care to be developed as the access point for all young people entering into adult services. Currently in place for East Kent and occurs bi monthly. Panels to be established in North and West Kent • Any relevant actions from Internal Audit audits on ASCH operational activities are shared with CQC project • Locality Commissioners meet regularly with Local Inspectors of the CQC. • Regular communication to the ASCH workforce on work in progress to support preparations for CQC assurance • Regular engagement with Head of Finance (Policy, Planning & Strategy) and Revenue Manager. 	Richard Smith	Control		
				Richard Smith	Control		
				Richard Smith	Control		
				Susan Ashmore	Control		
				Debbie Chisman	Control		
				Simon Mitchell	Control		
				Vicki Minkiewicz	Control		
				Michelle Goldsmith	Control		

Risk Register - Corporate Risk Register

Risk Ref	Risk Title and Event	Assigned To	Last Review da	Next Review
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RRR0039	Information Governance	Benjamin Watts	17/04/2024	02/07/2024
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Failure to embed the appropriate processes, procedures and behaviours to meet regulations.
 Failure to meet regulatory reporting deadlines. KCC is currently not meeting reporting requirements for FOI requests.
 Information security incidents (caused by both human error and / or system compromise) resulting in loss of personal data or breach of privacy / confidentiality.
 Council accreditation for access to government and partner ICT data, systems and network is withdrawn.
 Cantium Business Solutions prioritises commercial work or does not undertake information governance compliance work in an appropriate and timely fashion.
 Providers and or suppliers processing KCC data fail to embed the appropriate processes and behaviours.
 Poor data quality negatively impacts AI algorithms

Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
<p>The Council is required to maintain the confidentiality, integrity and proper use, including disposal of data under the Data Protection Act 2018, which is particularly challenging given the volume of information handled by the authority on a daily basis. The Council has regulatory obligations into the management of SAR/FOI/EIR requests</p> <p>United Kingdom General Data Protection Regulations (UK GDPR) came into effect that have introduced significantly increased obligations on all data controllers, including the Council.</p> <p>The Covid-19 pandemic has introduced new risks e.g., staff adapting to new ways of working and increasing information security threats. There is insufficient resource</p>	<p>Information Commissioner’s Office sanction (e.g., undertaking, assessment, improvement, enforcement or monetary penalty notice issued against the Authority).</p> <p>Serious breaches under UK GDPR could attract a fine of c£17m.</p> <p>Increased risk of litigation. Reputational damage. Bias presenting in AI algorithms impacting outcomes and decision making</p> <p>Loss of trust in automated decisions</p>	Medium		<ul style="list-style-type: none"> Implementation of action identified within the 2023/24 consolidated annual governance action plan – Information Asset Owners assurance on data controls within the supply chain 	Benjamin Watts	A -Accepted	30/06/2024	Medium
		15		<ul style="list-style-type: none"> DPIA being drafted for use of Copilot across the organisation as a whole 	Hannah Rumball	A -Accepted	30/06/2024	9
		Significant (3)		<ul style="list-style-type: none"> Each directorate is responsible for carrying out data mapping exercises to find out what personal data is held and to understand how the information flows through the organisation – Implementation of recommendations from Internal Audit of data mapping. 	Hannah Rumball	A -Accepted	30/06/2024	Significant (3)
		Very Likely (5)		<ul style="list-style-type: none"> ICT Commissioning function has necessary working/contractual relationship with the Cantium Business Solutions to require support on KCC ICT compliance and audit. 	Dave Lindsay	Control		Possible (3)
				<ul style="list-style-type: none"> Supply chain risk management program including keeping an inventory of all ICT suppliers and third party data transfers, cyber requirements built into procurement, regular assurance of supplier security to ISO 27001 and Cyber Essentials, and regular risk assessments carried out to identify supply chain risks. 	James Church	Control		

Risk Register - Corporate Risk Register

available to undertake comprehensive oversight / assurance activity that provides assurance on compliance with existing information governance standards. There is a critical dependency on the Council's Local Authority Trading Companies (CBS) and other material third parties to support Information Governance compliance for the KCC systems and network. KCC services' requirement for non-standard systems creates vulnerabilities. Failure to manage data lawful when using automated decision making via algorithms

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| <ul style="list-style-type: none"> • Data breach process enhanced by automated system, changes included auto reminders to services where further information is required. More data is available on service performance in relation to breach management and also allow for timely escalation where appropriate | Peter Healey | Control |
| <ul style="list-style-type: none"> • Senior Information Risk Owner for the Council appointed with training and support to undertake the role. | David Whittle | Control |
| <ul style="list-style-type: none"> • Caldicott Guardian appointed with training and support to undertake the role | Richard Smith | Control |
| <ul style="list-style-type: none"> • Overarching policy for use of Artificial Intelligence is in place and has been communicated to the wider organisation | Benjamin Watts | Control |
| <ul style="list-style-type: none"> • Staff are required to complete mandatory training on Information Governance and Data Protection and refresh their knowledge every two years as a minimum. | Benjamin Watts | Control |
| <ul style="list-style-type: none"> • KCC are not meeting required deadlines for FOI returns. Paper to CMT regarding causes and requirements of services, | Benjamin Watts | Control |
| <ul style="list-style-type: none"> • A number of policies and procedures are in place including KCC Information Governance Policy; Information Governance Management Framework; Information Security Policy; Data Protection Policy; Freedom of Information Policy; and Environmental Information Regulations Policy all in place and reviewed regularly. Data Protection Officer in place to act as a designated contact with the ICO. | Benjamin Watts | Control |
| <ul style="list-style-type: none"> • Implementation of recommendations from working from home and records management audits. | Benjamin Watts | Control |
| <ul style="list-style-type: none"> • Management Guide/operating modules on Information Governance in place, highlighting key policies and procedures. | Benjamin Watts | Control |

Risk Register - Corporate Risk Register

			<ul style="list-style-type: none"> • Corporate Information Governance Group established, chaired by the DPO and including the SIRO and Caldecott Guardian acting as a point of escalation for information governance issues and further escalation to the Corporate Management Team if required 	Benjamin Watts	Control		
			<ul style="list-style-type: none"> • Privacy notices as well as procedures/protocols for investigating and reporting data breaches reviewed and updated 	Caroline Dodge	Control		
			<ul style="list-style-type: none"> • Information Resilience and Transparency team in place, providing business information governance support. 	Caroline Dodge	Control		
			<ul style="list-style-type: none"> • Cross Directorate Information Governance Working Group in place. 	Hannah Rumball	Control		

Risk Register - Corporate Risk Register

Risk Ref	CRR0049	Risk Title and Event	Assigned To	Last Review date	Next Review
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Fraud and Error			John Betts	25/03/2024	25/06/2024
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Failure to prevent or detect significant acts of fraud or error from internal or external sources, in that within any process or activity there are risks that:

- false representations made to make a gain or expose another to a loss
- failure to notify a change of circumstances to make a gain or expose another to a loss
- abuses of position, in which they are expected to safeguard to make a gain or expose another to a loss.

Given the size and complexity of KCC, with a significant number of payments going to a wide range of suppliers and other public bodies, whom have a legitimate need to amend their bank details, that this process is used to submit a fraudulent change of bank details (mandate fraud) to KCC in order to divert funds.

Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk
<p>As with any organisation, there is an inherent risk of fraud and/or error that must be acknowledged and proactively managed.</p> <p>The fraud threat posed during emergency situations is higher than at other times, and all public bodies should be attuned to the risks facing their organisations and the public sector. This is further impacted by inflation and the cost-of-living crisis. It is critical that management implements a sound system of internal control and always demonstrates commitment to it, and that investment in fraud prevention and detection technology and resource is sufficient. This includes ensuring that new emerging fraud/error issues are sufficiently risk assessed.</p>	<p>Financial loss leading to pressures on budgets that may impact the provision of services to service users and residents.</p>	<p>Medium</p> <p>10</p>		<ul style="list-style-type: none"> Guidance is available on the Finance Page on KNet to inform those who receive change of bank details on the agreed process and this is communicated to payment, commissioning and contract management teams across KCC. 	Control		<p>Low</p> <p>5</p>
	<p>Reputational damage, particularly if the public see others gaining services or money that are not entitled to, leading to resentment by the public against others.</p>	<p>Moderate (2)</p> <p>Very Likely (5)</p>		<ul style="list-style-type: none"> Process maps are in place to inform Control Mark Sage Team on the correct process to request a change of bank details. Training of staff involved in the updating of bank details is in place to inform them of the agreed process. Any queries received on missing payments from suppliers is cross checked against recent change of bank requests to alert a possible mandate fraud. Response Plan is in place within the Control Mark Sage Team to deal with any actual mandate frauds that have been identified. KCC is part of the Kent Intelligence Network (KIN), a joint project between 12 district councils, Medway Council, Kent Fire & Rescue and Kent County Council which analyses and data matches financial and personal information to allow fraudulent activity in locally administered services to be detected more proactively within Kent 	Control		<p>Minor (1)</p> <p>Very Likely (5)</p>

Risk Register - Corporate Risk Register

			<ul style="list-style-type: none"> An agreed Memorandum of Understanding is in effect with partners (District Councils, Police and Fire Service) outlining the minimum standards expected to be applied by collection authorities (District Councils) to address fraud and error relating to council tax and business rates. Additional work jointly funded to identify and investigate high risk cases based on each authority's share of the tax base. This supports the work of the KIN. 	Dave Shipton	Control		
			<ul style="list-style-type: none"> Commissioning standards reviewed, including rules relating to "Spending the Council's Money", which have been clarified, to ensure relevant controls are in place to mitigate e.g. declarations of interest for procurement fraud, authorisation levels etc. 	Clare Maynard	Control		
			<ul style="list-style-type: none"> Communication of mandate fraud / cyber security to KCC supply chain. 	Clare Maynard	Control		
			<ul style="list-style-type: none"> Internal Audit includes proactive fraud work in its annual audit plan, identifying potential areas where frauds could take place and checking for fraudulent activity. 	Jonathan Idle	Control		
			<ul style="list-style-type: none"> Whistleblowing Policy in place for the reporting of suspicions of fraud or financial irregularity 	James Flannery	Control		
			<ul style="list-style-type: none"> Training and awareness raising is conducted periodically and is included in the Counter-Fraud action plan. 	James Flannery	Control		
			<ul style="list-style-type: none"> Preventing Bribery Policy in place, presenting a clear and precise framework to understand and implement the arrangements required to comply with the Bribery Act 2010. 	James Flannery	Control		
			<ul style="list-style-type: none"> Anti-fraud and corruption strategy in place and reviewed annually 	James Flannery	Control		
			<ul style="list-style-type: none"> Counter Fraud Action plan in place to manage resources in conducting reactive and proactive work across KCC. 	James Flannery	Control		

Risk Register - Corporate Risk Register

			<ul style="list-style-type: none"> • Participate in the National Fraud Initiative exercise every two years to identify any fraud and error within key risk areas. James Flannery • KCC Counter Fraud & Trading Standards are a member of the Kent Fraud Panel to help inform current fraud trends and emerging risks that may impact KCC and its residents. James Flannery • Mandate fraud risks are communicated as part of the fraud awareness sessions. James Flannery • Systems of internal control which aim to prevent fraud and increase the likelihood of detection e.g. financial controls such as authorisation of payments and spend. Corporate Management Team • The Corporate Management Team is required to engage the Counter Fraud Team regarding all new policies, initiatives and strategies as per the anti-fraud and corruption strategy, and have relevant fraud risk assessments and mitigating controls in place on specific fraud risks associated with their areas. Corporate Management Team 	Control		
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APPENDIX 2 - Directorate Risk Registers - Summary Risk Profiles May 2024

Risk No.	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since July 2023
Children, Young People and Education				
CY0030	Management of the CYPE Directorate in year budget	High (25)	Medium (12)	↑
CY0042	Home To School Transport demand and cost pressures	High (25)	TBC	Revised Risk
CY0040	Availability of Specialist Providers for Disabled Children and Children with Complex Needs	High (16)	Medium (12)	↔
CY0048	Safeguarding Vulnerable Children	Medium (15)	Medium (15)	Deescalated from Corporate Risk Register
CY0044	Use of unregulated providers for 16+ semi-independent living provision	Medium (12)	Medium (9)	New Risk
CY0045	Growing demand and limited supply of affordable accommodation – children’s services.	Medium (12)	Low (6)	New Risk
CY0009	Children not in full time education not receiving a suitable education	Medium (12)	Low (6)	↔
CY0032	Information Governance	Medium (9)	Medium (9)	↔
CY0034	Business Continuity and Resilience	Medium (8)	Medium (8)	↓
Growth, Environment and Transport				
GT0031	Recruitment and Retention challenges for key roles.	High (20)	High (16)	↔
GT0020	Identification, planning and delivery of Medium-Term Financial Plan targets	High (20)	High (16)	↑
GT0025	Capital Investment and Asset Management	High (20)	High (16)	↑
GT0026	Net Zero and Sufficiency of Funding	High (16)	Medium (9)	↔
GT0019	Delivery of in-year budget targets	Medium (12)	Medium (12)	↔

GT0027	Provision of suitable ICT systems	Medium (12)	Medium (12)	↔
GT0021	Resources provided to the directorate (availability and quality)	Medium (12)	Medium (9)	↔
GT0001	Health and Safety considerations	Medium (10)	Medium (10)	↔
Chief Executive's and Deputy Chief Executive's Departments				
DCED0005	Simultaneous Emergency Response and Resilience	Medium (15)	Medium (15)	Deescalated from Corporate Risk Register
DCED0003	Departmental resource capacity	Medium (12)	Medium (9)	↔
DCED0004	External supplier resource capacity	Medium (12)	Low (4)	↔
DCED0002	Anti-bribery and Corruption	Low (4)	Low (4)	↔
Adult Social Care and Health				
AH0005	Continued pressures on public sector funding impacting on revenue and saving efficiencies	High (25)	High (20)	↔
AH0043	Deprivation of liberty safeguards	High (20)	High (16)	↔
AH0044	Safeguarding – protecting adults at risk	High (20)	Medium (15)	New Risk
AH0033	Adult Social Care Workforce recruitment and retention	High (20)	Medium (9)	↑
PH0124	CBRNE incidents, communicable diseases and incidents with a public health implication	Medium (15)	Medium (15)	Deescalated from Corporate Risk Register
AH0047	Provider Failure	Medium (15)	Medium (9)	New Risk
AH0038	Information Governance	Medium (9)	Medium (9)	↓
AH0037	Information Asset Management	Medium (9)	Medium (9)	↔

Appendix 3

Examples of Committee reports of relevance to CRR risks since November 2023:

Risk Ref: CRR0003	Securing resources to aid economic growth and enabling infrastructure
Growth, Economic Development and Communities Cabinet Committee 5 March 2024	Item 8 – 24/00010 - Contracting Inward Investment and Visitor Economy Services for Kent & Medway Item 12 - Kent & Medway Business Fund Bi-Annual Monitoring - Quarter 2 2023-24 Item 13 - Update on Transition of Local Enterprise Partnership Responsibilities to Kent County Council
Scrutiny Committee 28 February 2024	Item C1 - 23/00121 – Kent and Medway Economic Framework
Environment and Transport Cabinet Committee 15 November 2023	Item 10 - 23/00104 - Bus Service Improvement Plan (BSIP) - Tranche 2 Grant Offer

Risk Ref: CRR0009	Future financial and operating environment for Local Government
County Council 28 March 2024	Item 10 - Treasury Management – 6 Month Review 2023/24
Cabinet 21 March 2024	Item 5 - Late changes to the 2024-25 budget and 2024-27 Medium Term Financial Plan (MFTP) Item 6 - 24/00021 - Revenue and Capital Budget Monitoring Report - December 2023-2024 (Q3)
County Council 19 February 2024	Item 6 - Capital Programme 2024-34 and Revenue Budget 2024-25 (including Council Tax Setting 2024/25)
Policy & Resources Cabinet Committee 17 January 2024	Item 5 - Draft Ten Year Capital Programme, Revenue Budget 2023-24 and Medium Term Financial Plan 2023-26

Risk Ref: CRR0014	Cyber & Information Security Resilience
Governance & Audit Committee 19 March 2024	Item 7 - Policy Review - Anti-Money Laundering Policy, Anti-Bribery Policy, Anti-Fraud and Corruption Strategy
Policy & Resources Cabinet Committee 13 March 2024	Item 19 - Cyber Security Annual Report (Exempt Item)
Governance & Audit Cttee 19 March 2024	Item 13 External Audit Findings relating to Cyber Security (Exempt Item)

Risk Ref: CRR0015	Sustainability of the Social Care Market
Scrutiny Committee 28 February 2024	Item C2 - Making a Difference Every Day, KCC's Strategy for Adult Social Care 2022 to 2027 - update
Adult Social Care Cabinet Committee 18 January 2024	Item 10 - 24/00004 - Learning Disability, Physical Disability and Mental Health Residential Care Home Services - Contract Extension
Kent and Medway Joint Health and Wellbeing Board 6 December 2023	Item 9 – Update on Integrated Care Strategy development
Adult Social Care Cabinet Committee 23 November 2023	Item 7 - 23/00098 - Adult Social Care Pressures Plan 2023/2024 including Urgent and Emergency Care Grant Funding

Risk Ref: CRR0042	Border Fluidity, infrastructure and regulatory arrangements
Cabinet 21 March 2024	Item 8 – European Union Entry Exit System
Growth, Economic Development and Communities Cabinet Committee 5 March 2024	Item 14 – Impacts of new border controls on Trading Standards activities

Risk Ref: CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment.
Cabinet 21 March 2024	Item 7 - Quarterly Performance Report, Quarter 3 2023/24
Governance & Audit Committee 19 March 2024	Item 6 – Review of the Risk Management Strategy, Policy and Programme Item 10 – External Audit Plan
Governance & Audit Committee 1 February 2024	Annual Governance Statement
County Council 14 December 2023	Item 7 - Governance Update
Policy & Resources Cabinet Committee 22 November 2023	Item 7 – Annual Equality and Diversity Report

Risk Ref: CRR0049	Fraud and Error
Governance & Audit Committee 19 March 2024	Item 8 – Review of Whistleblowing Policy
Governance & Audit Committee 1 February 2024	Item 11 – Counter Fraud Update

Risk Ref: CRR0052	Adaptation of KCC Services to Climate Change impacts.
Kent Flood Risk Management Committee 14 March 2024	Item 9 - The Wildlife Trusts - Coastal nature-based solutions to flooding - Presentation

Risk Ref: CRR0053	Capital Programme Affordability (impacts on assets, performance and statutory duties)
Cabinet Committee 13 March 2024	Item 6 – Facilities Management Bi-Annual Update
County Council 19 February 2024	Item 6 - Capital Programme 2024-34 and Revenue Budget 2024-25 (including Council Tax Setting 2024/25)
Policy & Resources Cabinet Committee 17 January 2024	Item 5 - Draft Ten Year Capital Programme, Revenue Budget 2023-24 and Medium Term Financial Plan 2023-26
Policy & Resources Cabinet Committee 17 January 2024	Item 9 - Update on New Asset Management Strategy Development
Scrutiny Committee 19 December 2023	Item B3 - Call-in of Decision 23/00101 - Kent Communities Programme

Risk Ref: CRR0056	SEND Delivery Improvement and High Needs Funding shortfall
SEND Sub Committee 21 March 2024	Item 5 - Annual Update Report
SEND Sub Committee 7 February 2024	Item 5 - Accelerated Progress Plan - DfE and NHS England Review
Governance & Audit Committee 1 February 2024	Item 15 - Management Follow Up of SEND Transport Lessons Learned Review
Cabinet 25 January 2024	Item 8 - 23/00107 - Kent SEND Sufficiency Plan 2023
SEND Sub Committee 7 December 2023	Item 5 – SEN inclusion in schools

Governance and Audit Committee 23 November 2023	Item 10 - Internal Audit Follow Up of SEND Transport Lessons Learned Review
CYPE Cabinet Committee 21 November 2023	Item 11 – Kent SEND Sufficiency Plan

Risk Ref: CRR0058	Capacity and capability of the workforce
County Council 28 March 2024	Item 9 - Pay Policy Strategy
Personnel Committee 4 March 2024	Item 4 – Staff Survey 2023
Personnel Committee 23 January 2024	Item 6 – Annual Workforce Profile Report update

Risk Ref: CRR0059	Significant failure to bring forecast budget overspend under control within budget level assumed
Scrutiny Committee 24 April 2024	Item 1 – Finance Update
Cabinet 21 March 202	Item 5 - Late changes to the 2024-25 budget and 2024-27 Medium Term Financial Plan (MTFP)
Scrutiny Committee 7 February 2024	Item B1 - Call-in of Decision 23/00122 - Kent Community Warden Service Review
Policy & Resources Cabinet Committee 17 January 2024	Item 5 - Draft Ten Year Capital Programme, Revenue Budget 2023-24 and Medium Term Financial Plan 2023-26
Cabinet 4 January 2024	Item 7 - Provisional Local Government Finance Settlement - Presentation
Scrutiny Committee 19 December 2023	Item B1 - Call-in of Decision 23/00092 - Kent Family Hub Model - Implementation Item B2 - Call-in of Decision 23/00100 - Commissioned Youth Service Contracts Item B3 - Call-in of Decision 23/00101 - Kent Communities Programme

County Council 16 November 2023	Item 8 – Securing Kent’s Future
Scrutiny Committee 1 November 2023	Item C1 – Securing Kent’s Future – Budget Recovery Strategy

Risk Ref: CRR0060	Unidentified RAAC in Schools and Corporate Estate
CYPE Cabinet Committee 6 March 2024	Item 9 - KCC Maintained School Estate - Condition Survey Update

Risk Ref: CRR0064	Risk of Failing to Deliver Effective Adult Social Care Services
Kent and Medway Joint Health & Wellbeing Board 25 April 2024	Item 9 - Kent and Medway Integrated Care Strategy/Joint Local Health and Wellbeing Strategy Item 10 - Draft Kent and Medway Integrated Care Strategy /Joint Local Health and Wellbeing Strategy Delivery Plan Item 11 - Kent and Medway Safeguarding Adults Board Annual Report April 2022 - March 2023
Scrutiny Committee 24 April 2024	Item C1 - Safety Valve Implications for the Cost of Adult Social Care
County Council 28 March 2024	Item 8 - Integrated Care Strategy - Update

Indicative External Audit Plan

Year ending 31 March 2024

Kent Pension Fund
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May 2024



Contents



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Pension Fund or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Key matters

National context

The national and international economic context continues to present challenges for pension funds. Inflationary pressures at home and abroad and wider geo-political issues mean there is volatility in global markets with a consequential impact on the investments held by pension funds.

Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of local government pension funds and set employer contribution rates in each Fund for the period from 1 April 2023 to 31 March 2026. For Kent Pension Fund, the valuation was undertaken by Barnett Waddingham, and showed that the Fund had a funding level of 102% i.e. the value of assets for funding purposes was 102% of the value that they would need to pay for the benefits accrued to that date. This corresponds to a surplus of £181m.

In November 2023, the Department for Levelling Up, Housing and Communities (DLUHC) published the outcome of their consultation on local government pension scheme investments. The government will now implement proposals which include revised investment strategy statement guidance that funds should transfer all assets to their pool by 31 March 2025 on a comply or explain basis, regulation to require funds to set a plan to invest up to 5% of assets in levelling up the UK and revised investment strategy statement guidance to require funds to consider investments to meet the government's ambition of a 10 % allocation to private equity. The Chancellor has also outlined plans that local government pension funds will be invested in pools of £200bn or more by 2040.

DLUHC have also consulted on proposals to require local government pension scheme administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). It has been confirmed that disclosure requirements will not be mandated for the 2023/24 financial year with the earliest starting point being the 2024/25 financial year but this is likely to require regulations to be in place by December 2024. We note that the Pension Fund has decided not to early adopt the recommendation, but are aware of it for the following financial period.

In April 2024 DLUHC, in association with the Scheme Advisory Board and CIPFA, published updated guidance on preparing the pension fund Annual Report. This guidance applies to 2023/24 annual reports and later years but for annual reports covering 2023/24, funds are required to only use their best endeavours to comply fully with this guidance. We are also aware that administration teams will be tasked with implementing the McCloud remedy for qualifying members' pensions which came into force from 1 October 2023.

As part of our planning assessment, we will take account of this national and international context in designing a local audit programme which is tailored to your risks and circumstances.

Key matters - continued

Audit Reporting Delays

Against a backdrop of ongoing audit reporting delays, in October 2023 PSAA found that only five local government accounts had been signed by the September deadline. In June 2023 the Public Accounts Committee (PAC) also produced a report setting out their concerns over these audit reporting delays. We issued our report [About time?](#) In March 2023 which explored the reasons for delayed publication of audited local authority accounts.

Local authorities which administer local government pension funds are required to publish full pension fund accounts in the same document as their local authority accounts. This requirement means that the audited accounts of the host authority and related fund cannot be finalised until both audits have been completed. This co-dependency has compounded delays in the conclusion of pension fund audits and publication of audited accounts and annual reports.

In our view, to enable a timely sign off of the financial statements, it is critical that draft local authority accounts are prepared to a high standard and are supported by strong working papers.

Key matters - continued

Our Responses

- The contract with PSAA for Kent Pension Fund was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors for the next five years. As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out in this Audit Plan, will be agreed with the Director of Finance. Page 19 of this Audit Plan, sets out the four contractual stage payments for this fee, with payment based on delivery of specified audit milestones.
- To ensure close working with our local audited bodies and an efficient audit process, our preference as a firm is to work on site with you and your officers. Please confirm in writing if this is acceptable to you, and that your officers will make themselves available to our audit team. This is also in compliance with our delivery commitments in our contract with PSAA.

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At an appropriate point within the audit, we may request to meet informally with the Chair of your Governance and Audit Committee, to brief them on the status and progress of the audit work to date.

We will continue to provide the Corporate Director of Finance, Head of Pensions and Treasury and your Governance and Audit Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Governance and Audit Committee updates.

- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretations, to discuss issues with our experts and to facilitate networking links with other audited bodies to support consistent and accurate financial reporting across the sector.
- There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk with regard to management override of controls.
- We have identified a significant audit risk relating to the valuation of level 3 investments and valuation of direct property on page 10.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Kent Pension Fund ('the Pension Fund') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. The NAO is in the process of updating the Code. This indicative audit plan sets out the implications of the revised Code on this audit. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as your auditor. We draw your attention to these documents;

[NAO Code of Audit Practice](#)

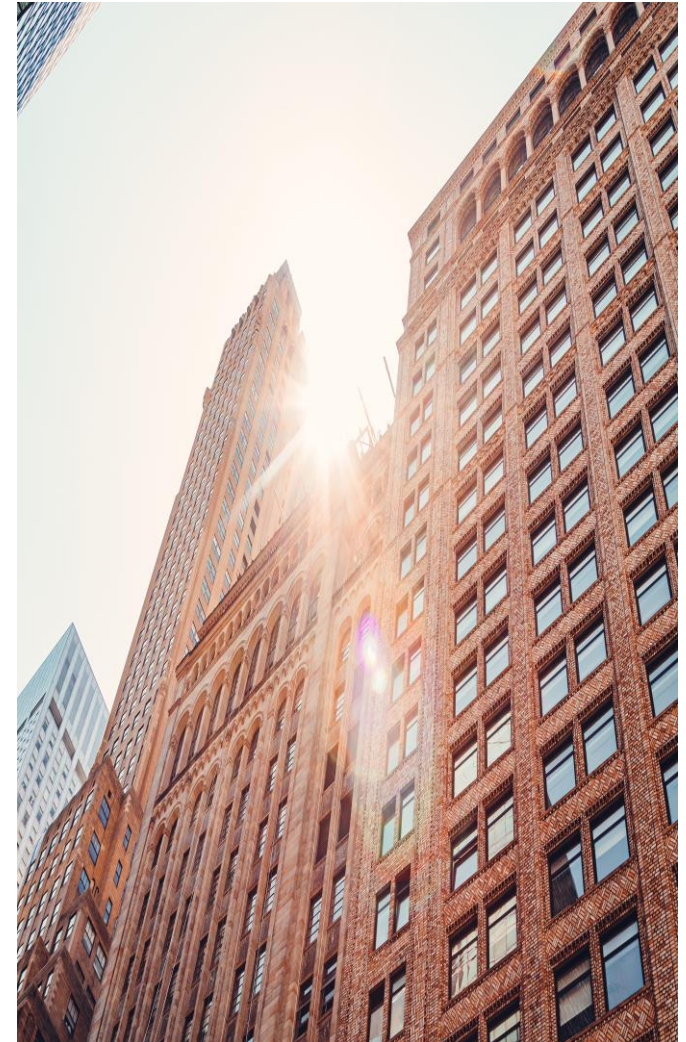
[PSAA Terms of Appointment - July 2021](#)

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Pension Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Governance and Audit Committee).

The audit of the financial statements does not relieve management or the Governance and Audit Committee of your responsibilities. It is the responsibility of the Pension Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Pension Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Pension Fund's business and is risk based.



Introduction and headlines

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- Valuation of Level 3 Investments
- Valuation of Directly Held Property
- The revenue cycle includes fraudulent transactions – this has been rebutted on page 8

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We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Materiality

We have determined planning materiality to be £118.3m (PY £115.6m) for the Pension Fund, which equates to 1.5% of your gross investment assets as at 31 March 2023.

We have determined a lower specific planning materiality for the Fund Account of £31.85m which equates to 10% of prior year gross expenditure on the fund account, (PY £24m, based on 7.5% of gross expenditure).

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Triviality has been set at £5.9m (PY £5.7m). We have set our performance materiality at 75% of headline materiality, £88.75m (PY £86.7m).

We will revisit our determination of materiality after receipt of your draft financial statements. If we make a revision to materiality we will communicate this to you in our audit findings report.

Audit logistics

Our planning visit took place in April and our final visit will take place in July – September. Our key deliverables are this Audit Plan and our Audit Findings Report.

Our preference is for all our work to take place on site alongside your officers.

Our proposed fee for the audit will be £112,629 (PY: £67,661) for the Pension Fund, subject to the Pension Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

Our understanding is that the Custodian independently values the Pension Fund's Level 1 and some of Level 2 Level Investments, this means we will be able to triangulate some of the valuations included in the financial statements for these investments to custodian and investment manager confirmations. However, for those not independently valued we will carry out further audit procedures to gain assurance over the valuations of these investments, for instance for Level 2 investments we will agree these to available market information where available and we will supplement this with other information (e.g. the financial statements for pooled property funds) where market information is not readily available.

See page 10 for further details regarding our approach to auditing the valuation of Level 3 and Direct Property Investments.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Pension Fund faces external scrutiny of its spreading and its stewardship of its funds, this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the Pension Fund, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Evaluate the design effectiveness of management controls over journals. • Analyse the journals listing and determine the criteria for selecting high risk unusual journals. • Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration. • Gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence. • Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions

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‘Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.’ (ISA (UK) 315)

Significant risks identified - continued

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Presumed risk of fraud in revenue recognition ISA (UK) 240	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition for public sector bodies.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition (and expenditure under PN 10) can be rebutted, because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including the Kent Pension Fund, mean that all forms of fraud are seen as unacceptable <p>Therefore, we do not consider this to be a significant risk for the Kent Pension Fund.</p>

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Management should expect engagement teams to challenge areas that are complex, significant or highly judgmental. This may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies, with reference to accounting standards or changes thereto. Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Significant risks identified - continued

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Level 3 Investments	<p>You value your investments on an annual basis with the aim of ensuring that the carrying value of these investments is not materially different from their fair value at the balance sheet date.</p> <p>By their nature, Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (PY: £115.7 million) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Under ISA 315, significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>Management utilise the services of investment managers as valuation experts to estimate the fair value as of 31 March.</p> <p>We therefore have identified Valuation of Level 3 Investments as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • Evaluate management's processes and design & implementation of relevant controls for valuing Level 3 investments. • Review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met. • Independently request year-end confirmations from investment managers and the custodian. • For a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports as at that date. Reconcile those values to the values on 31 March 2024 with reference to known movements in the intervening period. • in the absence of available audited accounts, evaluate the competence, capabilities and objectivity of the valuation expert; and, • Where available review investment manager service auditor report on design and operating effectiveness of relevant internal controls

Significant risks identified - continued

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Directly Held Property	<p>The pension fund has directly held property within its Level 2 investment portfolio. A full valuation is carried out by management's expert on an annual basis as at 31 December, and monthly indexation is applied to ensure that the fair value of these properties are materially accurate between the valuation date and the financial reporting date.</p> <p>The valuation represents a significant estimate by management in the financial statements, due to the size of the asset values involved and sensitivity to changes in assumptions applied.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work • independently request year-end confirmations from investment managers and the custodian • evaluate the competence, capabilities and objectivity of the valuation expert • write to the valuer to confirm the basis on which the valuations were carried out • engage our own valuer to assess the instructions to the Fund's valuer, the Fund's valuer's report and the assumptions that underpin the valuation • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding , and • test, on a sample basis, revaluations made during the year to ensure they have been recorded accurately within Kent Pension Fund's financial records.

Other matters

Other work

The Pension Fund is administered by Kent County Council (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements.

Therefore, as well as our general responsibilities under the Code of Practice a number of other audit responsibilities also follow in respect of the Pension Fund, such as:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.

We consider our other duties under legislation and the Code, as and when required, including:

- Giving electors the opportunity to raise questions about your 2023/24 financial statements, consider and decide upon any objections received in relation to the 2023/24 financial statements;
- Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
- Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
- Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	<p>Determination</p> <p>We have determined financial statement materiality by applying a reasonable measurement percentage to an appropriate benchmark. Materiality at the planning stage of our audit is £118.3m, which equates to 1.5% of your gross investment assets as at 31 March 2023.</p>	<p>We determine planning materiality in order to:</p> <ul style="list-style-type: none"> – establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; – assist in establishing the scope of our audit engagement and audit tests; – determine sample sizes and – assist in evaluating the effect of known and likely misstatements in the financial statements. – ensure that we are able to provide IAS 19 assurances to admitted bodies at the appropriate precision level.
2	<p>Other factors</p> <p>An item does not necessarily have to be large to be considered to have a material effect on the financial statements.</p>	<p>An item may be considered to be material by nature where it may affect instances when greater precision is required.</p> <p>We have determined a lower specific planning materiality for the Fund Account of £31.85m (PY £24m), which equates to 10% of prior year gross expenditure on the fund account. The lower specific materiality for the fund account will be applied to the audit of all fund account transactions, except for investment transactions, for which materiality for the financial statements as a whole will be applied.</p>

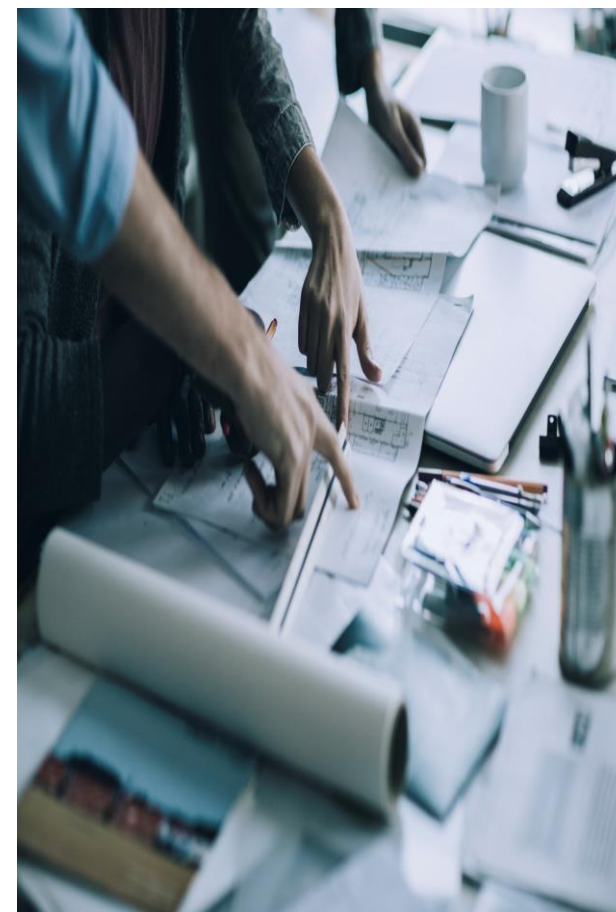
Our approach to materiality

Matter	Description	Planned audit procedures
3	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality. We also re-evaluate materiality based on the materiality levels set by admitted bodies audited by Grant Thornton for 2023/24. Our preliminary materiality is based on an evaluation of materiality levels of admitted bodies set in 2022/23.</p>
4	<p>Other communications relating to materiality we will report to the Governance and Audit Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Governance and Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Governance and Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £5.9m (PY £5.7m).</p> <p>If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Governance and Audit Committee to assist it in fulfilling its governance responsibilities.</p>

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Materiality for the financial statements	118.3m	<p>Headline materiality equates to approximately 1.5% of your gross investment assets as at 31 March 2023.</p> <p>In determining this threshold, we have considered the nature of the pension fund, including the types of complex investments held that could impact upon the gross asset figures within the financial statements. As well as any other risks or matters identified from our risk assessment and planning performed to date that could have a significant and/or pervasive impact upon the accounts, including the pensions funds going concern basis.</p>
Materiality for the fund account	31.85m	<p>This equates to approximately 10% of prior year gross expenditure on the fund account. We have determined a lower specific materiality for the fund account for the audit of the pension fund on the basis that this area of the accounts is deemed of high interest and could reasonably be expected to influence the economic decisions of financial statement users.</p>



IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs. We say more about ISA 315 Revised on page 17.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

IT system	Audit area	Planned level IT audit assessment
Oracle	Financial reporting	<ul style="list-style-type: none"> Detailed ITGC assessment (design effectiveness only)*
Pension Administration System - Altair	Member data	<ul style="list-style-type: none"> Detailed ITGC assessment (design effectiveness only)

* The financial reporting system is hosted by the administrating authority (The County Council) of whom Grant Thornton are also the auditors for and will perform a review of, this review will be used for the pension fund audit.

ISA315 Revised

ISA 315 (revised July 2020) takes effect for accounting periods starting on or after the 15th December 2021. This ISA deals with the auditor's responsibility to identify and assess the risks of material misstatement in the financial statements. The revisions made in the ISA have increased the level of work required of auditors and detail of this extra work is set out below.

Area	What's changed?	Impact on the audit
Information Technology Environment	<p>The new requirement states certain aspects of the IT environment must be understood and documented for each significant classes of transactions, account balances and disclosures (SCOT+).</p> <p>The auditor is required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response.</p>	<p>The audit team will be required to:</p> <ul style="list-style-type: none"> perform walkthroughs of the IT environment; identify and review relevant controls within the IT environment to ensure they are operational; obtain details of the relevant IT / technical infrastructure (i.e., server location, database type); and obtain details of the processes that operate within the IT environment (i.e., process to manage user access or manage a program or IT environment change).
Considering IT risks related to internal controls relevant to the audit.	<p>The auditor is required to identify controls within a business process and identify which of those controls are controls relevant to the audit. For each internal control relevant to the audit, the auditor is required to evaluate the design of the control and evidence effective implementation of the control.</p> <p>The auditor is required to evaluate the design and determine the implementation of the general IT controls (ITGCs) that address the risks arising from the use of IT.</p>	<p>This requirement will lead to a significant change in practice, to the level of detail in which we will be required to understand the risks arising from the use of IT and associated general IT controls (ITGCs).</p> <p>There has been a significant increase in the number of detailed ITGC assessments required.</p>
Control reliance	<p>In previous years, where we had performed a walkthrough of your controls (such as operating expenditure), we were able to use the review of these controls to obtain comfort over the design effectiveness of your system. This would usually result in smaller sample sizes. The changes made to the ISA mean that design effectiveness will no longer grant a benefit when determining sample sizes.</p>	<p>There will be larger sample sizes across a number of areas. Key areas where we will likely see the biggest increase are:</p> <ul style="list-style-type: none"> operating expenditure and payables; property, plant and equipment; non-contract income. <p>This is not a complete list but these will be the areas we expect to be most affected.</p>

Audit logistics and team

Planning and
risk assessment

Planning Visit
April 2024

Governance and Audit
Committee
May 2024

Audit Plan

Year end audit
July – September 2024

Governance and Audit
Committee
September

Audit Findings
Report

Audit
opinion



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Parris Williams, Key Audit Partner

Parris is responsible for overall quality control; accounts opinions; final authorisation of reports; liaison with the Governance and Audit Committee, and the Executive Director of Strategy & Resources. He will share his wealth of knowledge and experience across the sector providing challenge, sharing good practice, providing pragmatic solutions and acting as a sounding board with Members and the Governance and Audit Committee.



Samantha Morgan, Audit Manager

Samantha is responsible for overall audit management, quality assurance of audit work and output, and liaison with the Governance and Audit Committee and finance team. She will undertake reviews of the team's work and draft reports, ensuring they remain clear, concise and understandable



Jack Coe, In-Charge Associate

Jack will lead the onsite team and will be the day to day contact for the audit. Jack will monitor the deliverables, manage the query log with your finance team and highlight any significant issues and adjustments to senior management. Jack will undertake the more technical aspects of the audit, coach the junior members of the team and review the team's work.

Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes and the Annual Report
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are cleansed, are made available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit (as per our responses to key matters set out on slide 3)
- respond promptly and adequately to audit queries.

Audit fees and updated Auditing Standards

Audit fees are set by PSAA as part of their national procurement exercise. This contract was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors for the next five years. The scale fee set out in the PSAA contract for the 2023/24 audit is £105,099.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here

<https://www.psa.co.uk/appointing-auditors-and-fees/fee-variations-overview/>

Assumptions

In setting these fees, we have assumed that the Pension Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Audit fees

	Proposed fee 2023/24
<u>Kent Pension Fund Audit</u>	£105,099
ISA 315*	£7,530
IAS 19 letters for employer body auditors**	£1,100
Total audit fees (excluding VAT)	£113,729

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*ISA 315 is not included within the published 2023/24 scale fees. The £7,530 is therefore a fee variation that is subject to PSAA approval.

**Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards. Provision of IAS 19 assurances to auditors of any other type of entity remains non-Code work. The £1,100 are planned assurances to the NAO for Ebbsfleet Development Corporation.

Previous year

In 2022/23 the scale fee set by PSAA was £45,411. The actual fee charged for the audit was £67,661.

Relevant professional standards

In preparing our fees, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in September 2022 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund.

Other services

No other services provided by Grant Thornton were identified.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud (deliberate manipulation) involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Escalation policy

The Department for Levelling Up, Housing and Communities are proposing to introduce an audit backstop date on a rolling basis to encourage timelier completion of local government audits in the future.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the 31 May 2024 and respond to audit information requests and queries in a timely manner.

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Finance Director (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

We will have a conversation with the Finance Director(s) to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Governance and Audit Committee (at next available Audit Committee meeting or in writing to Audit Committee Chair within 6 weeks of deadline)

If senior management is unable to resolve the delay, we will escalate the issue to the Governance and Audit Committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 - Consider use of wider powers (within two months of deadline)

If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

Addressing the local audit backlog - consultation

Consultation

The Department for Levelling Up, Housing and Communities (DLUHC), working with the FRC, as incoming shadow system leader, and other system partners, has put forward proposals to address the delay in local audit. The proposals consist of three phases:

Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.

Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.

Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The consultation ran until 7 March 2024. Full details of the consultation can be seen on the following pages:

- FRC landing page - [Consultations on measures to address local audit delays \[frc.org.uk\]](https://www.frc.org.uk/consultations/consultations-on-measures-to-address-local-audit-delays)
- DLUHC landing page - [Addressing the local audit backlog in England: Consultation - GOV.UK \[www.gov.uk\]](https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england)
- NAO landing page - [Code of Audit Practice Consultation - National Audit Office \[NAO\]](https://www.nao.org.uk/consultations/code-of-audit-practice-consultation)

Our response to the consultation

Grant Thornton responded to the consultation on 5 March 2024. In summary, we recognise the need for change, and support the proposals for the introduction of a backstop date of 30 September 2024. The proposals are necessarily complex and involved. We believe that all stakeholders would benefit from guidance from system leaders in respect of:

- the appropriate form of reporting for a backstopped opinion
- the level of audit work required to support a disclaimer of opinion
- how to rebuild assurance in terms of opening balances when previous years have been disclaimed.

We believe that both auditor and local authority efforts will be best served by focusing on rebuilding assurance from 2023/24 onwards. This means looking forwards as far as possible, and not spending 2023/24 undertaking audit work which was not carried out in previous years. We look for guidance from systems leaders to this effect.

Preparing for the backstop

For any outstanding years up to 2022/23, local authorities should:

- Prepare, adopt and publish financial statements in line with Code and Statutory requirements (Accounts and Audit Regs 2015 – ‘true and fair’)
- Support statements with a proper set of working papers and audit trail
- Work with the auditor to support the completion of outstanding audit work (where possible) and for the completion of Value for Money Work.

For 2023/24, local authorities should:

- Page 206
- Agree a timetable and working paper requirements with the auditor
 - Put project planning and key milestones in place
 - Consider the implications of CIPFA consultation (property valuation and pensions)
 - Ensure the Audit and Risk Management Committee is properly briefed and prepared

As your auditor we will:

- Keep you updated on all national developments
- Set out clear expectations of the information we will require to conclude our work
- Agree a plan for the delivery of our work programme with a commitment to key milestones

Next steps

We await the government’s response to the consultation. We will discuss next steps including any implications for your audit once we have further information.

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Informing the audit risk assessment for Kent Pension Fund 2023/24

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Agenda Item 14

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Purpose

The purpose of this report is to contribute towards the effective two-way communication between Kent Pension Fund's external auditors and Kent Pension Fund's Governance and Audit Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Governance and Audit Committee under auditing standards.

Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Governance and Audit Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Governance and Audit Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Governance and Audit Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Governance and Audit Committee and supports the Governance and Audit Committee in fulfilling its responsibilities in relation to the financial reporting process.

Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Pension Fund's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

Purpose

This report includes a series of questions on each of these areas and the response we have received from Kent Pension Fund's management. The Governance and Audit Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2023/24?</p>	<p>There has continued to be volatility in the markets due to economic and political issues. Whilst this will have a short-term impact on asset prices, as investments valuations are marked to market the equity protection programme will help to alleviate the impact of the volatility.</p> <p>In September 2023, the Fund agreed a new investment strategy with the implementation strategy agreed in December 2023. Whilst this is a key event, this has been designed to have a positive outcome for the Fund and will not have a significant impact on the financial statements.</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by Kent Pension Fund? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>We have considered the appropriateness of the accounting policies and have concluded that no changes are required.</p> <p>There have been no events or transactions that have caused us to change or adopt new accounting policies.</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>All the investments made by the Pension Fund except directly held property assets are classified as Financial Instruments. These include derivatives.</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>No.</p>

General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	All of the Fund's non-current assets are held at market value and there is no impairment required.
6. Are you aware of any guarantee contracts? If so, please provide further details	The Pension Fund requires certain admission employers to put bonds in place issued by financial institutions. There are no other guarantee contracts. Some employers have provided guarantees for admission bodies replacing the requirement for bonds.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No.
8. Other than in house solicitors, can you provide details of those solicitors utilised by Kent Pension Fund during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<p>The Council has used Invicta Law, and through them engaged legal counsel, to advise on employer admission and regulatory matters. DTZ who manage the Council's owned properties have used Invicta Law and other 3rd parties for legal advice.</p> <p>The Fund has also used other 3rd party solicitors in relation to investment advice, none of which involved any open litigation or contingencies.</p>

General Enquiries of Management

Question	Management response
9. Have any of the Kent Pension Fund's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Mercer provide investment advice to the Pension Fund on an ongoing basis. Barnett Waddingham provide actuarial advice on an ongoing basis.
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	We have considered and identified a need for a credit loss provision for uncollected rental income on directly held property. The provision will be based on the investment managers' assessment of likelihood of non-collection of rents.

Fraud

Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Governance and Audit Committee and management. Management, with the oversight of the Governance and Audit Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Governance and Audit Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Kent Pension Fund's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Governance and Audit Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Governance and Audit Committee oversees the above processes. We are also required to make inquiries of both management and the Governance and Audit Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Kent Pension Fund's management.

Fraud risk assessment

Question	Management response
<p>1. Has Kent Pension Fund assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Pension Fund's risk management processes link to financial reporting?</p>	<p>Yes, and we believe the risk of fraud is very low both with regard to external as well as internal fraud.</p> <p>We have procedures in place for the process of investing / divesting from fund managers who also issue internal control reports.</p> <p>With regard to internal fraud officers comply with KCC protocols to assess and identify fraud. In particular they comply with KCC policies and procedures with regard to payment / procurement processes, employee expense and IT security. Segregation of duties, several stages of review/authorisations for payments. Pension payment fraud is managed through ATMOS, Tell us once and NFI , who review the records against the registry of deaths etc. to identify fraudulent continuing claims for benefits. No significant issues noted in this regard.</p> <p>Budgetary control and reporting identifies any areas of significant variance for review and financial reporting.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>See above.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Kent Pension Fund as a whole, or within specific departments since 1 April 2023? If so, please provide details</p>	<p>No.</p>

Fraud risk assessment

Question	Management response
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	A copy of the risk register is reported to every meeting of the Pension Board and to the Kent Pension Fund committee.
5. Have you identified any specific fraud risks? If so, please provide details Do you have any concerns there are areas that are at risk of fraud? Are there particular locations within Kent Pension Fund where fraud is more likely to occur?	The risk register includes: In-house treasury management risks – use of counterparties, separation of duties, sufficient cover for tasks. Fraudulent payments to deceased pensioners. ATMOS, Tell us once and NFI used to monitor these payments.
6. What processes do Kent Pension Fund have in place to identify and respond to risks of fraud?	See above.

Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for Kent Pension Fund, including:</p> <ul style="list-style-type: none"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>Each year, an annual audit plan is developed that takes into account the risks to the Council. Internal Audit carry out a periodic review of Pension Fund risks. No areas of significant lack of control has been identified either by internal audit or by management.</p> <p>There are internal controls in place to ensure all investment transactions are authorised and that there is separation of duties where appropriate, e.g. re settlement of investment commitments. All reconciliations of transactions are reviewed by a separate person. There is also ongoing monitoring of employer and employee payments, quarterly reporting to the board and committee to identify any unusual variances. KCC measures re procurement / payment processes are applied.</p> <p>No pressure from the S151 officer, committee or board to achieve financial targets and for the override of controls.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>Not that we are aware of.</p>

Fraud risk assessment

Question	Management response
<p>9. How does Kent Pension Fund communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>Officers engaged on the Pension Fund are employees of Kent County Council. They are expected to comply with KCC standards and follow KCC policies which include staff code of conduct, anti-fraud corruption strategy and anti-bribery policy. There is e-learning provided to support the prevention and detection of fraud.</p> <p>KCC has a whistle blowing policy and the counter fraud team undertakes fraud awareness presentations.</p> <p>Staff are encouraged to raise all financial irregularities with internal audit.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>S151 officer has delegated authority to spend up to £1m. In practice they work with the Chair of the Committee implementing committee decisions including investment decisions.</p> <p>Internal controls in place, staff expected to follow KCC policies and guidelines. Segregation of duties.</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>No.</p> <p>Officer and member declarations are required for setting up suppliers, committee decision making. Commissioning category managers also vet new suppliers.</p>

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Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Governance and Audit Committee?</p> <p>How does the Governance and Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Counter fraud reporting to Governance and Audit Committee at each meeting.</p> <p>Governance and Audit Committee has the ability to call in any manager to question their arrangements in addressing the risks of fraud.</p> <p>There have been no cases of reported fraud.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>KCC has a whistle blowing policy and no complaints reported.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>None.</p>

Law and regulations

Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Governance and Audit Committee, is responsible for ensuring that Kent Pension Fund's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Governance and Audit Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

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Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Kent Pension Fund have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Pension Fund's regulatory environment that may have a significant impact on the Pension Fund's financial statements?</p>	<p>Contractual arrangements with service providers including investment managers include regulatory compliance requirements.</p> <p>Managers keep abreast of regulations through receiving communication from the LGA, DLUHC, Scheme Advisory Board, the Fund actuary – Barnett Waddingham, and investment consultant – Mercer. The Pensions Regulator (tPR), Pensions Ombudsman, Internal Dispute Resolution Procedure (IDRP). CIPFA</p> <p>Staff and member training programme eg re the Pensions Regulator code of Practice 14. Report non compliance to tPR.</p> <p>The annual review and update of the governance compliance statement ensures a review of compliance with LGPS regulations</p> <p>The Head of Pensions and Treasury is a member of the Scheme Advisory Board's Investment, Engagement and Governance Sub-Committee, and as such has regular meetings with Government officials. This enables the Fund to keep well informed of any regulatory changes.</p> <p>The implications arising from the McCloud remedy could have some impact on the financial statements of the Fund, including potentially increased liabilities and the addition of disclosure notes, though the impact is not expected to be significant.</p>
<p>2. How is the Governance and Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>Reporting to the Pensions Board and Committee who are responsible for governance. Annual review and completion of the Governance Compliance Statement</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1</p>	<p>None.</p>

Impact of laws and regulations

Question	Management response
5. What arrangements does Kent Pension Fund have in place to identify, evaluate and account for litigation or claims?	The Head of Pensions and Treasury liaises with the Pensions Administration manager to identify issues.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	None.

Related Parties

Matters in relation to Related Parties

Kent Pension Fund are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Kent Pension Fund;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Pension Fund;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Pension Fund, or of any body that is a related party of the Pension Fund.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Pension Fund's perspective but material from a related party viewpoint then the Pension Fund must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Kent Pension Fund's 2023/24 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> the nature of the relationship between these related parties and Kent Pension Fund whether Kent Pension Fund has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	None.
<p>2. What controls does Kent Pension Fund have in place to identify, account for and disclose related party transactions and relationships?</p>	KCC procedures – Members and senior officers are required to complete declarations of interest which are reviewed during the year end accounts closure. Information is collected via the early return process by KCC.
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	All such transactions and arrangements require authorisation by senior KCC officers in line with the KCC procedures. Normal KCC procurement and payment procedures apply.
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	All controls on the authorisation of such transactions are in line with the KCC procedures. The Financial Regulations and the delegation matrix sets out the responsibilities that are to be followed. There are 'how to buy' and other guidance on procurement process. All payments and procurement follow the same rules.

Going Concern

Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

Going Concern

Question	Management response
<p>1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Kent Pension Fund will no longer continue?</p>	<p>The Fund undertakes regular cashflow monitoring and forecasting to ensure there is sufficient funds in the short term as well as long term to pay benefits as well as investment commitments. The triennial valuation exercise carried out by the actuary assesses the funding level of the Fund and sets contribution levels to ensure long term affordability and sustainability. Regular monitoring of investment performance and income collection ensures that timely actions are taken to protect the financial position of the Fund.</p>
<p>2. Are management aware of any factors which may mean for Kent Pension Fund that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?</p>	<p>No.</p>
<p>3. With regard to the statutory services currently provided by Kent Pension Fund, does Kent Pension Fund expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Kent Pension Fund to cease to exist?</p>	<p>Yes, we expect to continue to deliver services for the foreseeable future. The Fund had a very strong funding position of 102% in the 2022 Triennial valuation.</p> <p>Within the year, the Fund's strategic asset allocation has been reviewed and updated with the aim to ensure that we can continue to deliver for the foreseeable future and to potentially strengthen the funding position further.</p>
<p>4. Are management satisfied that the financial reporting framework permits Kent Pension Fund to prepare its financial statements on a going concern basis? Are</p>	<p>Yes.</p>

Accounting estimates

Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Governance and Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Governance and Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?</p>	<p>Significant estimates relate to the levels 2 and 3 investments, primarily property investments and Private Equity and Infrastructure Funds.</p> <p>Estimates are also required in calculation of actuarial pension fund liability</p>
<p>2. How does the Pension Fund's risk management process identify and address risks relating to accounting estimates?</p>	<p>Having identified the areas of significant estimation involved, management ensures that they employ the services of regulated and certified experts that are best placed to undertake the estimation following guidance, regulations and best practice.</p> <p>Property Valuation is undertaken by independent valuer (Colliers) and these are validated by the property manager DTZ. Private Equity and Infrastructure Funds are valued by the Fund Managers in accordance with the applicable accounting standards and laws. Internal control reports provided by these managers provide assurance on the controls on valuations in their organisation to ensure that risk related to estimates is mitigated.</p> <p>Pension fund liability estimates are calculated by the Actuary based on actuarial standards and LGPS regulations. The Government Actuary's Department has recently completed a section 13 report on the 2019 actuarial valuation.</p>
<p>3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?</p>	<p>Quarterly reporting provided by investment managers details the methodology of valuations as well as the breakdown of assets that make up the valuations. It also highlights changes in movements in the valuations as well as the factors behind the changes. This would include adjustments for the underlying market conditions as well as the business model and prospects for the underlying investments. This helps the fund to assess the reasonableness of the valuation which often in these cases includes estimation.</p>
<p>4. How do management review the outcomes of previous accounting estimates?</p>	<p>The outcomes of estimated valuations get validated when underlying assets are sold and the valuations are realised or if there is a sudden write down/adjustment required for valuation of assets. The information provided by fund managers in their quarterly reporting, enables the fund to assess the soundness of the estimation and valuation process employed by the managers. Any large unexpected variations in valuations or realised value will trigger an enquiry and review.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<p>Management pay regard to the specialist nature of investment or liability to determine the need to apply specialised skills or knowledge related to accounting estimates</p>
<p>7. How does the Pension Fund determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>The level of controls required for specialist services are often dictated by professional standards and overseen by professional bodies which the service provider is expected to be members of. Management can rely on the service providers' accreditation from such professional bodies.</p> <p>Additionally, management takes advice from its investment consultants who carry out the due diligence in respect of the activities of the service provider</p>
<p>8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>Service providers are required to produce control reports that provide independent assurance of the operation of these controls.</p>
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<p>Review undertaken by Senior management.</p>

Accounting Estimates - General Enquiries of Management

Question	Management response
<p>10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?</p>	<p>No.</p>
<p>11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?</p>	<p>Yes.</p>
<p>12. How is the Governance and Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?</p>	<p>Review by senior management. Details are contained in the statement of accounts. Briefing sessions are provided to the Committee.</p>

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of level 2 Investments Page 23	RICS valuation – global standards prepared by the royal Institute of Chartered Surveyors	Considerations of acquisitions and disposals, inspections, tenure floor areas and lettings, market conditions etc	Yes- registered under the RICS valuer Registration Scheme	These are separate for each asset in the portfolio depending upon the asset, and applicable sector and wider market conditions	No.
Valuation of level 3 investments	Replacement cost or Market approach depending upon stage of direct investments and applying discounts or fair value approach for partnerships	Free Cash Flows, EBITDA ,entry level valuation Developments in markets, private transactions	Management relies on information provided by fund managers who employ experts	These are separate for each underlying investments depending upon the business and applicable sector and wider market conditions	No.
Valuation of pension liabilities	Specialist LGPS full actuarial valuation models and stochastic models, developed and maintained in-house, used to project and discount future benefits using assumptions in line with the Fund's Funding Strategy Statement.	Validation of full membership extracts are conducted using in-house online data checking tools. Validation of intervaluation cashflow data is also performed to ensure consistency	Fund actuary Barnett Waddingham	Financial and demographic assumptions are used for estimation, as are the agreed probabilities of success used to derive prudence margins within discount rates. Key uncertainties are covered in	No

Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Actuarial PV of Retirement Benefits	Latest full triennial actuarial valuation projection of future cashflows adjusted for inflation as per IAS 26 requirements, rolled forward annually with assumptions complying with IAS19 requirements.	Validation of member and cash flow data, as well as updated information on interest rates, inflation and demographic data.	Fund actuary Barnett Waddingham	Per IAS26, financial and demographic assumptions are used for estimation, including an evaluation of alternative assumptions, and sensitivity analysis is undertaken.	No.
Contribution Accruals	Employer and Employee contributions are accrued based on Employer Monthly Returns (EMR) or i-connect returns received from employers at the end of each month.	Employer contributions are validated against actuary certified rates. Accruals are checked against actual receipts for accuracy and/ or previous EMR /i-connect returns. Additionally, year-end reconciliations of contributions are carried out between employer and Fund's records	Fund actuary Barnett Waddingham provide employer contribution rates used	Contribution accruals are based on monthly returns provided by employers (EMRs and i-connect returns). There is low level of uncertainty involved in these estimates as the employer returns are based on monthly Payroll figures provided by the employers and therefore no alternatives are considered.	No.



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

Agenda Item 15

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By: Jonathan Idle – Head of Internal Audit
To: Governance and Audit Committee – 16 May 2024
Subject: **INTERNAL AUDIT PROGRESS REPORT**
Classification: Unrestricted

Summary:

This Progress Report details summaries of completed Audit reports between for the period January 2024 to April 2024.

Recommendation:

The Governance and Audit Committee note the Internal Audit Progress Report for the period January 2024 to April 2024.

FOR ASSURANCE

1. Introduction

- 1.1 Public Sector Internal Audit Standards (PSIAS) require that periodic reports on the work of Internal Audit should be prepared and submitted to those charged with governance.
- 1.2 This Progress Report provides the Governance and Audit Committee with an accumulative summary view of the work undertaken by Internal Audit for the period January 2024 to April 2024 together with the resulting conclusions, where appropriate.

2. Recommendation

- 2.1 Members are requested to note the Internal Audit Progress Report for the period January 2024 to April 2024.

3. Background Documents

Internal Audit Progress Report.

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