

GOVERNANCE AND AUDIT COMMITTEE

Thursday, 23rd January, 2025

10.00 am

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





AGENDA

GOVERNANCE AND AUDIT COMMITTEE

Thursday, 23rd January, 2025, at 10.00 am
Council Chamber, Sessions House, County
Hall, Maidstone

Ask for: **Ruth Emberley**
Telephone: **03000 410690**

Membership (13)

Conservative
(7)

Mrs R Binks (Chairman), Mr T Bond,
Mr N J D Chard, Mr P C Cooper,
Mr O Richardson, Mr S Webb and
Vacancy

Independent
(1)
Labour (1)

Mr M Whiting

Mr A Brady

Liberal
Democrat (1)

Mr C Passmore (Vice-Chairman)

Green and
Independent
(1)

Mr M A J Hood

Independent
Members (2)

Ms C Black and 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 both meetings held on 12 December 2024 (Pages 1 - 16)
5. Corporate Risk Register (Pages 17 - 70)

6. Verbal Update on Committee Business (Pages 71 - 78)
7. Internal Audit Strategy and Charter (Pages 79 - 94)
8. Internal Audit Progress Report (Pages 95 - 128)
9. Review of Statutory Accounts of Companies which KCC has an Interest - To Follow
10. Review of Committee Effectiveness and Proposed Updated Terms of Reference (Pages 129 - 142)
11. MHCLG Consultation on Local Audit Strategy (Pages 143 - 148)
12. Management Actions Update (Pages 149 - 154)
13. Other items which the Chairman decides are urgent

Exclusion of the Press and Public

PROPOSED that under Section 100A of the Local Government Act 1972 the press and public be excluded from the meeting for the following business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 & 5 of part 1 of Schedule 12A of the Act.

EXEMPT ITEMS

14. Internal Audit Progress Report - Exempt Item (Pages 155 - 158)
15. Update on Committee Request for Further Information (Pages 159 - 162)

Benjamin Watts
General Counsel
03000 416814

Wednesday, 15 January 2025

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

KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 12 December 2024.

PRESENT: Mrs R Binks (Chairman), Mr A Brady, Mr T Bond, Mr N J D Chard, Mr M A J Hood, Mr C Passmore (Vice-Chairman), Mr O Richardson and Mr M Whiting

ALSO PRESENT: Mr R Gough (Leader of the Council), Mr H Rayner (Deputy Cabinet Member for Finance)

IN ATTENDANCE: Mr B Watts (General Counsel), Miss K Reynolds (Governance Advisor), Mr J Betts (Acting Corporate Director Finance), Mr P Oakford (Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services), Ms C Head (Head of Finance) Mr J McKay (Acting Chief Accountant), Mr P Dossett (Grant Thornton) Ms Lucy Nutley (Grant Thornton) and Miss R Emberley (Democratic Services)

Mr J Idle (Head of Internal Audit and Counter Fraud) and Ms C Maynard (Head of Commercial and Procurement Division) were in virtual attendance.

UNRESTRICTED ITEMS

255. Introduction/Webcasting

(Item 1)

256. Apologies and Substitutes

(Item 2)

Apologies were given by Mrs Camilla Black, Mr Simon Webb and Dr D Horne.

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

(Item 3)

There were no declarations of interest.

258. Annual Governance Statement

(Item 4)

1. The report was presented by Mr Ben Watts, General Counsel.
2. The key elements of the introduction to the report were as follows:

- a) The Governance Working Party had a report due for discussion at the Selection and Member Services Committee meeting, scheduled for the 13 December 2024.
 - b) The challenges over the past 2 years were recognised within the Statement and the focus was on continuous improvement. The staff survey responses, internal audit work and SEND transport would all be primary areas for concentration in the coming years.
 - c) The Annual Governance Statement had 3 key areas for improvement and actions for the year ahead. All actions would be moved into the individual task tracker on the internal Teams site, so the Committee could monitor the progress.
 - d) The Selection and Member Services and Sub Committees had been working on Member induction and information would be provided via the Governance and Audit Internal Teams site. How the induction takes place will be included.
3. In answer to Members' comments and questions, the following was said:
- a) Auditor from Grant Thornton, Mr Paul Dossett, commented that the Council, in principle, were focusing on the right items. However although progress had been made in relation to Member Governance and Behaviours, there was more work to do and execution needed to be quicker.
 - b) A Member stated that the One Council Approach should be signposted within the budgetary development along with the processes and analyses as this would make it easier to see whether a saving in one area impacted in another. In relation to Compliance of Governance Rules and Framework, it was further stated that it would be helpful to have clear determinations between all the advice given and what choices had been made or the relevant outcomes. Then through Scrutiny, it should be shown whether the outcomes reached, were the right decision.
 - c) The General Counsel commented that one of the reasons why this year's Statement focused on both Member Governance and Behaviour, and, Compliance with Governance Rules and Framework, was due to their broad nature. Members in all Committees had been provided with an opportunity to do 'deep dives' on previous Key Decisions. The General Counsel stated that feedback should be on a continuous cycle and when looking back at prior decisions, it was important that this was done from a perspective of improvement and focus needed to be on how things could be made better in the future. The future Annual Governance Statement is likely to include the testing of effectiveness of Committee decisions.
 - d) The Leader of the Council, Mr Gough, commented that the Executive welcomed reports which highlighted areas for improvement and indicated that the summary contained on page 7 of the Annual Governance Statement summed up the document concisely. He confirmed that the Executive would take the statement on board and recognised the areas where more work was required.

4. Congratulations and thanks were given to the General Counsel by the Members in view of the significant amount of work which had gone into the preparations.
5. RESOLVED that Members agree the Annual Governance Statement.

259. Other items which the Chairman decides are urgent
(Item 5)

There were no other items arising.

This page is intentionally left blank

KENT COUNTY COUNCIL

GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 12 December 2024.

PRESENT: Mrs R Binks (Chairman), Mr A Brady, Mr N J D Chard, Mr M A J Hood, Mr C Passmore (Vice-Chairman) Mr T Bond, Mr O Richardson and Mr M Whiting.

ALSO PRESENT: Mr R Gough, Mr H Rayner, Mr P Oakford

IN ATTENDANCE: Mr B Watts (General Counsel), Miss K Reynolds (Governance Advisor), Mr J Betts (Acting Corporate Director Finance), Ms C Head (Head of Finance) Mr J McKay (Acting Chief Accountant), Mr P Dossett (Grant Thornton) Ms Lucy Nutley (Grant Thornton) Mr Parris Williams (Grant Thornton), Ms Julie Samson (Finance Manager) Mr James Graham (Pension Fund and Treasury Investments Manager) and Miss R Emberley (Democratic Services)

Mr J Idle (Head of Internal Audit and Counter Fraud) and Ms C Maynard (Head of Commercial and Procurement Division) Ms Sangeeta Surana (Investments, Accounting and Pooling Manager), Mr Connor Steensel (Accountant) were in virtual attendance.

UNRESTRICTED ITEMS

260. Introduction/Webcasting

(Item 1)

261. Apologies and Substitutes

(Item 2)

Apologies for absence had been received from Ms C Black, Dr D Horne and Mr S Webb.

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

(Item 3)

There were no declarations of interest.

263. Minutes of the meeting held on 12 November 2024

(Item 4)

RESOLVED that the minutes of the meeting held on 12 November 2024 were a correct record and that a paper copy be signed by the Chairman.

264. Verbal update on Committee Business

(Item 5)

1. The update was provided by the Governance Advisor, Miss Katy Reynolds. The key points were as follows:
 - a) Further information relating to Internal Audit progress report linked to the Loans to Schools had been provided to Members via the Microsoft Teams site.
 - b) An effectiveness review as part of the Work Programme would be carried out following the Committee meeting and Members were encouraged to participate by providing feedback. A report on the effectiveness of the Governance and Audit Committee would be provided in the new year.
 - c) Members were encouraged to continue keeping track of the updates via the Teams site.
2. RESOLVED to note the verbal update on Committee Business.

265. External Audit - Audit Findings for Kent County Council

(Item 6)

1. The report was presented by Auditor from Grant Thornton, Ms Lucy Nutley.
2. The key points were as follows:
 - a) Under Auditing standards, Ms Nutley drew Members' attention to the fact that Grant Thornton proposed an unqualified Audit opinion and no statutory powers or duties had been exercised during the audit.
 - b) Weaknesses had been identified in the Council's Value for Money Arrangements.
 - c) A slight increase in materiality occurred as the figured Grant Thornton assessed at planning was based on the prior year's gross revenue expenditure (page 33 of report), however the current year was higher and therefore materiality was reassessed. Ms Nutley confirmed that none of the benchmarks that were indicative of risk, had been changed.
 - d) For Management Override of Controls, which is a presumed risk, no issues were identified. One recommendation was raised, which was a repeat from the prior year.
 - e) No issues were identified around the presumed risk of fraud and error in revenue recognition or valuation of the defined benefit liability.
 - f) No significant issues were raised concerning the valuation of land and building Audit work but recommendations had been made and set out within the report.

- g) Page 51 of the audit report indicated that Grant Thornton were awaiting confirmation from NatWest regarding several accounts, however these had now been received.
 - h) The three recommendations featured on page 61 had all been accepted by Management.
 - i) A classification error of expenditure had been identified in Appendix D (Audit Adjustments). This should have been classed as capital expenditure and has since been corrected.
 - j) The Auditors were content with Management's view in relation to page 68 in that the differences were immaterial projected errors and were content with the decision not to adjust the accounts, however, the Governance and Audit Committee are required to approve this as part of the review of the report.
 - k) Page 71 contained the correct Audit fee however the scale fee should be £420, 894.
3. In answer to the Members questions and comments it was said that:
- a) A ledger update was due to be implemented 2025/2026 which would address the weakness around reviewing and testing journal entries by users.
 - b) The Council had carried out a full review of all assets that were leased to ascertain the likely impact of implementation of IFRS16 on the balance sheet, whereas assets which are owned are considered under the significant risk of land and building valuation. Additional work would be carried out by the Finance Team in relation to valuation of right of use assets for which KCC pays Peppercorn Leases and PFI Liabilities and these would be reflected in the 2024/2025 Financial Statements.
 - c) In response to a Member's question the Capital Finance Manager, Ms Julie Samson, commented that the Finance Team were currently undertaking the required work and the PFI Liabilities were being remeasured in line with guidance. In relation to the Peppercorn rents, she commented that if there have been market rent reviews (and the rents are considered to be market rents) then the assets would be measured to match the liability calculated by the future lease payments.
 - d) In response to a Member's question, the Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services, Mr Oakford, commented that in regards to property, the Council took a holistic approach and before a property is declared surplus, a process is applied whereby all the directorates are utilised to see whether that property had another use. The property team this year had raised over £20 Million from revenue sales, against a budget of £12 Million to accelerate the disposable assets before deterioration. Many of the remaining assets are ones which were proving more difficult to sell, for a variety of complex reasons.

- e) In answer to the Chairman's question, Ms Nutley commented that Kent County Council were less prudent than other Councils when it came to the provision for Adult Social Care Debit and this should be increased.
 - f) The Interim Corporate Director of Finance, Mr John Betts, commented that the Finance Team were currently looking at how debt was collected in Adult Social Care and both the mechanisms and capacity to chase and collect bad debt were being considered in the current financial year.
 - g) Thanks was given to the Finance Team on behalf of all the Members in view of the hard work carried out in the preparation of accounts.
4. RESOLVED To note the External Auditor's Findings Report for Kent County Council for assurance.

266. Kent County Council Statement of Accounts
(Item 7)

1. The report was presented by the Acting Chief Accountant, Mr Joe McKay and the Interim Corporate Director Finance, Mr John Betts.
2. The Interim Corporate Director Finance gave his thanks to all staff in Finance and all the other areas across the Council who contributed to preparing the accounts, as well as colleagues in Grant Thornton.
3. Members were made aware that a technical training session for colleagues regarding the Statement of Accounts was run earlier in the year.
4. In relation to the Draft Statement of Accounts 2023/24, the Acting Chief Accountant confirmed that further information could be provided to the Committee regarding the payment of £1.5m to Tunbridge Wells Borough Council.
5. In answer to the Chairman's question regarding schools which had moved to become academies, the Capital Finance Manager confirmed that the £86 million was the netbook value of the schools on the Council's balance sheet at the date they transferred to academies and under statute these are written out and derecognised as an asset.
6. In answer to a Member's question, the Interim Corporate Director Finance explained that the individual schools' delegated budgets would have revenue to fund maintenance, irrespective of whether the school was maintained or an academy. In terms of ongoing asset maintenance, the Council would receive less in grants from central Government because there are fewer maintained schools.
7. Both the Interim Corporate Director Finance and the Chairman signed the letter of recommendation.
8. RESOLVED to:
 - a) Consider and approve the statement of Accounts for 2023 – 2024
 - b) approve the Letter of Representation

- c) note the recommendation in the Audit Findings Report and their management responses.

267. External Audit - Audit Findings for the Kent Pensions Fund
(Item 8)

1. The report was presented by Auditor from Grant Thornton, Mr Parris Williams.
2. The following key points were highlighted:
 - a) It was a positive report and the Auditors received a good set of financial statements in line with the specified deadlines.
 - b) It was confirmed that work was now finished and the only procurements which required completion, could only be carried out after once the Committee meeting had concluded.
 - c) Mr Williams drew Members' attention to the adjustment on the draft financial statement (set out on page 4 of the report) involving direct property investment and pooled property investment. He confirmed that this was essentially a disclosure change and did not impact the total assets available to the fund or any decision making. It was an accounting presentation which needed to be updated to the accounts.
 - d) It was confirmed that there was £10 million adjustment to net assets from the draft accounts to the final accounts and this was due to management receiving updated valuation information from their investment managers and the accounts were updated to reflect this.
3. In answer to a Member's question, Mr Williams explained that the 14 adjustments were predominantly disclosure adjustments and given the size of assets on the balance sheet, some of the adjustments may be classified higher than a 'trivial threshold' and so they must be reported. This could result in a large volume of adjustments however, there was nothing of significant concern to report or fundamental weaknesses.
4. The Committee gave thanks to Mr James Graham, Ms Sangeeta Surana and Mr Connor Steensel for their efforts in working collaboratively with Grant Thornton and for creating the accounts.
5. RESOLVED to note the External Auditor's Findings Report for the Kent Pension Fund for assurance.

268. External Audit - Annual Auditors Report
(Item 9)

1. The report was presented by Auditor from Grant Thornton, Mr Paul Dossett.
2. In answer to questions and comments from Members, it was said that:

- a) Mr Dossett commented that in relation to the implementation of Internal Audit recommendations, he would expect significant prospects for improvement. The report reflects where the Council was in 2023 / 2024 but by the end of the calendar year Internal Audit were expected to give a positive perspective, although this was depended on the responses to their reports.
- b) In terms of savings, the Council has continued to move away from a siloed approach and is focused on looking across the organisation at the impact of various decision making. In terms of sensitivity analysis, it was difficult to forecast, however scenario modelling was worth conducting as it was possible to add in percentages of growth and funding. Although these were scenarios and may not come to fruition, Mr Dossett explained that it was helpful to give Members the understanding of both the range and scale of the challenge.
- c) Mr Betts commented that in relation to a One Council Budget approach, there was a process in place whereby the Corporate Management Team had reviewed and shaped the budget and gained a wider understanding of the Corporate implications of savings proposals. In terms of the scenario testing and sensitivity analysis, it was acknowledged that the Council were struggling with another 1-year settlement to understand how much additional insight this could provide, as opposed to a multiyear settlement which would allow longer term planning.
- d) Mr Dossett commented that it was difficult to compare Local Authorities as different areas had different markets; the Council needed to look at the issues they were presented with in the context of the overall budget and overall negotiation with contractors. It was stated that the Council could not continue to overspend on Adult Social Care and needed to take action, whilst taking into account the complexities of how care can be provided going forwards.
- e) The Leader commented that the savings programmes in Adult Social Care were wide ranging and there were many levers which enabled services to be delivered differently and in a way that was more financially sustainable. He continued to explain that the Executive would analyse the delivery rate to see where it is being reached or not and then determine what further work is required. External advice would also be sought.
- f) In answer to a Member's question regarding both Financial Stability (Areas for Improvement) and Staff Training and Revenue Account Repairs, it was explained that these two areas reflect the wider challenges the Council faced in terms of balancing capital spend. It was explained to Members that it was a balancing act and caution needed be exercised when making cuts to one area to ensure that it did not have a negative knock-on effect in the longer term.
- g) In response to a Member's question regarding whether the Council had enough resources going forwards in order to meet the backstop in the future, it was stated that the central Government were looking at leadership of the Local Audit System as well as changes to the CIPFA (Chartered Institute of Public Finance and Accountancy) Code which would simplify the asset valuation process for Councils and Auditors. The National Audit Office were also looking at a number of other aspects to

ensure nationally there were sufficient Auditors to be able to conduct the work and FRC (Financial Reporting Council) were also looking at a work strategy with MHCLG (Ministry of Housing, Communities and Local Government).

- h) In answer to Chairman's question, the Deputy Leader commented that it had been stated numerous times that it was not possible to continue to reduce a budget as this would ultimately lead to a significant decrease in services provided, therefore he agreed with Grant Thornton's indication that spending control could not last forever and that a review was necessary. The Deputy Leader explained that 81% of Councils who provided Adult Social Care were in a similar position to that of Kent County Council in forecasting an overspend.
 - i) In response to a Member's question, the Interim Corporate Director Finance explained that the general level of reserves available for drawn down is on the point of the minimum required and over the next 12-18 months the Council had to either sustain this amount or increase it, but this was dependent on delivering to the budget in 2025 / 2026.
 - j) The Leader commented that the short term spending controls that were in place would continue to be applied. In relation to an earlier point made by Mr Dossett, the Leader commented that it was recognised that difficult financial decisions needed to be made in specific areas however, even with all of these savings, it would not equate to the pressures in the big spending areas, particularly the pressures in Adult Social Care. He commented that a short term solution was not a substitute for a structural issue and this was recognised by the Executive.
 - k) The Head of Internal Audit drew Members' attention to some of the wording contained on page 8 of the Executive Summary and explained that this was not in relation to Internal Audit, rather a response to issues raised by Internal Audit. Mr Dossett agreed with this.
3. RESOLVED to note the External Auditor's Annual Report on Kent County Council 2023/24 for assurance.

269. Treasury Management Mid-Year Update *(Item 10)*

- 1. The report was introduced by the Pension Fund and Treasury Manager, Mr James Graham.
- 2. In answer to questions and comments by Members it was said:
 - a) There were different opinions and interpretations on the outlook for growth, however Treasury Management did not stick to just one, the commentary had been provided by the Council's Treasury Consultant link. Mr Graham drew Members' attention to the fact that the report had been provided prior to the United States presidential election, the new Government's budget and evidently events had moved on.

- b) In reply to a Member's comment, Mr Betts explained that Council's policy on borrowing is for repayments to not be more than 10% of the revenue budget. It was a matter of judgement on how much was invested in capital spend long term, compared to revenue spend on an annual basis. The current policy stated that no new additional borrowing would occur to maximise the amount of resource for ongoing revenue spending. If multiyear settlements were available in 2025 / 2026 this would provide a better indication of whether the policy needed to be reviewed. The Council needed to be sure about the criteria for borrowing and investing in capital and as part of this, consideration needed to be given to the current asset strategy.
 - c) The Deputy Leader commented that the Council was against additional borrowing at the present, as for every £100 Million, it added a cost of £10 Million cost on to revenue. He continued to explain that assets were continuously being reviewed to either identify those which would be part of the Council going forwards or disposing of those which were not. The money from disposal had been reinvested back into the property portfolio to prevent any new borrowing.
 - d) Mr Graham explained to Members that the strategic pooled funds investments were comprised of multiple investments to help achieve an appropriate risk adjusted return at the portfolio level. Longer term investments were an important means for managing interest rate exposure. There was a risk that if rates remained elevated this would put pressure on performance going forward, however in that environment, the larger, liquid cash portfolio would compensate for that effect.
3. RESOLVED to endorse the Treasury Management Mid-Year Update report and recommend that it is submitted to County Council.

270. Council's Governance in Relation to Wholly Owned Companies *(Item 11)*

- 1. The item was presented by General Counsel, Mr Ben Watts. As part of the presentation, Mr Watts played an information video in Chambers.
- 2. The Deputy Leader and Cabinet Member for Finance, Corporate and Traded Services explained what a site visit to Commercial Services would entail and encouraged Members to attend an open day. In response, several Members and Officers commented how beneficial they found the visit.
- 3. In response to a Member's question, the Deputy Leader confirmed that Commercial Services did make money and the dividend for this year was around £10 Million.
- 4. A Member commented that it would be helpful to have a brief indication of how each company was performing, this was not a request for the full accounts, rather a snapshot showing profit and loss for the year.

5. The Deputy Cabinet Member for Finance commented that some of the information could be commercially sensitive particularly if there were joint ventures with other Local Authorities.
6. The General Counsel confirmed that there would be consideration of what information could be provided to the Governance and Audit Committee in relation to the companies' profits and losses.
7. In answer to a Member's question, the Deputy Leader explained that whilst the Council provided loans and put money into the original companies, Hold Co had repaid all of the debt from monies originally lent to them to set up the companies. Therefore, there were no debts owing and all investment had been repaid.
8. Mr Watts confirmed that all loans were made at market rates at the relevant times to ensure no inappropriate competition advantage.
9. RESOLVED to note the presentation.

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

There were no other matters arising.

272. Legal Update
(Item 13)

1. The legal update was provided by the General Counsel, Mr Ben Watts.
2. In response to questions raised by Members, it was agreed that the General Counsel and the Interim Corporate Director Finance would provide further information to the Committee at their next meeting.
3. RESOLVED to note the report and Legal update.

This page is intentionally left blank

By virtue of paragraph(s) 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

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

To: Governance and Audit Committee – 23rd January 2025

Subject: **CORPORATE RISK REGISTER**

Classification: Unrestricted

Summary: Governance & Audit Committee receives the Corporate Risk Register twice each year for assurance purposes, in addition to 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, more formal, refresh of the Corporate Risk Register, which was presented to Cabinet on 9th January 2025.

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 The Council, along with the local government sector as a whole, continues to operate in the midst of an extremely challenging operating environment, experiencing significant uncertainty and organisational pressures.
- 1.3 The risk landscape is always evolving. During the course of the past few months, several additional events occurred, including the new Government's first Autumn Budget Statement, the delay to the introduction of the European Union's Entry / Exit System (EES) and subsequently, the publication of the English Devolution White Paper and provisional Local Government Finance Settlement, which all need to be factored in to KCC's risk profile.
- 1.4 Recent conversations with Corporate Management Team and Cabinet Members have highlighted continued consensus on what are seen as the main risks for KCC, both in relation to respective portfolios / directorates and wider KCC concerns. There remains a strong correlation between these views and risks already captured on directorate registers or the corporate risk register, which would indicate that the current risk management process is

robust. However, the context of the risks continues to evolve, along with the Council's responses.

- 1.5 As part of the refresh, particular attention was paid to key themes such as budgetary pressures; partnerships and local "system-based" risks; senior level continuity; workforce pressures; and asset management.
- 1.6 Several positive developments were highlighted that demonstrated risks being managed well, including the work to support and accommodate unaccompanied asylum seeking children; independently recognised improvements in delivery of the Special Educational Needs and Disabilities (SEND) agenda; coping with home to school transport pressures; and taking some difficult decisions to support the financial sustainability of the Council.

2. Corporate Risk Register summary

- 2.1 The Corporate Risk Register was last presented to Governance & Audit Committee for assurance in May 2024, with several verbal updates received at subsequent meetings, as well as the Corporate Risk Register summary being uploaded to the Governance & Audit Committee MS Teams site in November 2024. Regular risk updates have continued throughout the year to Corporate Board and senior management forums.
- 2.2 Cabinet received an update on the Corporate Risk Register on 9th January 2025. At that meeting, Cabinet (subsequent to debate at an Extraordinary County Council meeting that morning), agreed to apply to join the Devolution Priority Programme, submitting a joint response with Medway on the 10th January. Once Government's decision is known and any more detail on arrangements comes to light, the council's risk profile will be regularly reviewed to ensure it reflects the implications arising and that any transition risks are identified and managed. This will inevitably involve reviewing risks alongside local partners affected by any changes.
- 2.3 Changes to the risk register since last reported to this Committee are summarised below:

NEW RISK

- 2.4 CRR0065: Implementation of Oracle Cloud Programme. This is a critical programme for the organisation, replacing the current outdated infrastructure. It is a large and complex programme, which carries with it significant inherent risk. There have been reports in the public domain about other implementations that have been fraught with difficulties, so it is important that this organisation-wide risk features on the Corporate Risk Register for visibility and that the programme demonstrates robust governance, change and

programme management, especially at a time where organisational capacity is stretched, with several major change activities in train.

WITHDRAWN RISK

- 2.5 CRR0061: Care Quality Commission (CQC) Assurance has been removed from the corporate register for now, reflecting the fact that the first inspection under the Local Authority Assurance Assessment Framework took place at the end of September. This risk will be reviewed again once the outcome is known, as this will indicate whether there are further risks to be captured and at what level within the organisational hierarchy.

DE-ESCALATED RISK

- 2.6 Ahead of the formal refresh, the risk relating to potential unidentified Reinforced Autoclaved Aerated Concrete (RAAC), CRR0060, had already been removed from the corporate risk register, although a risk will remain at Infrastructure divisional level that relates to potentially unsafe building materials that require investigation, rather than focusing on specific defective materials.

RISK REDUCTION

- 2.7 CRR0063: Capacity to accommodate and care for Unaccompanied Asylum-Seeking Children (UASC). This is an area of risk where significant progress has been made to reduce the level of risk faced by the Council, working in partnership with external agencies such as the Home Office and Department for Education. Now that funding agreements are in place, accommodation has been sourced to receive those coming into our care, and improvements in the operation of the National Transfer Scheme (NTS) are being experienced, the risk rating has been reduced from High to Medium. However, it is recognised that certain factors e.g. volumes arriving in Kent and ongoing effectiveness of NTS, are still outside of the Council's direct control and will therefore require continued vigilance.
- 2.7.1 CRR0042: Border fluidity, infrastructure, and regulatory arrangements. The risk has reduced slightly from its maximum rating (although still High) due to the significant work that has been undertaken to plan for service impacts on KCC and providers, as well as the Council contributing to the work of the Local Resilience Forum with partners in preparation for the previous implementation date of 10th November 2024. KCC continues to work on preparedness and awaits further information on any revised implementation date and approach, which will instigate a further review of this risk.

REVISED RISKS

- 2.8 CRR0052: Adaptation of KCC Services to Climate Change impacts. The Council has recently adopted its Adaptation plan, which was the main mitigation previously listed against this risk. Successful delivery of the plan will not be without risk, particularly as it will rely in part on securing external funding, as well as being delivered by staff across the organisation that are required to embed the work into their day-to-day operations in a time of considerable resource constraint. The Adaptation Plan has a 3-year time horizon, which has precipitated a review of the risk and its rating, which now stands at Medium level.
- 2.8.1 CRR0056 SEND Delivery Improvement and High Needs Funding shortfall. This risk encompasses delivery of improvements identified in previous SEND inspections and outlined in the SEND Improvement Notice, as well as the funding challenges faced by KCC (and the sector more broadly) relating to the shortfall in High Needs funding. While it has made sense previously to combine the two aspects due to the intrinsic link between them, there are different drivers for the risks, and also different ratings. From an improvement perspective, there is significant progress being made, evidenced by the Improvement Notice being removed, but financial concerns and the imperative of meeting Safety Valve targets are still prevalent in their own right. Therefore, the two elements will be separated out for future reporting.
- 2.8.2 CRR0053: Capital Programme Affordability (impacts on assets, performance and statutory duties) – the refresh conversations re-emphasised the fact that funding of the capital programme is an issue and a source of risk rather than a risk in itself. Much of the focus was understandably on asset management and degradation of assets over time, whether that relates to the KCC property estate, or community based assets such as highway infrastructure. Therefore, the risk has been retitled and rearticulated to reflect that.
- 2.9 A risk has been drafted for entry onto the Integrated Commissioning divisional risk register in Adult Social Care and Health relating to the four major contracts currently progressing through the commissioning process, totalling over £600m in current spend. It focuses on risk of not delivering the required activity within expected timescales. Given the scale of spend and challenges associated with the recommissioning activity, there is the potential for the risk to feature on the corporate risk register, if the delivery risk is deemed to be high.
- 2.10 Several risks remain at their maximum ratings, including those relating to the financial and operating environment of the council (CRR0009); significant failure to bring forecast budget overspend under control within budget level assumed (CRR0059); and sustainability of the social care market (CRR0015). Particular concerns have been raised regarding the latter risk, with the Budget Statement announcement of increases in employer National Insurance contributions and the National Living Wage impacting on social care providers.

2.11 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.

2.12 The Corporate Risk Register is attached in appendix 1, along with headline details of directorate risks at appendix 2.

3. Monitoring and Review

3.1 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.

4. Recommendation

4.1 The Governance and Audit Committee is asked to:

a) NOTE the report for assurance.

Report Author:

Mark Scrivener, Head of Risk and Delivery Assurance

Email: mark.scrivener@kent.gov.uk

Relevant Director

David Whittle, Director of Strategy, Policy, Relationships and Corporate Assurance

Email: David.whittle@kent.gov.uk

Corporate Risk Register - Summary Risk Profile – January 2025

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

Risk No.*	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since Summer 2024
CRR0009	Future financial and operating environment for local government	High (25)	High (16)	↔
CRR0053	Asset Management and Degradation and associated impacts, linked to Capital Programme affordability.	High (25)	High (16)	Revised Risk
CRR0056	SEND Delivery Improvement and High Needs Funding shortfall <i>(NOTE: Risk assessment to be split between delivery improvement and funding)</i>	High (25)	High (16)	↔
CRR0015	Sustainability of the social care market	High (25)	Medium (15)	↔
CRR0059	Significant failure to bring forecast budget overspend under control within budget level assumed	High (25)	Medium (9)	↔
CRR0014	Cyber and information security resilience	High (20)	High (20)	↔
CRR0003	Securing resources to aid economic recovery and enabling infrastructure	High (20)	High (16)	DECREASE
CRR0042	Border fluidity, infrastructure, and regulatory arrangements	High (20)	High (16)	DECREASE
CRR0064	Delivery of Effective Adult Social Care Services	High (20)	Medium (15)	↔

CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment	High (20)	Medium (10)	↔
CRR0058	Capacity and capability of the workforce	High (16)	Medium (9)	↔
CRR0039	Information Governance	Medium (15)	Medium (9)	↔
CRR0063	Capacity to accommodate and care for Unaccompanied Asylum-Seeking (UAS) Children	Medium (12)	Medium (12)	DECREASE
CRR0052	Adaptation of KCC Services to Climate Change impacts	Medium (12)	Medium (9)	REVISED RISK
CRR0049	Fraud and Error	Medium (10)	Low (5)	↔
CRR0065	Implementation of fit-for-purpose Oracle Cloud System	Medium (10)	Low (5)	NEW

*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)

This page is intentionally left blank

APPENDIX 1: KCC Corporate Risk Register

Risk Register - Corporate Risk Register

Current Risk Level Summary

Green	0	Amber	5	Red	11	Total	16
		1	-13			1	-13

Current Risk Level Changes

0	1	1	0	5
0	0	1	1	5
0	0	0	1	0
0	0	0	0	1
0	0	0	0	0

Risk Ref	Risk Title and Event	Assigned To	Last Review date	Next Review
CRR0009	Future financial and operating environment for Local Government	John Betts	10/01/2025	31/01/2025

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.

In order to set a balanced budget, the council is likely to have to continue to make significant year on year savings.

Quality of KCC commissioned / delivered services suffers as financial situation continues to worsen.

Continued delays and uncertainty surrounding review of local government funding impacts on KCC's medium term financial planning.

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 the forecasts for later years	Unsustainable financial situation and potential drawdown from reserves, ultimately resulting in s114 notice.	High 25 Major (5)		<ul style="list-style-type: none"> Developing better scrutiny of spending bids and more detailed savings plans, to improve the overall robustness of the budget setting process, thereby improving financial resilience. 	John Betts	A -Accepted	31/01/2025	High 16 Serious (4)
	Failure to delivery statutory obligations and duties or achieve social value.	Very Likely (5)		<ul style="list-style-type: none"> 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. 	John Betts	Control		Likely (4)
	Potential for partner or provider failure – including sufficiency gaps in provision. Reduction in resident satisfaction and reputational damage.			<ul style="list-style-type: none"> Quarterly budget meetings between Cabinet Member for Finance and Corporate Director for Finance with Cabinet Members and Corporate Directors as relevant. 	John Betts	Control		

Risk Register - Corporate Risk Register

<p>are speculative, consequently planning has to be sufficiently flexible to respond 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</p>	<p>Increased and unplanned pressure on resources.</p> <p>Decline in performance.</p> <p>Legal challenges 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 • Regular "Star Chamber" budget reviews involving the Chief Executive Officer, section 151 Officer and Corporate Directors to scrutinise progress against agreed budget savings. 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. Dave Shipton 	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		
--	---	--	--	--	--	--

Risk Register - Corporate Risk Register

<p>the continuing and increasing underlying deficit and accumulated debt on the High Needs Block of Dedicated Schools Grant (DSG), a forecast total of £85m as at 31st March 2025 (including contributions from KCC and DfE).</p> <p>Implications arising from the 2024 Autumn Budget Statement are being assessed, with further detail confirmed in the December 2024 Provisional Local Government Finance Settlement. An English Devolution White Paper was published at the end of 2024, which signals significant changes to the operating environment for the local government sector.</p>			<ul style="list-style-type: none"> • Engagement with CCN, Society of County Treasurers and other local authorities and Government of potential opportunities and issues around devolution and public service reform • Ongoing policy analysis of the devolution agenda and devolution deals agreed by the government • Regular monitoring and oversight of progress against KCC's 'Safety Valve' agreement with the Department for Education (DfE). • KCC Quarterly Performance Report monitors key performance and activity information for KCC commissioned or delivered services. Regularly reported to Cabinet. • Ongoing monitoring and modelling of changes in supply and demand in order to inform strategies and service planning going forward. • 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. • 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. 	<p>David Whittle</p> <p>David Whittle</p> <p>Sarah Hammond</p> <p>Matthew Wagner</p> <p>Matthew Wagner</p> <p>Corporate Directors CD</p> <p>Corporate Directors CD</p>	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>	
<p>Review Comments</p>						

Risk Register - Corporate Risk Register

Risk Ref	CRR0053	Risk Title and Event	Assigned To	Last Review da	Next Review			
		Asset Management and Degradation and associated impacts, linked to Capital Programme affordability	John Betts	09/01/2025	09/04/2025			
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.								
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
Assets not being invested in sufficiently or adequately maintained now will require future additional spend to maintain with the possibility of reactive costs which may create a revenue pressure. Ongoing investment to maintain and modernise our assets competes with the priority to protect frontline services from effects of public sector funding restraint. The level of borrowing to fund the capital programme and the impact on the revenue budget is significant. The uncertainty	Business interruption due to increasing level of reactive / emergency repairs, or parts of estate decommissioned (in whole or partially if deemed unsafe).	High 25 Major (5)		<ul style="list-style-type: none"> Papers to Secretary of State seeking approval to increase school financial thresholds 10 year 24-34 capital programme published. 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. 	Joanne Taylor	A -Accepted	30/04/2025	High 16
	Health and safety incidents (potentially serious) associated with asset degradation.	Very Likely (5)			Cath Head	Control		Serious (4) Likely (4)
	Inability to meet statutory duties e.g. lack of appropriate school place provision.			<ul style="list-style-type: none"> Lobbying of Government in relation to capital funding. Review of current policy of no new external borrowing agreed in principle with senior Members, with potential impact on the capital programme from 2026/27. 	John Betts John Betts	Control Control		
	Non-priority sites may not be maintained to a sufficient standard and may not be safe and fit for purpose, leading to building closures.			<ul style="list-style-type: none"> Asset safety factors associated with our assets are given priority during the budget setting process. An annual programme of planned preventative maintenance is undertaken at KCC sites by the relevant Facilities Management contract partners 	John Betts Tony Carty	Control Control		

Risk Register - Corporate Risk Register

<p>includes capital expenditure funded by grants, many of which are crucial to delivery of statutory services.</p> <p>There are a number of geo-political uncertainties in the current environment which additionally impact on the financial and operating environment.</p> <p>Current inflationary pressures are impacting on the capital programme significantly.</p> <p>Expectations of key stakeholders on capital spending.</p> <p>Risks associated with changes in legislation related to developer contributions. This could lead to a requirement for significant forward funding.</p>	<p>Funding annual rolling programmes from borrowing is unsustainable.</p> <p>Reputational damage as a result of building closures or any impact on service delivery.</p>		<ul style="list-style-type: none"> • Health and Safety Team in place in advisory capacity to ensure compliance with Government and HSE guidelines. • Premises Officers in place to visit schools and support them with forecasting maintenance budgets. • The most urgent works will be completed on the agreed, prioritised sites. • 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>Maria Kelly</p> <p>Joanne Taylor</p> <p>Joanne Taylor</p> <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> <p>Control</p> <p>Control</p> <p>Control</p>	
<p>Review Comments</p>						

Risk Register - Corporate Risk Register

Risk Ref	CRR0059	Risk Title and Event	Assigned To	Last Review da	Next Review			
<p>Significant failure to bring forecast budget overspend under control within budget level assumed</p> <p>Risk of significant adverse variance to the level of savings and income agreed in KCC's budget.</p> <p>Spending growth pressures significantly exceeds forecasts.</p>			John Betts	10/01/2025	31/01/2025			
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 most revenue forecast position for 2024-25 was an overspend of £22.8m (excluding schools), based on Q2 data.</p> <p>The most significant overspend in 2024-25 relates to adult social care.</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</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>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 has been 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 Cabinet meetings 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</p> <p>-Accepted</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>	<p>28/02/2025</p>	<p>Medium</p> <p>9</p> <p>Significant (3)</p> <p>Possible (3)</p>

Risk Register - Corporate Risk Register

the council's financial resilience and viability.

Page 31

- 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
- Savings delivery plans and monitoring processes in place. John Betts Control
- 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

Risk Register - Corporate Risk Register

			<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. • Any adverse variations to agreed savings / income are swiftly identified with compensating actions agreed with management. • Resource Accountability Statements signed off by Corporate Directors. 	<p>Corporate Management Team</p> <p>Control</p> <p>Corporate Management Team</p> <p>Control</p> <p>Corporate Management Team</p> <p>Control</p>		
--	--	--	---	---	--	--

Review Comments

Risk Register - Corporate Risk Register

Risk Ref	CRR0015	Risk Title and Event	Assigned To	Last Review da	Next Review			
		Sustainability of the Social Care Market	Richard Smith	11/10/2024	24/01/2025			
<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 and the Autumn Budget announcement of increases in employers' National Insurance contributions and the National Living Wage. Workforce – recruitment and</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>	<p>High 25 Major (5) Very Likely (5)</p>		<ul style="list-style-type: none"> Consider how the cost of care assessment is built into recommissioning approach. Review the recommendations regarding future contract models and implement where appropriate. Review the recommendations regarding joint commissioning and further develop. 	Simon Mitchell	A -Accepted	30/12/2024	Medium 15 Major (5) Possible (3)
				<ul style="list-style-type: none"> Quality monitoring team in place 	Paula Parker	Control		
				<ul style="list-style-type: none"> 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). 	Paula Parker	Control		
				<ul style="list-style-type: none"> Daily risk assessment for people in the community awaiting packages of care and short term bed provision for those at high risk 	Mark Albiston	Control		
				<ul style="list-style-type: none"> KCC linked to ADASS South East and KICA monitoring of overseas worker issues 	Richard Ellis	Control		
				<ul style="list-style-type: none"> Engagement with Integrated Care Board around joint commissioning opportunities 	Richard Ellis	Control		

Risk Register - Corporate Risk Register

<p>retention are difficult across all grades in adult social care. Turnover is higher than other sectors. Providers struggle to compete with other sectors such as retail.</p> <p>There are particular challenges in Kent in home care. Overseas workers have created some additional capacity but changes in social care visa rules excluding families has reduced applications from overseas care workers. The social care visa route also attracted operators seeking to exploit that rather than support the sector. There has been an increased risk of exploitation and overseas workers have been displaced when operators have had their licences revoked. This has created a lot of additional work for ASCH in ensuring that the needs of those that draw on care and support continue to be met.</p>			<ul style="list-style-type: none"> • Regular engagement with provider and trade organisations Richard Ellis • 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 • Pipeline prioritisation tool is in place for Strategic Commissioning projects, shared with DivMT and Director of Strategy Policy, Relationships and Corporate Assurance Chris Wimbhurst • Analytics function utilises data to inform decision making before moving commissioning activity forward. Matthew Wagner • Use of a fee negotiation tool (carecubed) to support fee uplift conversations with providers Simon Mitchell • ASCH Commissioning Intentions 2022 - 2027 - describes how we plan to create person-centred and flexible care and support options which address the challenges and opportunities adult social care faces. It supports the deliver of 'Making a difference every day' strategy 2022-2027 Simon Mitchell • 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 	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		
---	--	--	--	---	--	--

Risk Register - Corporate Risk Register

Page 35				<ul style="list-style-type: none"> • Ongoing Contract Monitoring, working in partnership with the Access to Resources team • 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. • New contracts commenced relating to Disability and Mental Health Residential Care services. • Contract for Discharge Services presented to Cabinet Committee and approved by the Cabinet Member. • Ensuring contracts have indexation clauses built-in, managed through contract monitoring • Continue to work innovatively with partners, including health services, districts and boroughs, and providers to identify any efficiencies across the wider sector. 	<p>Simon Mitchell</p> <p>Simon Mitchell</p> <p>Simon Mitchell</p> <p>Simon Mitchell</p> <p>Michael Bridger</p> <p>ASCH Divisional Directors</p>	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		
Review Comments								

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	16/10/2024	16/01/2025
<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</p>	<p>Adverse impact on outcomes for vulnerable young people.</p>	<p>High</p>		<ul style="list-style-type: none"> • Delivery of SEND Improvement Programme, which includes delivery of requirements detailed in the Kent Accelerated Progress Plan. • 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. 	Sarah Hammond	A		<p>High</p>	
	<p>Dissatisfaction from families.</p>	<p>25 Major (5)</p>				John Betts	Control		<p>16 Serious (4)</p>
	<p>Potential for legal action if statutory time limits or processes are not met.</p>	<p>Very Likely (5)</p>							<p>Likely (4)</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</p>								

Risk Register - Corporate Risk Register

<p>Area against which Outcome and Impact based KPIs will be scrutinised and addressed.</p> <p>In addition, there has been a significant increase in the number of children receiving Special Educational Needs 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 to 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. Consequently, meeting the needs of children and young people with SEND within available resources is becoming ever more challenging.</p>	<p>secure the improvements required in SEND services.</p>		<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. 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. 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. 	<p>Roger Gough</p> <p>Sarah Hammond</p> <p>Sarah Hammond</p>	<p>Control</p> <p>Control</p> <p>Control</p>	
---	---	--	--	--	--	--

Risk Register - Corporate Risk Register

<p>The ability to forecast costs in future years is difficult.</p>			<ul style="list-style-type: none"> 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. 	<p>Sarah Hammond</p>	<p>Control</p>	
			<ul style="list-style-type: none"> Robust programme management in place, ensuring appropriate alignment between project workstreams and overall programme delivery arrangements. 	<p>Sarah Hammond</p>	<p>Control</p>	
			<ul style="list-style-type: none"> 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. 	<p>Sarah Hammond</p>	<p>Control</p>	
			<ul style="list-style-type: none"> Kent and Medway Children and Young People's Programme Board joint governance mechanism with Health partners (sub-group of Integrated Care Board) 	<p>Sarah Hammond</p>	<p>Control</p>	
			<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. 	<p>Sarah Hammond</p>	<p>Control</p>	
<p>Review Comments</p>						

Risk Register - Corporate Risk Register

Risk Ref	Risk Title and Event	Assigned To	Last Review da	Next Review
CRR0045	Maintaining effective governance and decision making in a challenging financial and operating environment.	Amanda Beer	11/10/2024	31/01/2025

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).
 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.

Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk
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	Decisions challenged under judicial review on the appropriateness of the decision-making within KCC.	High		• 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	John Betts	Control	Medium
	Monitoring Officer / Head of Paid Service statutory report to Council.	20		• Effective internal audit arrangements in place and robust monitoring arrangements for the delivery of internal audit recommendations to Governance & Audit Committee	John Betts	Control	10
	Reputational damage to the Council.	Major (5)		• Appropriately detailed and timely financial monitoring reports considered by Cabinet and Cabinet Committees	John Betts	Control	Major (5)
	S114 Notice issued by the S151 Officer.	Likely (4)		• Governance reviews from across the Local Government sector are analysed to identify any lessons learned and reported to relevant stakeholders, including Governance & Audit Committee.	John Betts	Control	Unlikely (2)
				• Appropriate officer development and training programme in place and overseen by CMT	Paul Royel	Control	
				• Regular review of KCC Operating Standards and any necessary amendments are approved by CMT	Amanda Beer	Control	

Risk Register - Corporate Risk Register

<p>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 22 recommendations including around strategic arrangements for delivering priorities, effective challenge to and scrutiny of decisions and the Councils structure, systems and behaviours.</p> <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</p>			<ul style="list-style-type: none"> • 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. • Appropriate performance reporting of service and corporate performance to Cabinet, Cabinet Committee and Full Council • 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. • 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. • Regular reporting to Governance & Audit Committee of implementation of the actions identified within Annual Governance Statements, and actions raised at Governance and Audit Committee, in addition Members and key stakeholders have access to PowerBi suite which captures all actions and progress to date. 	<p>Roger Gough</p> <p>David Whittle</p> <p>David Whittle</p> <p>David Whittle</p> <p>David Whittle</p> <p>Benjamin Watts</p>	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>	
--	--	--	--	--	---	--

Risk Register - Corporate Risk Register

<p>improvements need to be made if governance is to be effective, in both the 2021/22 and 2022/23 reports.</p> <p>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.</p>			<ul style="list-style-type: none"> • Key and significant decision-making process in place for Executive decisions and appropriately published Forward Plan of Executive Decisions Benjamin Watts • Annual Governance Statement (AGS) arrangements in place with returns made across both senior and statutory officers Benjamin Watts • Democratic Services support effective Committee governance and scrutiny arrangements. Benjamin Watts • Member and Officer codes of conduct in place and robustly monitored and enforced Benjamin Watts • Member development and training programme in place and overseen by Selection and Member Services Committee Benjamin Watts • 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. Benjamin Watts • 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 • Provision for Chief Officers to seek written direction from Executive Members within the KCC Constitution Benjamin Watts 	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		
--	--	--	---	--	--	--

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	13/12/2024	13/03/2025			
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	
<p>Malicious (intentional) actions against KCC from individuals, cyber criminals and state sponsored attacks.</p> <p>Supply chain compromise including third party data transfers, vulnerabilities in purchased equipment and supplier system breaches.</p> <p>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.</p> <p>Compromise of physical security controls and/or infrastructure including unauthorised access to data centres, network</p>	<p>Data Protection breach and consequent Information Commissioner’s Office (ICO) sanction.</p> <p>Damages claims. Reputational Damage. Potential significant impact on business interruption if systems require shutdown until magnitude of issue is investigated.</p> <p>Loss or corruption of data. Loss of key systems potentially impacting ability to deliver statutory services.</p> <p>Partners unable to discharge their duties</p> <p>Complaints</p>	<p>High</p> <p>20</p> <p>Major (5)</p> <p>Likely (4)</p>		<ul style="list-style-type: none"> Reviewing visibility of the Group's risk profile regarding cyber security, to provide reassurance that the use of any shared resources or other interdependencies from a cyber perspective are continually understood. Data Protection and Information Governance training is mandatory and requires staff to refresh periodically. Progress rates monitored regularly. 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. 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. 	<p>James Church</p> <p>Paul Royel</p> <p>James Church</p> <p>James Church</p>	<p>A</p> <p>-Accepted</p> <p>Control</p> <p>Control</p> <p>Control</p>	<p>31/03/2025</p>	<p>High</p> <p>20</p> <p>Major (5)</p> <p>Likely (4)</p>

Risk Register - Corporate Risk Register

<p>cables and natural disaster (flood, fires etc.)</p> <p>Gaps in existing resources and capabilities, including technological controls and resource challenges in provider's operational teams.</p>			<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. • 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. • Cyber standards and risk assessment have been included into the central ICT commissioning framework • 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. • 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. 	<p>James Church</p> <p>James Church</p> <p>James Church</p> <p>James Church</p> <p>James Church</p>	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>	
--	--	--	---	---	--	--

Risk Register - Corporate Risk Register

			<ul style="list-style-type: none"> • Data Protection and Information Governance training is mandatory and requires staff to refresh periodically. Progress rates monitored regularly. • Additional messages warning staff of cyber threats are being sent out regularly. • 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. 	<p>Benjamin Watts</p> <p>Diane Christie</p> <p>Diane Christie</p>	<p>Control</p> <p>Control</p> <p>Control</p>		
--	--	--	---	---	--	--	--



Risk Register - Corporate Risk Register

Risk Ref	CRR0003	Risk Title and Event	Assigned To	Last Review da	Next Review			
		Securing resources to aid economic growth and enabling infrastructure	Simon Jones	10/01/2025	31/01/2025			
<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. Deferral of developer contributions and / or elongated planning consents leads to delayed or compromised infrastructure.</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. 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</p>	<p>Key opportunities for growth missed. 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. Kent becomes a less attractive location for inward investment and business. Our ability to deliver an enabling infrastructure becomes constrained. Reputational risk associated with delayed delivery of infrastructure required. Additional revenue costs incurred due to infrastructure delays and operational costs increasing.</p>	<p>High 20 Major (5) Likely (4)</p>		<ul style="list-style-type: none"> Formulate countywide transport policy and strategy with Member Task & Finish Group and Cabinet. 	Lee Burchill	A -Accepted	31/12/2024	High 16
				<ul style="list-style-type: none"> Make use of KCC's new role as Accountable Body for the Kent & Medway Functional Economic Area (post LEP landscape) to liaise with key government departments to make the case for specific funding allocations to tackle barriers to growth. 	Steve Samson	A -Accepted	31/03/2025	Serious (4) 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, Recover Pivot & Scale, Kent & Medway Growth Hub 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, Kent Developer Group, KMEP Sector Groups, Team Kent work etc. 	Steve Samson	Control		

Risk Register - Corporate Risk Register

<p>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 Council's ability to secure sufficient funds through the current funding systems, including Section 106 contributions, Community Infrastructure Levy and other growth levers.</p> <p>Government spending cuts and evolving priorities may result in essential infrastructure programmes being delayed or cancelled.</p> <p>Central Government has recently indicated that it is minded to cease funding for post-LEP responsibilities in 25-26 and much new funding for growth programmes is being targeted at MCA areas rather than counties - this presents significant financial risk dependent upon</p>			<ul style="list-style-type: none"> • Kent & Medway Economic Framework Steve Samson A Phase 1 implementation plan has been implemented for Kent & Medway Framework with KMEP sub groups and local stakeholders for taking forward the ambitions and action areas set out in the framework including developing a prioritised economic and infrastructure projects pipeline to focus and secure future funding resource and inform government of priorities. • Monitoring of socio economic data and trends and development of responses to changed economic trends through Kent & Medway Economic Dashboard and new KMEP work stream data sets. Steve Samson • New contracts put in place to support the visitor economy and inward investment services to attract businesses to the county and bring in additional revenue for local companies. Steve Samson • 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 Tom Marchant • Government consultations on proposals for reform of the planning system in England considered and responded to. Tom Marchant • The KCC Developer Contributions Guide has been updated and adopted. Tom Marchant 	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		
--	--	--	---	---	--	--

Risk Register - Corporate Risk Register

emerging policy.			<ul style="list-style-type: none"> • Infrastructure Mapping Platform being piloted in East Kent before countywide rollout, setting out the infrastructure needed to deliver planned growth. Tom Marchant • 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 Stephanie Holt-Castle • Regular dialogue with government departments and responses made to emerging Government strategies. Stephanie Holt-Castle 	Control		

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	10/01/2025	31/01/2025		
<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) and European Travel Information and Authorisation system (ETIAS).</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.</p> <p>KCC is reliant on coherent, coordinated governance and information across</p>	<p>Significant slowdown in the existing flow of goods and people through the Kent Ports leads to long delays in accessing the Port of Dover and Eurotunnel.</p> <p>Impacts on strategic traffic routes as a result of Operation Brock and other traffic management measures, leading to an increase in local and pan Kent road journey times, impacting communities and businesses.</p> <p>Significant detrimental impact on the 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>High</p> <p>20</p> <p>Major (5)</p> <p>Likely (4)</p>		<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	<p>12</p> <p>Serious (4)</p> <p>Possible (3)</p>
				<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"> Working with Government to develop short, medium and long-term plans for border resilience looking at infrastructure and technological solutions. 	Toby Howe	Control	
				<ul style="list-style-type: none"> Regular presentations to Cabinet Committee on potential impacts relating to people and goods. 	Simon Jones	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, including Exercise Barra and Exercise Jura. 	Andy Jeffery	Control					

Risk Register - Corporate Risk Register

Page 49	<p>Government to aid the Local Authority and partners locally in planning their contingency arrangements and responding appropriately.</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. Interruption and effect on business services, both statutory and discretionary, such as:</p> <p>Adult's and children's social care workers being able to reach necessary areas. Care homes in the affected areas.</p> <p>Officers and Community Wardens working in affected areas and those officers who live in affected areas but deliver face to face services.</p> <p>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"> • KCC are part of the KMRF EES Strategic and Tactical Planning 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 lead on this work. 	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"> • Regular and ongoing testing and review of internal KCC business continuity and response plans 	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		

Risk Register - Corporate Risk Register

Risk Ref	CRR0064	Risk Title and Event	Assigned To	Last Review da	Next Review				
		Risk of Failing to Deliver Effective Adult Social Care Services	Richard Smith	11/10/2024	24/01/2025				
Impact on outcomes for people who draw on care and support and unpaid carers									
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.									
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.									
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 	<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>High</p> <p>20</p> <p>Major (5)</p> <p>Likely (4)</p>		<ul style="list-style-type: none"> • ASC will set out plans for redesign and redeployment of workforce around two key areas of practice: <ul style="list-style-type: none"> (a) prevention, early intervention, and short term support (b) long term support and adult safeguarding. (Nov 2024) • ASC SMT have established monthly meetings with connect2Kent to ensure we proactively monitor the timely deployment of key interim personal into statutory front line roles. This started about 6 months ago and an ongoing arrangement. 	<p>Mark Albiston</p> <p>Mark Albiston</p> <p>Mark Albiston</p>	<p>A</p> <p>-Accepted</p> <p>Control</p> <p>Control</p>	<p>01/04/2025</p>	<p>Medium</p> <p>15</p> <p>Major (5)</p> <p>Possible (3)</p>	
		<p>Reputational impact. Public perception of the council being willing to accept poor standards of care. Low public confidence in social care</p>			<ul style="list-style-type: none"> • ASC have developed comprehensive performance management tools that help identify and targeted weekly action to reduce the length of time people are having to wait for CNA's, reviews, open safeguarding concern, open safeguarding risk assessments, open safeguarding enquiries. Weekly emails (for action) are sent to assistant directors and monitored through governance and assurance meetings. (already in place and ongoing) 				
		<p>A loss of trust in the Council's ability to safeguard people who live in Kent.</p> <p>Overspending on the</p>							

Risk Register - Corporate Risk Register

<p>difficult to predict - Increasing costs due to increasing complexity of health and social care needs. - Increasing costs due to cost of living 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>	<p>budget which may impact the wider council.</p>			<ul style="list-style-type: none"> • Adult Social Care Connect (changes to our front door) will be rolled out from 14th October 2024 with a focus on developing strength based care act assessments at first point of contact • Safeguarding adults' improvement plan agreed by DMT in September 2024 and progress will be monitored by DMT • ASC have commissioned a managed service to undertake targeted statutory safeguarding enquiries focus on people with longest wait times • ASC have commissioned a managed service to undertake an initial 650 targeted reviews in TSCK and West Kent. • Minimum targets for completed CAN's and reviews per full time worker per week have been established and this is supported by a forward look productivity tool to evidence how ASC will reduce the number of people and time they have to wait for an assessment of their needs, and or review (in place since April 2024) • ASC have set out transformation and sustainability business plans which sets out the actions we will take to (a) prevent, reduce, and delay needs for care and support at the first point of contact through new models of care and support (b) drive our approach to new models of care and support (sustainability) following individual reviews. These have been in place since April and are due for mid-point review. 	<p>Mark Albiston</p>	<p>Control</p>		
---	---	--	--	---	----------------------	----------------	--	--

Risk Register - Corporate Risk Register

Risk Ref	Risk Title and Event	Assigned To	Last Review date	Next Review
CRR0058	Capacity and capability of the workforce	Paul Royel	22/11/2024	22/02/2025

Workforce capacity challenges - insufficient staff to meet service demands.

Capacity pressures within the management, and leadership teams potentially impacting time for reflection and decision making.

Impact on budgets from use of agency staff/contractors to fill roles to support service delivery.

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.

Complaints from Kent residents

Lack of depth / resilience of key personnel or teams.

Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
KCC is experiencing increasing demand for services due to whole system pressures which placing pressure on the existing capacity of the workforce. 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. Increasing complexity of issues being faced by KCC require capable	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	A -Accepted	31/03/2025	Medium
	Negative impact on performance and / or delivery of statutory functions or services.	16 Serious (4)		<ul style="list-style-type: none"> Exit and retention surveys in place to identify drivers for both leavers and for those who chose to stay 	Diane Christie	A -Accepted		Serious (4)
	Lack of experienced staff with specialist skills	Likely (4)		<ul style="list-style-type: none"> Targeted advice, support and interventions available via HR business partners for areas of particular recruitment / retention concern relating to key roles. 	Paul Royel	Control		Possible (3)
	Reliance on interim and agency staff potentially impacting stability of teams and consistency of service.			<ul style="list-style-type: none"> Workforce planning and appropriate career development and succession planning mechanisms in place. 	Paul Royel	Control		
	Inability to progress service development.			<ul style="list-style-type: none"> Delivery of the People Strategy for 2022-2027 approved by Personnel Committee 	Paul Royel	Control		
	Low staff morale and			<ul style="list-style-type: none"> KCC's Organisation Design principles set out and periodically refreshed and monitored to ensure they remain fit for purpose. 	Paul Royel	Control		

Risk Register - Corporate Risk Register

<p>and experienced officers with potentially different skill sets.</p>	<p>negative impact on wellbeing, potentially leading to burn out.</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. 	<p>Paul Royel</p>	<p>Control</p>		
<p>The financial position of the Council limits the ability to manage in spikes operational demand by way of recruitment.</p>	<p>Loss of discretionary effort/goodwill. Impact on delivery of projects to expected time scales.</p>		<ul style="list-style-type: none"> • Communication, implementation and measurement of the impact of the People Strategy. 	<p>Paul Royel</p>	<p>Control</p>		
<p>To support capacity, use of agency staff is increasing.</p>	<p>Employer and Service Reputational damage</p>		<ul style="list-style-type: none"> • 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. 	<p>Janet Hawkes</p>	<p>Control</p>		
<p>Newly qualified professionals in services require adequate time and support from senior officers, which has secondary capacity impacts.</p>	<p>Negative impact on budgets and savings plans</p>		<ul style="list-style-type: none"> • 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. 	<p>Janet Hawkes</p>	<p>Control</p>		
<p>Impacts of supporting secondments on teams and services with limited capacity or on difficult to resource roles.</p>			<ul style="list-style-type: none"> • 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. 	<p>Diane Christie</p>	<p>Control</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</p>			<ul style="list-style-type: none"> • Promoting even more regular communications between managers and their teams while working remotely via "Good Conversations" tools etc. 	<p>Diane Christie</p>	<p>Control</p>		

Risk Register - Corporate Risk Register

<p>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>			<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>Kirsty Ireland</p> <p>Corporate Management Team</p>	<p>Control</p> <p>Control</p>		
--	--	--	--	--	-------------------------------	--	--



Risk Register - Corporate Risk Register

Risk Ref	Risk Title and Event	Assigned To	Last Review date	Next Review
CRR0039	Information Governance	Benjamin Watts	16/12/2024	16/03/2025
<p>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. Providers and or suppliers processing KCC data fail to embed the appropriate processes and behaviours. Poor data quality negatively impacts AI algorithms</p>				

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 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>Information Commissioner’s Office sanction (e.g., undertaking, assessment, improvement, enforcement or monetary penalty notice issued against the Authority). Serious breaches under UK GDPR could attract a fine. Increased risk of litigation. Reputational damage. Bias presenting in AI algorithms impacting outcomes and decision making Loss of trust in automated decisions</p>	<p>Medium 15 Significant (3) Very Likely (5)</p>		<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	<p>Medium 9 Significant (3) Possible (3)</p>
				<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	
				<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	

Risk Register - Corporate Risk Register

<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 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 (CBST) 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</p>			<ul style="list-style-type: none"> • Caldicott Guardian appointed with training and support to undertake the role Richard Smith Control • Overarching policy for use of Artificial Intelligence is in place and has been communicated to the wider organisation Benjamin Watts Control • 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 Control • 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 • KCC are not meeting required deadlines for FOI returns. Paper to CMT regarding causes and requirements of services, Benjamin Watts Control • 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 • Implementation of recommendations from working from home and records management audits. Benjamin Watts Control • Management Guide/operating modules on Information Governance in place, highlighting key policies and procedures. Benjamin Watts Control 			
---	--	--	--	--	--	--

			<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"> • The data capture mapping capture form is in place. Policy guidance requires Information Governance leads to review data maps with the services on a bi annual basis, or as and when a new DPIA is created reflected on the data map. 	Hannah Rumball	Control		
			<ul style="list-style-type: none"> • Data Protection Impact Assessment (DPIA) is supported with a matrix detailing the type of data and its usage. KCC testing of Microsoft Copilot is moving into its second phase, and the DPIA remains a live document and will be updated accordingly. 	Hannah Rumball	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	CRR0052	Risk Title and Event	Assigned To	Last Review da	Next Review
		Adaptation of KCC Services to Climate Change impacts.	Simon Jones	18/12/2024	18/03/2025

There is a risk that a failure to adapt KCC services to climate change leads to adverse impacts on and increased costs to the Council, as a result of damage to or loss of physical and financial assets, staff sickness and lower productivity, transport disruption, and others.

Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
A lack of adaptation by the Council services (including those delivered and commissioned by KCC) to climate change as a result of inadequate planning and a lack of resourcing.	KCC bears significant financial costs due to the destruction/deterioration of its assets and services. Services responsible for the safety and wellbeing of staff and the general public are placed under greater demand for their services, resulting in greater expenditure and lower productivity. Kent's residents experience a decline in the quality of services that KCC provides across the county, leading to customer dissatisfaction and reputational damage.	Medium	25	<ul style="list-style-type: none"> Delivery of the KCC Climate Change Adaptation Plan (including service level climate change adaptation risks and incorporating climate adaptation into project and BAU activity delivery, etc.). Building environmental risks into KCC project work and the delivery of the KCC Environment Plan. Delivery of KCC's Net Zero Plan (2030). Strategic Statement – Priority 3 re Environment Delivery of the Kent Environment Strategy and Energy and Low Emissions Strategy. Estate rationalisation and building in additional measures to reduce emissions. ISO 14001 accreditation (the international standard for Environmental Management Systems) implemented and maintained 	A		Medium	
		12	↓		-Accepted		9	
		Significant (3)	-13				Significant (3)	
		Likely (4)				A		Possible (3)
						-Accepted		
						Control		
						Control		

Page 59

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	16/10/2024	16/01/2025		
<p>In the event of a significant increase of UAS children arriving in Kent there may be insufficient resource to provide suitable social work assessment capacity, placements and support for UAS children in a timely fashion. An increase in the required establishment of staff in terms of social work and reception centres has been agreed and recruitment in underway in line with the timelines for the opening of additional reception centres.</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.</p> <p>In July 2023 the High Court ruled that KCC must accommodate and look after all UAS children arriving into the County, pending transfer to other local authorities under the National Transfer Scheme. This has resulted in KCC being required to expand their social work and reception centre</p>	<p>Impacts on vulnerable children (both UAS children and potential knock-on impacts for Kent looked after children). Risks KCC being unable to fulfil its statutory responsibilities to all children effectively. Significant additional budget pressures on the Authority, impacting on its financial resilience. However, this impact is reducing as funding has been secured from the Home Office and DfE (revenue and capital). Legal consequences. Reputational damage.</p>	<p>Medium 12 Serious (4) Possible (3)</p>		<ul style="list-style-type: none"> Additional support has been secured from the Home Office and Department for Education in the form of additional funding (capital and revenue) to ensure the cost to accommodate and look after all UAS children arriving to Kent is fully funded by central government. Central government revenue funding is informed by KCC's estimated costs, with a proportion based on fixed costs to protect KCC from fluctuations in demand across a given year. There is close ongoing communication with the Home Office and DfE. The Council has utilised / re purposed available buildings to increase accommodation capacity. UAS Steering Group in place to coordinate support efforts across the organisation meeting on a fortnightly basis. The steering group brings together key representatives across the organisation including social work, finance, analytics, HR and infrastructure. 	<p>Roger Gough</p> <p>Rebecca Spore</p> <p>Sarah Hammond</p>	<p>Control</p> <p>Control</p> <p>Control</p>	<p>Medium 12 Serious (4) Possible (3)</p>

Risk Register - Corporate Risk Register

services to meet this ruling as it presents numerous pressures on an already stretched service, and for the council as a whole.

Page 61

- Intensive negotiations continue with Home Office and Department for Education following the receipt of funding up to March 2025. Negotiations are focusing on the significant changes needed to the NTS as future modelling has shown there will be a gap in the future without these. The alternative is significant changes aren't made is that more buildings will be required to ensure suitable placements are provided for unaccompanied children, in line with our statutory responsibilities. As part of the ongoing negotiations KCC is preparing a case to show how additional funding might be used.
- Transport arrangements have been put into place to ensure children and young people can be efficiently transported from the Kent Intake Building to their KCC placement ahead of the final destination under the National Transfer Scheme, which the Home Office is responsible for providing the transportation to.
- UAS child numbers are continually monitored and reviewed to assess capacity and aid planning. An emergency response plan is in place between KCC, Home Office and Department for Education (DfE) which includes an early warning system that notifies the Home Office and DfE when capacity fills up.

Sarah Hammond

Control

Alex Stringer

Control

Alex Stringer

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. • Recruitment of required social care staff to ensure there is sufficient staffing in place in terms of operational delivery. A proportion of posts will be permanent and a proportion will be filled by agency staff to enable flexibility and adaptability in line with demand. • Registering of reception centres with Ofsted to meet regulations. • Recruitment of required reception centre staff to ensure there is sufficient staffing in place ahead of new reception centers opening. The recruitment and start dates for new staff is being planned to enable to robust induction ahead of the centre formally opening. A proportion of posts will be permanent and a proportion will be filled by agency staff to enable flexibility and adaptability in line with demand. • Fostering placements (in-house and independent) have been block commissioned to ensure placements for UAS children who are under 16. 	<p>Alex Stringer</p> <p>Alex Stringer</p> <p>Alex Stringer</p> <p>Alex Stringer</p> <p>Alex Stringer</p>	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>		

Risk Register - Corporate Risk Register

Risk Ref	CRR0049	Risk Title and Event	Assigned To	Last Review da	Next Review			
Fraud and Error			John Betts	10/01/2025	31/01/2025			
<p>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:</p> <ul style="list-style-type: none"> - 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. <p>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.</p> <p>Compromise of physical security controls and/or infrastructure including unauthorised access to ICT systems could lead to fraudulent access and/or use of data.</p>								
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. KCC is a commissioning authority and therefore need adequate controls in place to protect public money. 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</p>	<p>Financial loss leading to pressures on budgets that may impact the provision of services to service users and residents.</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>Potential legal challenge</p> <p>Reputational damage</p> <p>Poor service delivery</p> <p>Potentially enabling Serious Organised Crime</p>	<p>Medium</p> <p>10</p> <p>Moderate (2)</p> <p>Very Likely (5)</p>		<ul style="list-style-type: none"> • All tendering specification will include a requirement for the tenderer to provide details on what procedures they have in place to prevent fraud from occurring within the contract, both in the service delivery and invoicing into KCC. Support in evaluating these procedures will be obtained from the Counter Fraud Team as part of the overall evaluation process. • 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 	<p>Clare Maynard</p> <p>Nick Scott</p>	<p>A</p> <p>-Accepted</p> <p>Control</p>	<p>30/12/2024</p>	<p>Low</p> <p>5</p> <p>Minor (1)</p> <p>Very Likely (5)</p>

Risk Register - Corporate Risk Register

<p>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>As part of the Economic Crime and Corporate Transparency Act (ECCT), a new corporate criminal offence of 'Failure to Prevent Fraud' has been introduced. The offence is intended to hold large organisations to account if they profit from fraud. Under the offence, large organisations may be held criminally liable where an employee, agent, subsidiary, or other "associated</p>			<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. Multiple layers of logical, physical and administrative security controls. <p>Linked to CRR0014 Cyber Security Corporate Risk.</p> <ul style="list-style-type: none"> KCC reserves the right to carry out a dip sample of due diligence vetting checks in partnership with contract managers to verify declarations of non-involvement. Scheme of Delegation - compliance with Delegation Matrix and Spending the Council's Money 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. Clear process within relevant Commissioning Departments for procurement under the PCR threshold 	<p>Dave Shipton</p> <p>James Church</p> <p>Clare Maynard</p> <p>Clare Maynard</p> <p>Clare Maynard</p> <p>Clare Maynard</p>	<p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p> <p>Control</p>	
---	--	--	--	---	--	--

Risk Register - Corporate Risk Register

person”, commits a fraud intending to benefit the organisation.

Page 65

- With supplier consent, within the Tender Selection Questionnaire and subsequent contract Terms and Conditions, Clare Maynard Control
 - Communication of mandate fraud / cyber security to KCC supply chain. Clare Maynard Control
 - 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
 - Mandatory training - Data Protection and Information Governance training is mandatory and requires staff to refresh periodically. Benjamin Watts Control
- Linked to CRR0014 Cyber Security Corporate Risk.
- Communication, including messaging to encourage increased awareness of information security amongst staff. Diane Christie Control
- Linked to CRR0014 Cyber Security Corporate Risk.
- Whistleblowing Policy in place for the reporting of suspicions of fraud or financial irregularity James Flannery Control
 - Training and awareness raising is conducted periodically and is included in the Counter-Fraud action plan. James Flannery Control
 - 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
 - Anti-fraud and corruption strategy in place and reviewed annually James Flannery Control

Risk Register - Corporate Risk Register

Page 66

			<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 • Participate in the National Fraud Initiative exercise every two years to identify any fraud and error within key risk areas. James Flannery • Control • 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 • Control • Mandate fraud risks are communicated as part of the fraud awareness sessions. James Flannery • Control • 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 • Control • 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 		

Risk Register - Corporate Risk Register

Risk Ref	CRR0065	Risk Title and Event	Assigned To	Last Review da	Next Review			
Implementation of fit-for-purpose Oracle Cloud system.			Simon Jones		10/03/2025			
Oracle Cloud system not fit-for-purpose.								
Cause	Consequence	Current Risk	Previous Current Risk	Control / Action	Control / Action	Target Date	Target Risk	
<p>This is a critical programme for the organisation, replacing the current outdated infrastructure. It is a large and complex programme, which carries with it significant inherent risk. There have been reports in the public domain about other implementations that have been fraught with difficulties, so it is important that this organisation-wide risk features on the Corporate Risk Register for visibility and that the programme demonstrates robust governance, change and programme management, especially at a time where organisational capacity is stretched, with several major change activities in train.</p>	<p>1. Most impact on finance - unable to carry out month/year end, paying suppliers/providers/clients and staff and receive payments in to the Authority. 2. Services unable to carry out operational duties. 3.Costs to the Oracle Cloud programme will increase as resources to the programme extended. 4. Reputational impact to the Authority. 5.Increased costs will impact the MTFP and Securing Kent's Future.</p>	Medium		<ul style="list-style-type: none"> Transition / change management planning to be completed. Agree date of 'change freeze' across all applications that interface with Oracle Oracle Cloud Board Members to ask their respective areas to ensure that the programme is aware of any proposed changes to the current Oracle System or associated 3rd party systems to enable the programme to impact assess as otherwise it could result in additional costs. Right skills in place to carry out User Acceptance Testing (UAT). Programme Team to provide Internal communications with regular updates and key messages so that information is given in a timely matter. UAT phases - control points for sign off. Build & Functional Test phases for each module built in to the programme with sign off required at end of each 'build' phase. Pre UAT & Training schedule as part of the programme. <p>Owner of control sits with the Service Implementation partner who sit outside of KCC.</p>	Ramzan Amin Simon Jones Simon Jones Ramzan Amin Ramzan Amin Ramzan Amin	A -Accepted A -Accepted A -Accepted A -Proposed A -Proposed Control Control Control	28/03/2025 20/12/2024 20/12/2024 31/01/2025 28/03/2025	Low 5 Major (5) Very Unlikely (1)
		10						
		Major (5)						
		Unlikely (2)						

Risk Register - Corporate Risk Register

			<ul style="list-style-type: none">• Cloud readiness assessment (with Service Leads) phase undertaken to map out current processes and how these will fit to the new system taking on board 'ADOPT not ADAPT'	Simon Jones	Control		

APPENDIX 2 - Directorate Risk Registers - Summary Risk Profiles January 2025

Risk No.	Risk Title	Current Risk Rating	Target Risk Rating	Direction of Travel since May 2024
Children, Young People and Education				
CY0042	Home To School Transport demand and cost pressures	High (16)	Medium (12)	Reduction from 25
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)	↔
CY0030	Management of the CYPE Directorate in year budget	Medium (15)	Medium (12)	Reduction from 25
CY0045	Growing demand and limited supply of affordable accommodation – children’s services.	Medium (12)	Low (6)	↔
CY0009	Children not in full time education not receiving a suitable education	Medium (12)	Low (6)	↔
CY0049	Providers struggling to achieve Supported Accommodation registration with Ofsted - Children's Services	Medium (12)	Low (4)	New Risk
CY0032	Information Governance	Medium (9)	Medium (9)	↔
CY0046	Quality in Care – Children’s	Medium (9)	Low (6)	↔
CY0034	Business Continuity and Resilience	Medium (8)	Low (4)	↔
Growth, Environment and Transport				
GT0025	Capital Investment and Asset Management	High (25)	High (16)	↑
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)	Medium (12)	↔
GT0026	Net Zero and Sufficiency of Funding	High (16)	Medium (9)	↔

GT0019	Delivery of in-year budget targets	High (16)	Low (6)	↑
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				
DCED0006	Preparations for the introduction of the EU Entry / Exit System (EES)	Medium (15)	Low (5)	New Risk
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)	↔
AH0050	Provider Payments - System failure resulting in Providers not being paid on time and/or correctly	High (20)	High (16)	New Risk
AH0044	Safeguarding – protecting adults at risk	High (20)	Medium (15)	↔
AH0033	Adult Social Care Workforce recruitment and retention	High (20)	Medium (9)	↔
AH0047	Provider Failure	Medium (15)	Medium (9)	↔
AH0038	Information Governance	Medium (9)	Medium (9)	↔
AH0037	Information Asset Management	Medium (9)	Medium (9)	↔

Governance and Audit Committee Action Tracker

G&A Reference Number	Meeting Date	Minute No.	Agenda Item/Subject	Action	Responsible Officer/Area	Status
GA001	23 July 2024	222.6.a	Internal Audit Annual Report 2023-24	A progress report from management on the implementation of the agreed management actions would be presented at the next meeting.	Ben Watts	This report was considered by Members at the 9 October 2024 meeting of the Governance and Audit Committee.
GA002	23 July 2024	223.4	Risk Management Verbal Update	Committee's tracking of the risk relating to the Council's financial position would be considered as part of the agenda setting process.	Mark Scrivener John Betts	This was discussed at the agenda setting meeting for 12 November 2024. It was agreed that further discussions were required to determine what information could be shared and the most appropriate way to share the information to Members.
GA003	23 July 2024	225.2.b	External Audit Progress Report and Sector Update	Members would receive an update on the Council's progress towards addressing the	Ben Watts John Betts	Completed. This report was considered by Members at the 9

				recommendations outlined in the previous year's VFM findings.		October 2024 meeting of the Governance and Audit Committee.
GA004	23 July 2024	225.2.c	External Audit Progress Report and Sector Update	The Committee's role in relation to the Council's productivity plans would be considered as part of a review of the Committee's Terms of Reference.	Ben Watts Katy Reynolds	Completed: This was reviewed as part of the Review of Effectiveness and Proposed Updated Terms of Reference, due for consideration at Governance and Audit Committee on 23 January 2024.
GA005	23 July 2024	222.6.b	Internal Audit Annual Report 2023-24	Following a request for clarification regarding contract management (and the Council's governance in relation to wholly owned companies), it was agreed that a paper providing further information would be considered as part of the agenda setting process.	Ben Watts	Completed: This was added to the Governance and Audit Committee agenda for 12 December 2024. A visit to the companies would be arranged for Members in early 2025.
GA006	23 July 2024	222.6.c	Internal Audit Annual Report 2023-24	Further clarification regarding the Internal Audit process in relation to advisory and follow-up	Jonathan Idle	Completed: Further information provided to the Governance and Audit Committee

				audits would be provided to the Committee.		via email on 13 August 2024.
GA007	9 October 2024	230.7.c	Internal Audit Management Actions Update	It was agreed that a final report be provided before the end of the current administrative cycle (before end of March 2025)	Ben Watts Amanda Beer	This item has been added to the 23 January 2024 Governance and Audit Committee agenda.
GA008	9 October 2024	230.7.b	Internal Audit Management Actions Update	The latest compliance figures will be uploaded to the Teams site before the Governance and Audit Committee meeting on 12 November 2024.	Ben Watts Amanda Beer	Completed: Compliance figures uploaded to Teams site on 8 November 2024. An updated position will be added to the Teams site once available and reported to GAC in January.
GA009	9 October 2024	230.4	Internal Audit Management Actions Update	Training on the audit process and how audits are built will be developed for Committee Members as part of the revised induction programme to be launched in 2025.	Jonathan Idle	The induction programme for 2025 is currently in development.
GA010	9 October 2024	230.7.b	Internal Audit Management Actions Update	A detailed version of Appendix 1 would be circulated to the Committee via the Teams	Ben Watts Amanda Beer	Completed: Detailed version of Appendix 1 circulated to the Governance and

				site ahead of the Governance and Audit Committee on 12 November 2024.		Audit Committee via email on 8 November 2024
GA011	9 October 2024	234	Progress Update on the Grant Thornton Value For Money Recommendations	It was agreed that a final report be provided before the end of the current administrative cycle (before end of March 2025)	Ben Watts John Betts	This item has been tentatively added to the 20 March 2025 Governance and Audit Committee agenda.
GA012	9 October 2024	231.2.m	Annual Customer Feedback Report 2023/24	The Committee would be provided with further details regarding the legal costs of complaints for 2023/24	Ben Watts	Completed: This was discussed with the Committee during the Legal Update Item on 12 November 2024.
GA013	9 October 2024	237.1.b	Audit Backstop and Revised Date	Ahead of the Committee's consideration of the accounts, training would be provided to the Committee on how to effectively read the accounts.	John Betts Cath Head	Ongoing: training on the accounts is provided as part of the 'just-in-time' training offer. In 2024 this was provided in July.
GA014	12 November 2024	244.2.h	Verbal Update on Corporate Risk Register	The Chair suggested that Members receive a briefing on two of the risk areas highlighted during the item. The Chair would	Mark Scrivener/ Chair	This will be discussed as part of the agenda setting process.

				discuss this further with the Head of Risk and Delivery Assurance		
GA015	12 November 2024	251.2.e	Internal Audit Progress Report – Exempt Report	School Loans Information: A comprehensive suite of documents referred to by Internal Audit in the key strengths section, and further information on current loans would be provided to Members outside of the meeting.	David Adams	Completed: This information was provided to Members via Teams on 19 November 2024.
GA016	12 November 2024	251.2.c	Internal Audit Progress Report – Exempt Report	RB18-2024 – Loans to Schools: The Corporate Director for Children, Young People and Education, confirmed that policy had been updated and amended. The areas for development which had been identified were historic cases but will be revisited and an update to the Committee would be provided.	The Corporate Director for Children, Young People and Education	Schools Financial Services will be reviewing the other loans and then Internal Audit will review a sample of these as part of our Follow Up and report back to Committee accordingly.
GA017	12 December 2024	258.2.d	Annual Governance Statement	The Selection and Member Services and Sub Committees had been working on Member	Ben Watts	This will be provided via the Teams site.

				induction and information would be provided via the Governance and Audit Internal Teams site. How the induction takes place will be included.		
GA018	12 December 2024	258.2.c	Annual Governance Statement	The Annual Governance Statement had 3 key areas for improvement and actions for the year ahead. All actions would be moved into the individual task tracker on the internal Teams site, so the Committee could monitor the progress.	Katy Reynolds	This is in progress.
GA019	12 December 2024	264.1.b	Verbal Update on Committee Business	A report on the effectiveness of the Governance and Audit Committee would be provided in the new year.	Katy Reynolds	Completed: This item has been added to the 23 January 2024 Governance and Audit Committee agenda.
GA020	12 December 2024	266.4	Kent County Council Statement of Accounts	In relation to the Draft Statement of Accounts 2023/24, the Acting Chief Accountant confirmed that further information could be provided to the Committee regarding the	Joe McKay	Completed: This information was provided to Members via the Teams site on 24 December 2024.

				payment of £1.5m to Tunbridge Wells Borough Council.		
--	--	--	--	--	--	--

This page is intentionally left blank

By: Jonathan Idle – Head of Internal Audit

To: Governance and Audit Committee – 23 January 2025

Subject: **INTERNAL AUDIT STRATEGY AND CHARTER**

Classification: Unrestricted

Summary:

New professional standards are in place, which include the requirement for all Internal Audit services to have a formal Strategy and also to update the Internal Audit Charter.

Recommendation:

The Governance and Audit Committee to approve the Internal Audit Strategy and revised Internal Audit Charter

FOR ASSURANCE

1. Introduction

- 1.1 The Global Internal Audit Standards (GIAS) includes a mandatory requirement (Standard 9.2) for the Chief Audit Executive (CAE - Head of Internal Audit at KCC) to:

“...develop and implement a strategy for the internal audit function that supports the strategic objectives and success of the organisation.” The Standard further specifies that the strategy *“include a vision, strategic objectives, and supporting initiatives for the internal audit function.”* This is considered within the profession as the most significant change of the revised Standards.

- 1.2 Additionally, the Global Internal Audit Standards require the CAE to develop an Internal Audit Charter, defined as *“a formal document that includes the internal audit function’s mandate, organisational position, reporting relationships, scope of work, types of services, and other specifications.”* According to Standard 6.2, the Charter must also include the Purpose of Internal Auditing and the internal audit function’s commitment to adhering to the Global Internal Audit Standard
- 1.3 This paper sets out both the Internal Audit Strategy and Internal Audit Charter. When the Strategy has been agreed, an analysis will be undertaken and an Action Plan, which will be incorporated into team performance objectives, to deliver the Strategy will be incorporated into the 2025-26 Rolling Internal Audit Plan and reported to the Committee.

2. Recommendations

2.1 Members are requested to:

- approve the Internal Audit Strategy
- approve the Internal Audit Charter

3. Background Documents

Internal Audit Strategy.
Internal Audit Charter.

Jonathan Idle, Head of Internal Audit

E: Jonathan.Idle@kent.gov.uk

T: 03000 417840

KENT COUNTY COUNCIL INTERNAL AUDIT STRATEGY – JANUARY 2025

Vision

The Vision of the Internal Audit service is “to be recognised as a proactive and trusted advisor, contributing towards organisational resilience, adding value and service delivery through assurance and advisory services aligned to strategic objectives and risks.”

By 2028, Internal Audit aim to enhance the value we add and the offer to the organisations we deliver to by a consistent focus and adaptive approach in the following areas:

- Aligning our coverage to strategic objectives and key risks
- Innovative approaches to auditing
- Workforce Planning and Talent Management
- Creating financial value to the Council
- Culture of Continuous Improvement

Aligning our Coverage to Strategic Objectives and Key Risks

Internal Audit will provide improved insights and outcomes via ensuring that we have a strong understanding of the Council's objectives and needs and providing assurance on the associated risks and promotion of good governance. By understanding clients' risks and needs, we can update our risk-based rolling audit plans, accordingly, ensuring a role in advising on strategic changes that benefits the Council. This approach leads to insightful audits that effectively address issues and enhance value.

Internal Audit will ensure there is extensive engagement with stakeholders across the Council and regular client meetings foster trust whilst maintaining the critical independence and objectivity needed to add value and we believe this approach will elevate our impact across the Council and to our clients.

Innovative Approaches to Auditing

Internal Audit will embrace, develop and adopt the latest technologies and audit approaches across all our work. This innovation will drive more efficient ways of working and be utilised as part of improving the impact of the advice and insights we provide to continuously increase quality and outcomes for the Council and clients we deliver to.

Our innovative approach will embrace new technology and will include:

- Maximising the benefits of artificial intelligence tools in the planning, testing and reporting of audits to further increase our productivity.
- Transforming approaches to include automated testing, semi-automating the follow up process and continuous auditing. Developing real-time assurance will enable the function to deliver to concentrate on key risks and enable auditors to have more capacity to review more audits which create additional value and insights for the Council and our clients.

- Increasing the leverage of advanced Data Analytics to provide deeper insights, expanding risk coverage and provide greater assurance including continuous auditing.

Maximising technological opportunities provides another significant opportunity for more efficient report writing, providing prompt and concise reporting with less manual time and effort, by using graphics to be as user friendly to our clients as possible.

Innovation opportunities also include expanding the use of the agile audit approach to provide enhanced service to stakeholders and management, facilitating regular feedback loops during an audit and increased engagement with stakeholders throughout the audit process, which will increase reporting productivity and quality.

Workforce Planning and Talent Management

Internal Audit will continue, in accordance with Council Strategies and Policies, to undertake ongoing Workforce Planning and Talent Management, reviews to regularly:

- Review skills, capability, capacity, workforce profile and development requirements.
- Ensure team members have development opportunities.
- Take actions, wherever possible, on staff retention risks.
- Ensure recruitment approaches to attract and secure quality staff.

Internal Audit will remain committed to promoting health and wellbeing for the team so that it creates a culture whereby everybody within the team collectively cares and supports each other.

Creating Financial Value to the Council

The success in both obtaining new external clients and maintaining existing clients will, subject to agreement with our host organisation, be continued with the aim of maximising the income earned from the delivery of services to both ensure the long-term financial sustainability of the service and yield income for the Council and to promote the maintenance of expertise and skills within the team. This is in addition to core audit and counter fraud work which, in relevant areas of coverage, seeks to promote areas of financial improvement for the Council.

Internal Audit will continue to maximise financial efficiency for the Council by effective budget management and implementation of cost efficiency.

Culture of Continuous Improvement

The culture and mindset of the Internal Audit team is one of continual learning, improvement and development and this will be the underlying basis within the Strategy for maintaining quality and success.

Forward thinking, adaptability and being receptive to change will be at the core of how the Internal Audit service develops and will involve being vigilant, recognising when change is on the horizon and being prepared to change, as necessary. This agility will allow the service to seize opportunities, mitigate risks and continue a path of growth and success. Adaptability requires a mindset that values continuous learning, improvement and innovation over any false comfort of the status quo.

Internal Audit Charter for Kent County Council

Purpose

The purpose of the Internal Audit function is to strengthen Kent County Council's ability to create, protect, and sustain value by providing the Governance and Audit Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight.

The Internal Audit function aims to enhance Kent County Council's:

- Successful achievement of its objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with its stakeholders.
- Ability to serve the public interest.

Kent County Council's Internal Audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the IIA's Global Internal Audit Standards, which are set in the public interest.
- The Internal Audit function is independently positioned with direct accountability to the Governance and Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

Kent County Council's Internal Audit service will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Head of Internal Audit (referred to as Chief Audit Executive in the Standards) will report at least annually to the Governance and Audit Committee and senior management regarding the Internal Audit function's conformance with the Standards, for example in relation to the Internal Audit Strategy.

Mandate

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.

The Internal Audit service's authority is created by its direct reporting relationship to the Governance and Audit Committee. Such authority allows for unrestricted access to the Governance and Audit Committee. The Head of Internal Audit 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 Internal Audit.

The Governance and Audit Committee authorises the Internal Audit function to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of Kent County Council and other specialised services from within or outside Kent County Council to complete internal audit services.

Independence, Organisational Position, and Reporting Relationships

The Head of Internal Audit will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference, thereby establishing the independence of the Internal Audit function. The Head of Internal Audit will report functionally to the Governance and Audit Committee and administratively (for example, day-to-day operations) to the Corporate Director of Finance. The Head of Internal Audit will have free and unrestricted access and freedom to report in their own name to the Corporate Director of Finance, Chief Executive, Monitoring Officer and Chair of the Governance and Audit Committee.

This positioning provides the organisational authority and status to bring matters directly to senior management and escalate matters to the Governance and Audit Committee if actions have not been taken and supports the internal auditors' ability to maintain objectivity.

The Head of Internal Audit will confirm to the Governance and Audit Committee, at least annually, the organisational independence of the Internal Audit function. If the governance structure does not support organisational independence, the Head of Internal Audit will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Head of Internal Audit will disclose to the Corporate Director of Finance and/or the Chair of the Governance and Audit Committee any impairment internal auditors encounter related to the scope, performance, or communication of Internal Audit work and results. The disclosure will include communicating the implications of such impairment on the Internal Audit function's effectiveness and ability to fulfil its mandate.

This will also include ensuring that if an audit is undertaken in an area where the Head of Internal Audit has operational responsibility, appropriate measures are put in place to avoid compromising independence.

If requested to undertake any additional roles or responsibilities outside of Internal Auditing, the Head of Internal Audit 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.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Head of Internal Audit, Governance and Audit Committee, and senior management on the Internal Audit mandate or other aspects of the Internal Audit Charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant reorganisation within the organisation.
- Significant changes in the Head of Internal Audit, Governance and Audit Committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of Internal Audit services.

Governance and Audit Committee Oversight

To establish, maintain, and ensure that Kent County Council's Internal Audit function has sufficient authority to fulfil its duties, the Governance and Audit Committee, in line with its Terms of Reference, will:

- Discuss with the Head of Internal Audit and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the Head of Internal Audit has unrestricted access to, communicates, and interacts directly with the Governance and Audit Committee, including in private meetings without senior management present.
- Ensure Internal Audit are independent of the activities it audits, is effective, has sufficient experience.
- Discuss with the Head of Internal Audit and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the Head of Internal Audit and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review and approve the Internal Audit Charter annually with the Head of Internal Audit to consider changes affecting the organisation, such as the employment of a new Head of Internal Audit or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter annually.
- Approve the risk-based internal audit plan.
- Receive communications from the Head of Internal Audit about the Internal Audit function including its performance relative to its plan.

- Ensure a Quality Assurance and Improvement Programme has been established and review the results annually.
- Make appropriate inquiries of senior management and the Head of Internal Audit to determine whether scope or resource limitations are inappropriate.

In accordance with the Global Internal Audit Standards in the UK public sector – Application note, the following are adaptations to Global Internal Audit standard requirements:

- Provide view, where appropriate, on the internal audit function’s human resources administration and budgets and expense.
- Provide input, where requested, to senior management on the appointment and removal of the Head of Internal Audit, ensuring adequate competencies and qualifications and conformance with the Global Internal Audit Standards and
- Provide input, as required, to senior management on the Head of Internal Audit’s performance.

Head of Internal Audit Roles and Responsibilities

Ethics and Professionalism

The Head of Internal Audit will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation aligned to the Council’s values and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation’s ethical expectations, as described in applicable policies and procedures.

Objectivity

The Head of Internal Audit will ensure that the Internal Audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Head of Internal Audit determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls,

develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for Kent County Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Kent County Council employee that is not employed by the Internal Audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Head of Internal Audit, Governance and Audit Committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The Head of Internal Audit has the responsibility to:

- At least annually, develop a risk-based Internal Audit Plan that considers the input of the Governance and Audit Committee and senior management, discuss the Plan with the Governance and Audit Committee and senior management and submit the Plan to the Governance and Audit Committee for review and approval.
- Communicate the impact of resource limitations on the Internal Audit Plan to the Governance and Audit Committee and senior management.
- Review and adjust the Internal Audit Plan, as necessary, in response to changes in Kent County Council's business, risks, operations, programmes, systems, and controls.
- Communicate with the Governance and Audit Committee and senior management if there are significant interim changes to the Internal Audit Plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards and the UK Public Sector Application Note.
- Follow up on engagement findings and confirm the implementation of action plans and communicate the results of Internal Audit services to the Governance and Audit Committee and senior management and for each engagement as appropriate.

- Ensure the Internal Audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the Internal Audit mandate.
- Identify and consider trends and emerging issues that could impact Kent County Council and communicate to the Governance and Audit Committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the Internal Audit function.
- Ensure adherence to Kent County Council's relevant policies and procedures unless such policies and procedures conflict with the Internal Audit Charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the Governance and Audit Committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of Internal Audit cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the Governance and Audit Committee.

Communication with the Governance and Audit Committee and Senior Management

The Head of Internal Audit will report annually to the Governance and Audit Committee and senior management regarding:

- The Internal Audit function's mandate.
- The Internal Audit plan and performance relative to its plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the Internal Audit function's conformance with the IIA's Global Internal Audit Standards, and the UK Public Sector Application Note and action plans to address the Internal Audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Governance and Audit Committee that could interfere with the achievement of Kent County Council's strategic objectives.
- Results of assurance and advisory services.
- Internal Audit resources, budget and any significant revisions to the Internal Audit Plan and Budget.

Internal Audit resources are set in accordance with the Council's budget setting process, with guidance from the Finance Division. The Head of Internal Audit is responsible for the management of the budget.

The Rolling Internal Audit Plan considers the work that is needed to enable the Head of Internal Audit 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 detailed Rolling Audit Plan, including a resource plan, is reported to the Governance and Audit Committee. If there are significant revisions to the Internal Audit Plan and resources available that impact on the ability of Internal Audit to fulfil its role, this should be reported to the Governance and Audit Committee with any proposed mitigating actions in such circumstances.

Quality Assurance and Improvement Program

The Head of Internal Audit will develop, implement, and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the Internal Audit function. The programme will include external and internal assessments of the Internal Audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the Internal Audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the Internal Audit function's deficiencies and opportunities for improvement.

Annually, the Head of Internal Audit will communicate with the Governance and Audit Committee and senior management about the Internal Audit function's QAIP, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External Quality Assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside Kent County Council; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

Scope and Types of Internal Audit Services

The scope of Internal Audit services covers the entire breadth of the organisation, including all of Kent County Council's activities, assets, and personnel. The scope of Internal Audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the Governance and Audit Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Kent County Council.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the Internal Audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

This effectively means that Internal Audit has independent oversight of all the Council's operations, resources, services and processes and Internal Audit engagements may include evaluating whether:

- Risks relating to the achievement of Kent County Council's strategic objectives are appropriately identified and financial and other management controls manage the risks to achieve the Council's objectives.

- The actions of Kent County Council's officers, Corporate Management Team management, employees, and contractors or other relevant parties comply with Kent County Council's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes are being conducted effectively, efficiently, and ethically.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact Kent County Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, protected adequately. accounted for and safeguarded from losses arising from:
 - Fraud and other offences
 - Waste, extravagance and inefficient administration, poor value for money and other causes.

The scope of Internal Audit work may also include:

- 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.

Where the Head of Internal Audit 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 Internal Audit 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.

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.

Approved by the Governance and Audit Committee at its meeting on 23rd January 2025.

Acknowledgments/Signatures

Head of Internal Audit

Date

Governance and Audit Committee Chair

Date

Chief Executive

Date

VERSION CONTROL

Document Owner: Jonathan Idle, Head of Internal Audit

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
9	May 2024	Head of Internal Audit	Governance & Audit Committee
10	Jan 2025	Head of Internal Audit	Governance & Audit Committee

This page is intentionally left blank

By: Jonathan Idle – Head of Internal Audit
To: Governance and Audit Committee – 23 January 2025
Subject: **INTERNAL AUDIT PROGRESS REPORT**
Classification: Unrestricted

Summary:

This Progress Report details summaries of completed Audit reports for the period July – December 2024.

Recommendation:

The Governance and Audit Committee note the Internal Audit Progress Report for the period July to December 2024.

FOR ASSURANCE

1. Introduction

- 1.1 Internal Audit Standards require that periodic reports on the work of Internal Audit should be prepared and submitted to those charged with governance.
- 1.2 This Progress Report provides the Governance and Audit Committee with an accumulative summary view of the work undertaken by Internal Audit for the period July to December 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 July to December 2024.

3. Background Documents

Internal Audit Progress Report.

Jonathan Idle, Head of Internal Audit

E: Jonathan.Idle@kent.gov.uk

T: 03000 417840

This page is intentionally left blank



**INTERNAL AUDIT PROGRESS REPORT
GOVERNANCE AND AUDIT COMMITTEE
23 January 2025**

1. Introduction

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

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

This activity report provides Members of the Governance and Audit Committee and Management with 8 summaries of completed work between July and December 2024.

2. Key Messages

- 8 have been finalised in the period reported. **Appendix A**
- 12 audits from the 2024-25 rolling Audit Plan are either in fieldwork, ongoing embedded assurance or reporting stage. **Appendix B**
- 11 audits are in planning. **Appendix B**
- **ICT06-2025 – Backups** has been deferred until 2025/26 and an audit of **legacy systems** has been identified to be undertaken in the current audit year.
- **RB05-2025 – Business Continuity Plans (BCP)** has been deferred until 2025/26. A number of the findings within the audit of Border Control - EU Entry Exit System Checks (EES) reviewed BCP controls in which issues have been raised and therefore it is prudent to undertake this review in 2025/26.
- **RB16-2025 - Public Health - Budget Forecasting & Expenditure** has been deferred until 2025/26.
- The Internal Audit service has won a National award for “Excellence in Public Sector Audit” for the Public Finance Awards in November.

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

2. Key Messages

“The team’s operating model reflects improved outcomes, underscoring the success of these development efforts and their positive impact on overall performance. This forward-thinking approach not only fosters collaboration but also drives the organisation toward continuous improvement and success.” Quote from Judging Panel.



3. Resources

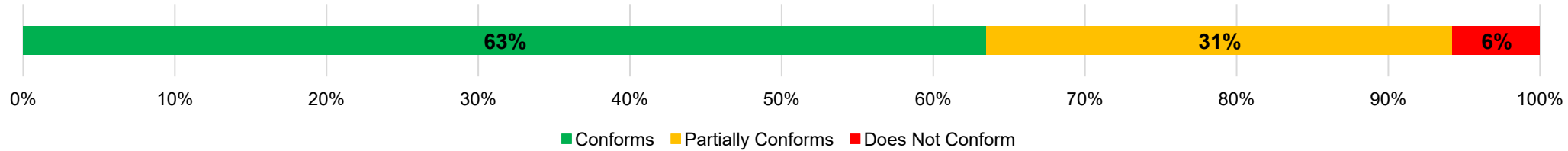
In accordance with the Public Sector Internal Audit Standards and Global Internal Audit Standards, Members need to be apprised of relevant matters relating to the resourcing of the Internal Audit function. The key updates are as follows:

- There are currently no vacancies within the Internal Audit Team and are now fully resourced.
- New Audit Management software has been adopted by the Internal Audit Team which should provide a number enhancements to Internal Audit Processes.
- There is adequate technology available to support the completion of the Rolling Internal Audit Plan including data analytics tools such as PowerBi.

4. Update on Assessment Against the Global Internal Audit Standards

The new [Global Internal Audit Standards](#) came into effect January 2025 in which there are 15 guiding principles and 53 individual standards that enable effective internal auditing. An assessment against the standards has been undertaken and an action plan has been determined.

Assessment Against New Global Internal Audit Standards



Improvement and enhancement actions have been determined against each area of partial conformance and non-conformance and will be addressed during 2024/25 and 2025/26. For the majority of actions, it is a matter of timing in the audit cycle or evidence to be collated of current processes for these to be addressed. However, for Members assurance the areas of non-conformance and their actions relate to the following:

Areas of Non-Conformance	Actions	Status
Resources	The position on resources is required to be reported to the Audit Committee including the wider implications (for example IT software and tools). This has been included within this Progress Report.	Implemented
Internal Audit Strategy	<p>An Internal Audit Strategy is currently being developed which must include:</p> <ul style="list-style-type: none"> - Visions and strategic objective aligned to the organisation objectives and strategies and Member/senior management expectations - Types of services to be delivered - Continuous improvement - Plan and targets for achieving the objectives - Including delivery dates - SWOT analysis - Training and developing competencies of the function - Use of technology <p>Strategy needs to be reviewed regularly and take into account changes in organisations strategies and Governance and risk management maturity</p>	Implemented
Financial Resource Management	There is a requirement to present budget changes to the Audit Committee. Where this is not feasible, due to structural or governance arrangements in Local Government, the CIPFA application note states that the alternative arrangements are set out and approved as part of the Internal Audit Charter.	Not Applicable

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

5. 2024-25 Internal Audit Plan

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

Plan updates:

- **ICT06-2025 – Backups** has been deferred until 2025/26 and an audit of **legacy systems** has been identified to be undertaken in the current audit year.
- **RB05-2025 – Business Continuity Plans (BCP)** has been deferred until 2025/26. A number of the findings within the audit of Border Control - EU Entry Exit System Checks (EES) reviewed BCP controls in which issues have been raised and therefore it is prudent to undertake this review in 2025/26.
- **RB16-2025 - Public Health - Budget Forecasting & Expenditure** has been deferred until 2025/26

Table 1- Rolling Audit Plan Status

Status	Number of Audits	%
Not yet started	24	35
Planning	11	17
Fieldwork	6	9
Ongoing	4	6
Draft Report	2	3
Final Report	7	10
On Hold	7	10
Removed/ Deferred	7	10
Total	68	

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

* RB18-2024 - Loans to Schools opinion is not included in 2024-25 assurance opinions as this was included in the Annual 2023-24 Audit Opinion.

Table 2 – Summary of Audits by Committee Meeting

Governance & Audit Committee – 23 January 2025			
No	Audit	Opinion	Prospects for Improvement
9	ICT01-2025 - Artificial Intelligence DRAFT	SUBSTANTIAL	TBC
10	RB47-2025 - Oracle Cloud Program – Project Management	LIMITED	TBC
11	RB06-2025 - Effectiveness of Whistleblowing	SUBSTANTIAL	GOOD
12	RB17-2025 - Review of Specific Contract Award Lesson Learnt (EDLA)	ADVISORY	N/A
13	RB46-2025 - Climate Adaptation	EMBEDDED ASSURANCE	N/A
14	CR05-2025 - Highways Term Maintenance	EMBEDDED ASSURANCE	N/A
15	RB02-2025 - Compliance with Financial Regulations Follow-up	FOLLOW-UP	N/A
16	ICT04-2024 – Movers, Joiners and Leavers *	ADEQUATE	GOOD

Page 103

* ICT04-2024 – Movers, Joiners and Leavers opinion is not included in 2024-25 assurance opinions as this was included in the Annual 2023-24 Audit Opinion

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

Table 2 – Summary of Audits by Committee Meeting

Governance & Audit Committee – 12 November 2024			
No	Audit	Opinion	Prospects for Improvement
1	RB18-2024 - Loans for Schools (Opinion Reported 2023-24)* EXEMPT	LIMITED	GOOD
2	RB06-2024 – Kent Cards and Direct Payments – Policies and Practice	LIMITED	GOOD
3	RB37-2025 - Facilities Management EXEMPT	ADEQUATE	GOOD
4	RB41-2025 - Border Control - EU Entry Exit System Checks (EES)	ADEQUATE	GOOD
5	GR01-2025 – Bus Service Operators Grant (BSOG) for KCC	ADVISORY	N/A
6	GR02-2025 – Local Transport Capital Funding (DfT)	ADVISORY	N/A
7	GR06-2025 - Local Transport Capital Funding (integrated funding and maintenance) & Local Transport Capital Funding (Pothole)(DfT)	ADVISORY	N/A
8	SE01-2025 – Sport England	ADVISORY	N/A

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

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

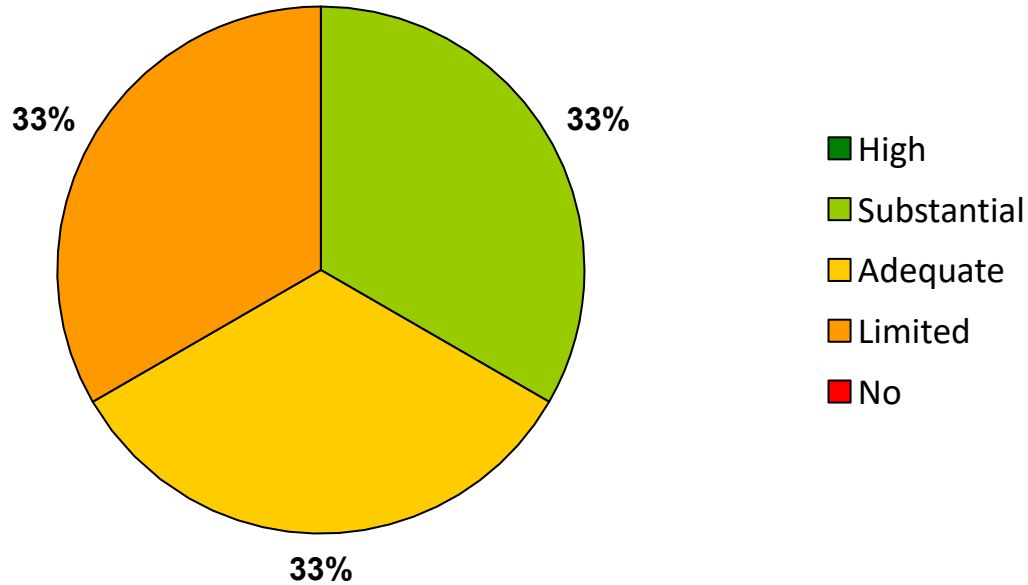
Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

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

Assurance Levels 2024-25



Assurance Level	No	%
High	0	0%
Substantial	2	34%
Adequate	2	33%
Limited	2	33%
No	0	0%

Prospects for Improvement	No	%
Very Good	0	0%
Good	4	100%
Adequate	0	0%
Uncertain	0	0%

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

6. 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.

Grant work is 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 2024-25, the Team has to date, audited and certified 4 government grants with a value of £52,301,800 and has done mid-year review for 6 government grants with a value of £5,827,305. The grand total to date is **£58,129,105**.

Page 106
Details of all certifications for 2024-25 can be seen at **Appendix A and C**.

Section Navigation

Introduction & Key Messages

Resources

2022/23 Internal Audit Plan

Grant Certification

Issue Implementation

Under the Spotlight

Appendix A - Summaries

Appendix B – 2022/23 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D– Implementation of Agreed Management Actions

Appendix E - Definitions

7. Issue Implementation

Details of the current position on the 'Implementation of Agreed Management Actions' has been shared with Officers and will be presented to Members in a separate agenda item.

Section Navigation

[Introduction & Key Messages](#)

[Resources](#)

[2022/23 Internal Audit Plan](#)

[Grant Certification](#)

[Issue Implementation](#)

[Under the Spotlight](#)

[Appendix A - Summaries](#)

[Appendix B – 2022/23 Internal Audit Plan Status](#)

[Appendix C - Grant Certification](#)

[Appendix D– Implementation of Agreed Management Actions](#)

[Appendix E - Definitions](#)

8. 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**

Page 108

(A) Adult Social Care and Health	(B) Children, Young People and Education
A1. RB17-2025 – Review of Specific Contract Award Lesson Learnt (EDLA) EXEMPT	
(C) Growth, Environment and Transport Cross Directorate	(D) Chief Executive
C1. RB46-2025 - Climate Adaptation C2. CR05-2025 - Highways Term Maintenance	D1. Compliance with Financial Regulations Follow-up
(E) Deputy Chief Executive	(F) Cross Directorate
E1. ICT01-2025 - Artificial Intelligence EXEMPT E2. ICT04-2024 – Movers, Joiners and Leavers	F1. RB06-2025 - Effectiveness of Whistleblowing F2. RB47-2025 - Oracle Cloud Programme – Programme and Financial Management F3. RB41-2025 – Border Control – EU Entry Exit System checks (EES)

Appendix A - Summaries

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

C1. RB46-2025 - Climate Adaptation

Audit Opinion

EMBEDDED ASSURANCE

Prospects for Improvement

N/A

Introduction

On 23 May 2019, the County Council recognised the UK environment and climate emergency and that they would continue to commit resources and align its policies to address this recommendation.

KCC's Framing Kent's Future Our Council Strategy 2022-2026 Priority 3: Environmental Step Change includes a commitment to ensure the county is well placed to adapt to climate change.

KCC's Climate Change Adaptation Plan (CCAP) supports the delivery of the KCC Environment Plan. It will focus on KCC's assets, services, and the areas that it influences. This is to ensure that any activities undertaken within the scope of the CCAP are achievable and realistic, and not directed towards areas of work that KCC has limited control over.

As part of the 2024/25 Internal Audit Plan, it was agreed that Internal Audit would undertake a consultancy engagement on the preparation of the draft CCAP and provide advice on controls for the plan's implementation and delivery once adopted.

Observations

Governance (Strategy & Decision Making)

- The CCAP aligns with KCC's objectives, and this golden thread is articulated in the plan.
- The approval of the CCAP is a key decision.
- The Environment and Transport Cabinet Committee (ETCC) made a recommendation to the Cabinet Member for Environment to adopt the CCAP 2025-2028 on 14th November 2024.
- On 28th November 2024, Cabinet endorsed the adoption.

- Authority has been delegated to the Corporate Director of GET in consultation with the Cabinet Member for Environment to refresh and/or make revisions to the Strategy.
- Delegated authority has also been given to the Corporate Director to take relevant actions, as necessary to implement. The Corporate Director does not sit on the Environment Board. **(Issue 1 – Medium)**
- The members of the Board and these Steering Groups need to be reviewed to align with the top tier restructure and to ensure buy-in from across KCC. **(Issue 1 – Medium)**
- The revised Terms of Reference for the Environment Board, Directorate Led Steering Group/s and Environmental Champion Network Steering Group are yet to be agreed.

Monitoring Progress

- The CCAP adoption schedule has been achieved.
- The CCAP states that the plan will be assessed against the progress made on each action and corresponding key outcome listed in the action plan. To facilitate this process, annual reviews and workplans will be developed.
- Progress made on each action will be considered and reviewed by the ETCC on an annual basis. Milestones will be revised after each review to inform the workplan for the following year.
- The first annual plan will be published in March 2025, prior to the start of the 2025/26 financial year, defining the specific yearly activity that will be undertaken for each action. **Issue 2 (Medium)** is to ensure the monitoring described in the CCAP is implemented in a timely manner.
- The Environment Board will oversee the implementation of the plan and monitor its progress.
- The Environment Board will receive mid-year updates on advancements made over the first and second halves of each annual workplan.
- This will aid risk and issue management processes and allow for escalation, if required.
- The 'Incomplete' scoring criteria also indicate where actions are not proceeding within agreed timeframes.

C1. RB46-2025 - Climate Adaptation

Project Resources

Roles, Responsibilities & Time Management - (Issue 3 – Medium)

- The Adaptation Officer is drafting a roles and responsibilities document for the delivery of the CCAP to be approved by the Head of Environment.
 - Gantt charts will be used to show who is responsible for what tasks and by when. These will allow officers to monitor progress, dependencies and the knock-on effect of delays.
 - Sustainability Leads and/or other specialist officers with the appropriate skills and experience will be nominated by the Environment Board.
 - The Annual Plan will document the officers responsible and accountable for delivering the CCAP actions.
 - Their CCAP role will be added to the Sustainability Leads objectives and job description.
- Sustainability Leads and Project Managers report into the Directorate Led Steering Groups.

Resilience

Resource risks have been identified on the draft CCAP risk register. A new Climate Change and Energy Manager is now in post.

Finance:

- It is anticipated that the CCAP will be delivered by existing staff with no additional cost to the Council.
- The Project Managers will be responsible for identifying whether their actions require additional funding and making a proposal to the Environment Board. **Issue3 – Medium**
- If further funding is required, this will be assessed on a project-by-project basis, in accordance with KCC's spending controls and taking into account Securing Kent's Future. **(Issue 3 – Medium)**

Risk & issue Management

- The Environment Board is responsible for the management and escalation of risks. They meet at least quarterly. **(Issue 1 – Medium)**
- The Environment Board terms of reference will clarify the risk escalation routes. **(Issue 1 – Medium)**
- A CCAP Risk Register has been drafted with the support of Corporate Risk Management.
- This draft Risk Register will be transferred to the Risk Management system(JCAD) and will be presented at the next Environment Board meeting. **(Issue 4 – Medium)**
- Officers will start to monitor Issues following adoption.
- Issue escalation routes also need to be clarified. **(Issue 4 – Medium)**

Quality Assurance

- The CCAP was drafted by the Adaptation Officer with quality assurance reviews completed by the Head of Environment and Director for Environment and Circular Economy
- The CCAP was reviewed by the Directorate Management Team and then Corporate Management Team, ahead of being taken to ETCC.
- The CCAP applies principles from ISO14090 - Climate Adaptation, although officers are not seeking formal accreditation.
- Templates should be devised for the annual work plans to ensure consistency with timetables, clear success/completion criteria and the identification of dependencies and blockers. **(Issue 2 – Medium)**

Communication

- The Deputy Cabinet Member, Cabinet Member, Environment Board, Kent and Medway Environment Group, Senior Leadership Forum, CMT and the cross-party members group had the opportunity to view the draft.
- The Stakeholder Mapping exercise identified that key officers from across KCC had been consulted on the draft CCAP.
- The existing network of Environmental Champions and Ambassadors will be used to communicate the CCAP.

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

C1. RB46-2025 - Climate Adaptation

- The Environmental Champions Network Steering Group meets every quarter and co-ordinators feedback to the Environment Board. The CCAP will be added to their agenda. **(Issue 5 – Low)**
- The milestones in the annual plans will prompt dialogue with the appropriate officers at the relevant times.
- The Adaptation Officer should be part of the Directorate Led Steering Groups and will have regular catch-up meetings with responsible officers to get updates on progress and promptly understand problems.
- There will be announcements on Knet and in the K-mail newsletter at pertinent times. **(Issue 5 – Low)**

Lessons Learnt

- A lessons learned exercises is planned post adoption and as part of the annual review process after monitoring has been completed.
- Lessons learned exercises should be included in the Gantt charts and establish who will be involved in the exercises. **(Issue 3 – Medium)**
- Lessons, corrective actions, responsible officers and due by dates should be recorded and tracked. **(Issue 3 – Medium)**

Page 111

Summary of Management Responses

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

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

C2. CR05-2025 - Highways Term Maintenance

Audit Opinion	EMBEDDED ASSURANCE
Prospects for Improvement	N/A

Governance

- Review of the project plan and updates on actions complete demonstrate that the procurement programme is on schedule with no material delays.
- There are delegations of authority documented for the project, and clear understanding of how decisions are to be made and actioned.
- In depth analysis has been completed to support the proposed contract length and this has been presented to relevant Cabinet members, who have supported the proposal.
- There is a comprehensive business case, using the 5 Case Model template, and this has been revisited and is a live document, although it is due to be reviewed and updated.

Procurement

- Questions regarding the Anti bribery and corruption were included in the initial selection questions and these should be reviewed by Internal Audit and Counter Fraud.
- The team are still to approach Counter Fraud to complete a Fraud Risk assessment, as highlighted in the previous report.

Risk and Issue Management

- The risk register is up to date and key risks are discussed at programme meetings, addressing the issue raised in the previous audit report in September.
- There are mitigating actions in place for all key risks where required

Resources and Time Management

- There is sufficient resources in place. There is a contract in place with a law firm to provide project management, contract, procurement and legal support. This has impacted the budget. A virement has been made from elsewhere in the service and there are no material budget pressures.
- Forward planning of resources has been completed for the evaluation of the bids, and there is sufficient resources to meet the timescales of the bid process. With no delays to the mobilisation of the contract.

Benefits Realisation

- The business case includes benefits to be realised. This includes quantitative benefits through a suite of 23 service performance measures. There are also qualitative benefits, and work has been undertaken to modernise the contract in order to achieve these.

	No. of Issues Raised	Mgt Actions Implemented	Mgt Actions Outstanding
High Risk	0	0	0
Medium Risk	2	1	1
Low Risk	0	0	0

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

D1. Compliance with Financial Regulations Follow-up

Audit Opinion	FOLLOW-UP
Prospects for Improvement	N/A

Introduction

As part of the 2024/25 Audit Plan, Internal Audit conducted a follow-up review of Compliance with Financial Regulations. The original audit, reported in 2023, identified one high-risk issue and three medium-risk issues, resulting in a 'Limited assurance' rating and 'Good' prospects for improvement rating. The final report was issued in October 2023 and the agreed management action dates were between November 2023 – March 2024.

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

Key Findings from Follow-up

The follow-up work has identified that of the four previous issues being reviewed, two have been implemented. Though two issues remain open, significant progress has been made to address.

As part of this follow-up review, additional management actions have been agreed. The implementation of these additional management actions will be tracked by Internal Audit.

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

Issue Status

Issue	Risk Rating	Status
1 Awareness and Application of the Council's Financial Regulations – Questionnaire Results	High	Implemented
2 Misalignment of the Financial Regulations and ASCH Working Practices	Medium	Implemented
3 Financial Regulations Training	Medium	In progress
4 Single Source Justification, Direct Awards and Contract Extensions	Medium	In progress

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

E2. ICT04-2024 – Movers, Joiners and Leavers

Audit Opinion

ADEQUATE

Prospects for Improvement

GOOD

Introduction

- 1) Effective joiners, movers and leavers controls are an important consideration in ensuring the security of Council systems and data.
- 2) Properly managed starters and movers controls help prevent the possibility of granting users excessive access rights, which would run the risk of exposing sensitive information to unauthorised personnel. Leavers controls ensure timely and thorough revocation of access rights when staff leave, helping to prevent the potential misuse of Council data and systems.
- 3) Robust IT joiners, movers and leavers processes and controls help improve accountability within the Council. By maintaining comprehensive records of access permissions and changes, it is possible to track who has accessed information and when. This accountability is vital when investigating security incidents and in demonstrating the Council's compliance with regulatory requirements.
- 4) Regulations including the Data Protection Act/ UK General Data Protection Regulation (GDPR) require strict control over who has access to sensitive data. Effective implementation of these controls ensures that only authorised personnel can access specific information, and that access is promptly removed when no longer necessary.
- 5) Adherence to these requirements helps in avoiding legal and financial penalties, and in demonstrating the Council's commitment to data protection and privacy.
- 6) Joiners, movers and leaver controls are implemented and managed by the Cantium IT Service Desk and support teams with the involvement of the KCC CaRT and HR teams.

Key Strengths

- Formal processes are in place for granting access to new starters, including the initial request, approval, and setup of access rights.
- Process and procedure documents are in place covering the processes of user account creation, change and deletion.
- The process documents are up-to-date and subject to regular, at least annual, review.
- An account transfer process is in place for staff moving roles to reduce the risk of movers retaining previous systems access in addition to access granting in the new role.
- Validation controls are in place to prompt managers to use the account transfer form where it is recognised users already have an existing account.
- Periodic access reviews are undertaken to ensure the continued appropriateness of access for users with a high level of systems access/ 'Admin' accounts.
- Staff with high privilege 'Admin' accounts are required to have separate standard user accounts for the purpose of segregating required administrative tasks and activities.
- Controls are in place to identify unreported leaver accounts including an "obsolete account deletion" process used to detect any user account that has been inactive for a period of 30 days for investigation.
- An induction process which includes the in-person issue of equipment and relevant training from ICT has recently been introduced for new starters.
- User access logging is in place, including failed login attempts.

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

E2. ICT04-2024 – Movers, Joiners and Leavers

Areas for Development

- There is a need to complete an exercise to identify and retrieve any locally held legacy devices/ laptops to reduce any potential security risk posed by these devices. **Issue 1.**
- There is a need to review default, generic and test accounts and determine whether any can be disabled or removed to avoid any potential for misuse. **Issue 2.**
- It is recommended that an escalation process is introduced to remind management of the need to complete the relevant ICT form in addition to notifying HR when staff leave. **Issue 3.**
- There is a recognised need to update the forms used to process the set up and deletion of user accounts in order to reflect recent changes to these processes. **Issue 4.**

Prospects for Improvement

Our overall opinion is that there are **Good** for Prospects for Improvement, based on the balance of testing performed and issues identified.

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	2	2	NA

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

F1. RB06-2025 - Effectiveness of Whistleblowing

Audit Opinion

SUBSTANTIAL

Prospects for Improvement

GOOD

Scope

As part of the 2024/25 Internal Audit Plan, it was agreed that Internal Audit would undertake a review of effectiveness of whistleblowing.

The responsibility for developing, establishing and enacting effective internal whistleblowing policies and procedures lies within the Council's Members and Executive Management as per UK Corporate Governance Code 2018. Whistleblowing is included in Principle E and highlights the importance of maintaining an effective whistleblower programme. The detailed operational arrangement is the responsibility of management. Legislation from UK Corporate Governance Code 2024 will be effective from 1st January 2025.

Whistleblowing is an important feature of good governance which can uncover organisational failures that may culminate in serious harm better and faster than other mechanisms and it is relatively cost-effective. Such failures include criminal activity (i.e. fraud or bribery and corruption); health and safety shortfalls; environmental damage; negligence (i.e. in a school or care home); and / or the mis-selling of financial products.

Whistleblowing disclosures are sensitive, with conflict of interest situations highly likely. The aim was to ensure that whistleblowing arrangements are fully effective as part of a healthy organisational culture.

Trust in the process is required for effective whistleblowing and therefore it is crucial for the credibility of the whistleblowing programme that all disclosures are responded to quickly and are properly investigate where required.

[UK Corporate Governance Code 2018.pdf](#)

[UK Corporate Governance Code 2024](#)

Key Strengths

- ✓ Strong whistleblowing policy and procedure for KCC employees are in place, including a whistleblowing hotline should someone wish to report anonymously.
- ✓ Protection to whistleblowers is outlined in the whistleblowing procedure. This clearly states the acceptable behaviour or actions.
- ✓ Priority campaigns are discussed and agreed at CMT. Whistleblowing has been embedded in recent promotional material such as Fraud Awareness Week, changes to Financial Regulations and Dignity and Respect at Work.
- ✓ Communication channels are clearly outlined in the Whistleblowing Procedure which are available and accessible to all staff.
- ✓ There is a centralised whistleblowing log recording mechanism in place for KCC.
- ✓ Employee relations casework activities are reported to the Personnel Committee and reflects the range of cases being managed by KCC.
- ✓ "Whistleblowing with confidence" Delta training is available to staff.
- ✓ Confidentiality measures are built (Managers are required to maintain information confidential- discussion is carried out on a need-to-know basis) depending on how the investigation evolves.

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

F1. RB06-2025 - Effectiveness of Whistleblowing

Areas for Development

- Additional Clarity is required on the application of the whistleblowing procedure. (Issue 1 - Medium)
- The steps of the investigation process, should be set out in the procedure, including how whistleblowers will be kept informed of the progress is lacking. (Issue 2 - Low)
- No feedback mechanism to record individuals experience throughout the whistleblowing process.-Employee satisfaction (Issue 3 - Low)

Summary of Management Responses

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

F2. RB47-2025 - Oracle Cloud Programme – Programme and Financial Management

Audit Opinion

LIMITED

Prospects for Improvement

TBC

Introduction

As part of the 2024/25 Internal Audit Plan, it was agreed that Internal Audit would undertake a review of effectiveness of OCP - programme and financial management. Included is a review of management's response to the actions raised in our April 2024 Management Letter, as reported to the Committee in May 2024, and how these have been superseded by the issues highlighted within this report.

This is the first of two reports as additional testing is to be undertaken on recruitment, change control, resourcing, financial and programme monitoring. At the time of this paper being prepared, there will be further discussions with the SRO for the Programme in relation to management actions.

Areas for Development

- The OCP is forecast to exceed its agreed budget. The projected overspend will be reported to Cabinet. There should be liaison with the General Counsel to determine about decision making in relation to the financing of the programme. **(Issue 1 - High)**
- Timeline updates to OCP Boards do not communicate progress against the agreed timeline in plain English, so the impacts of delays are not understood by non-technical board members. There is no contingency for further delays in the programme. There is no schedule for the changes required to the business processes to adopt the new Oracle software. **(Issue 2 - High)**
- Financial risk quantification was not completed until December 2024 and risk discussions at board meetings have not been given the priority they deserve. **(Issue 3 - High)**
- There is no approved Communication and Engagement Plan in place. **(Issue 4 - Medium)**
- The Data Protection Impact Assessment has not yet been presented to the OCP Board and Information Governance Officers are not represented on the OCP Board. **(Issue 5 - Medium)**

Key Actions

Officers are committed to progressing actions to strengthen financial, programme, risk management and governance controls:

- ✓ Members will be updated on progress at the Corporate Board then Cabinet in January 2025 and governance about financial decision making will be reviewed with the General Counsel.
- ✓ Financial reporting will go to the OCP Board every month and to the Strategic Reset Program (SRP) Board every 8 weeks.
- ✓ Governance is being refreshed including roles and responsibilities, with a review of the structure and the introduction of a new Business Readiness Group and Change Control Board.
- ✓ Re-scoping work is underway, completion objectives and milestones are being devised and a clear schedule will be presented to the OCP Board, so they can effectively monitor progress and understand the impact of delays.
- ✓ A new KCC Programme Manager could provide oversight of the programme, so the team of consultants can focus on the technical delivery.
- ✓ All high-level risks are to be presented to the OCP Boards and the financial risk impact forecasts will be updated on a monthly basis.
- ✓ A Communication and Engagement Plan will be adopted.
- ✓ Prompt completion of the Data Protection Information Assessment (DPIA) and advice sought from the Senior Governance Manager on OCP Board membership.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	3	TBC	TBC
Medium Risk	2	TBC	TBC
Low Risk	0	0	0

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

F3. RB41-2025 – Border Control – EU Entry Exit system Checks (EES)

Audit Opinion

ADEQUATE

Prospects for Improvement

GOOD

Introduction

The introduction of EES by the European Union (EU) means that there will be an automated IT system for registering travellers from non-EU countries into the UK each time they cross a border in or out of the EU. Travellers will need to scan their passports at an automated self-service kiosk or via a hand-held tablet prior to crossing the border, and this will replace the manual stamping of passports process for third-country (i.e. non-EU) nationals.

The introduction of the EU Entry Exit System (EES) has been much delayed. It was previously scheduled for implementation in 2022, then May 2023, and was scheduled to be introduced in November 2024, following a request from France to be delayed until after the Paris Olympics 2024. However, this has now been delayed further, and at the time of publication no firm date has been set.

The EES issue has been discussed previously at Cabinet, and work is ongoing with Department for Transport (DfT) and the Kent & Medway Resilience Forum (KCC is the lead agency for EES), and a number of Planning Groups to address specific issues such as traffic management, community impact, media & comms, and driver welfare.

The Council has a statutory obligation to deliver a range of core public services, and all services across the authority have business continuity plans in place to ensure uninterrupted operation of critical statutory functions, including as a result of any disruption arising from EES checks.

The audit excluded the role of Kent & Medway Resilience Forum (KMRF), as this forum has a wider remit that covers NHS, Fire Services, etc and is outside our control. Disaster recovery was excluded from scope.

Observation:-

Work has been done within the Resilience & Emergency Planning (REPs) team whereby additional funding has been requested for the delivery of services as a result of EES. There is a risk if the funding is not received, which may then require KCC to:-

- Use reserves to cover some / all of the cost
- Suspend services
- Provide services in a different way
- Work with multi-agency partners to maintain the service.

Key Strengths

- ✓ Key documents such corporate business continuity plan & business continuity management policy is in place.
- ✓ The BCPs selected for testing in the audit were accurate and complete.
- ✓ There is a new system being implemented (Meridian) which is a web-based tool designed to automate and alleviate the everyday management of an organisation's Business Continuity Management System and delivers compliance to ISO22301 and FCA Operational Resilience standards.
- ✓ There is a KCC EES Tactical Group action log and an EES Strategic Group action log, which is used for the monitoring of tasks.
- ✓ There is a reporting flag mechanism (RAG rated) identified in the business continuity plans monitoring, which monitors risk levels for BCPs.
- ✓ There have been lessons learned shared from previous incidents/ events. For example, the Kent & Medway Resilience Forum lessons learnt have been shared with KCC.
- ✓ Exercises have been conducted in preparation for the EES. Exercise Barra (held at service level), Exercise Jura (held at cross directorate level) and Exercise Bute (desktop exercise involving multi-agency work).
- ✓ Feedback for Exercise Jura was provided and has been actioned.
- ✓ Exercise de-brief report from Exercise Jura was obtained that identifies and addresses common themes and issues found.

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

F3. RB41-2025 – Border Control – EU Entry Exit system Checks (EES)

- ✓ Scenario testing has been completed internally by the Resilience and Emergency Planning team.
- ✓ Funding required to meet the additional burdens, as a result of the EES has been requested and bid has been made to the Department of Transport (DfT) although this has not been secured yet.
- ✓ Financial pressures analysis for planning is being undertaken for EES with the Revenue Manager for CED/DCED.
- ✓ Command & control is in place for any potential incident as a result of EES.
- ✓ There are priority levels in place to protect life and minimise harm.
- ✓ There are communication managers in place who form part of EES working groups. Up to date development is communicated and this enhances understanding of EES development.
- ✓ The Council is working closely with the DfT and Home Office to escalate issues to the European Union and French Government.
- There are plans in place to ensure Kent.gov is the central source of information and updates to the public in Kent.
- ✓ KCC are continuing to raise the profile on ESS with regards to funding, potential geographical disruption and messaging that this is a national issue.
- ✓ Through discussion with services, it has been established that there is planning in place and communication with key suppliers. Specifically within GET through coordination with highways and communication with main contractors

Page 129

Areas for Development

- Lessons learnt from some Tabletop exercises were provided however, there was limited attendance from some directorates. (**Issue 1 - Medium**)
- Three of the Business continuity plans provided were not updated for several years. There is the expectation that the service will provide all relevant information when completing the BCP (**Issue 2 - Medium**)
- The current contingency built in for EES is the utilisation of reserves (**Issue 3 - Medium**)

Summary of Management Responses

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

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

Appendix B – 2024-25 Rolling Internal Audit Plan Status

Section Navigation

Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
CR01-2025	Oracle Cloud Programme	ONGOING			
CR02-2025	Section 117 Aftercare Payments	ONGOING			
CR03-2025	Process review of SEND Payments	REMOVED			
CR04-2025	Review of SEND Assurances	NOT STARTED			
CR05-2025	Highways Maintenance Term Contract	ONGOING			January GAC
ICT01-2025	Artificial Intelligence	DRAFT REPORT	SUBSTANTIAL	TBC	January GAC
ICT02-2025	Laptops Follow-up	NOT STARTED			
ICT03-2025	Cyber Security Assurance Map	FIELDWORK			
ICT04-2025	KCC Website Review	DRAFT REPORT	TBC	TBC	
ICT05-2025	KCC Incident Response Plan	FIELDWORK			
ICT06-2025	Backups	DEFERRED			
ICT07-2025	Payment Card Industry Data Security Standards (PCI DSS) Follow-up	DEFERRED			
ICT08-2025	Legacy Systems	PLANNING			
RB01-2025	Securing Kent's Future - Delivery Plans	PLANNING			
RB02-2025	Compliance with Financial Regulations Follow-up	COMPLETE	FOLLOW-UP	N/A	January GAC
RB03-2025	Equality, Diversity & Inclusion including Equalities Act Follow-up	PLANNING			
RB04-2025	Restructures	NOT STARTED			
RB05-2025	Business Continuity Planning (BCP)	DEFERRED			
RB06-2025	Effectiveness of Whistleblowing	COMPLETE	SUBSTANTIAL	TBC	January GAC
RB07-2025	Establishments	NOT STARTED			
RB08-2025	Decision Making Consultation Process	FIELDWORK			
RB09-2025	Decisions on Accepting Grant funding	PLANNING			
RB10-2025	Mosaic – Pay Portal	NOT STARTED			

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
RB11-2025	Payment to Providers	ON HOLD			
RB12-2025	ASCH Referrals and Signposting	ON HOLD			
RB13-2025	3 rd Party Social Care Risks	NOT STARTED			
RB14-2025	Commissioning & Transformation Board	ONGOING			
RB15-2025	Public Health Service Transformation	PLANNING			
RB16-2025	Public Health - Budget Forecasting & Expenditure	DEFERRED			
RB17-2025	Review of Specific Contract Award Lesson Learnt (EDLA)	COMPLETE	ADVISORY	N/A	January GAC
RB18-2025	KCC Governance Improvement Action Plan	NOT STARTED			
RB19-2025	Voluntary Community Sector	NOT STARTED			
RB20-2025	Application of Spending Controls	NOT STARTED			
RB21-2025	Treasury Management	FIELDWORK			
RB22-2025	Contract Variations / Waiver Process and Approvals	ON HOLD			
RB23-2025	Budget Savings including Follow-up	NOT STARTED			
RB24-2025	Standards of Public Life	ON HOLD			
RB25-2025	Contract Extensions Follow-up	ON HOLD			
RB26-2025	Procurement Follow-up	ON HOLD			
RB27-2025	Modern Slavery	NOT STARTED			
RB28-2025	Use of Consultants	FIELWORK			
RB29-2025	Contract Novation	ON HOLD			
RB30-2025	Risk Management	NOT STARTED			
RB31-2025	KCC Registered Children's Care Homes	NOT STARTED			
RB32-2025	School Themed Review - Procurement	DEFERRED			
RB33-2025	Education - Alternative Provision (Pupil Referral Units)	FIELDWORK			

Section Navigation
Introduction & Key Messages
Resources
Global Internal audit Standards Update
2024-25 Internal Audit Plan
Grant Certification
Under the Spotlight
Appendix A - Summaries
Appendix B – 2024-25 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
RB34-2025	Decision Making (CYPE)	NOT STARTED			
RB35-2025	Capital Programme (Schools)	PLANNING			
RB36-2025	Disciplinarys	NOT STARTED			
RB37-2025	Facilities Management	COMPLETE	ADEQUATE	GOOD	November GAC
RB38-2025	Unaccompanied Asylum Seeking Children (USAC) Accommodation	NOT STARTED			
RB39-2025	Payroll	NOT STARTED			
RB40-2025	Strategic Reset Programme (SRP)	NOT STARTED			
RB41-2025	Border Control - EU Entry Exit System Checks (EES): - Business continuity - Emergency Planning - Supply Chain Management	COMPLETE	ADEQUATE	GOOD	November/ January GAC
RB42-2025	Economic Strategy Delivery	NOT STARTED			
RB43-2025	Waste and Circular Economy	NOT STARTED			
RB44-2025	Income and Sales	NOT STARTED			
RB45-2025	Department for Environment, Food & Rural Affairs (DEFRA) Checking of Goods Changes	NOT STARTED			
RB46-2025	Climate Adaptation	COMPLETE	ADVISORY	N/A	January GAC
RB47-2025	Oracle Cloud Programme - Programme Management	COMPLETE	LIMITED	ADEQUATE	January GAC
RB48-2025	Helping Hands Follow up	DEFERRED			
RB49-2025	School Themed Review – Safeguarding	PLANNING			
RB50-2025	Loans to Schools Follow-up	PLANNING			
RB51-2025	Sundry Debt Recovery - Cancellation of Invoices Follow-up	PLANNING			
RB52-2025	Data Security Protection Toolkit (DSPT)	PLANNING			
RB53-2025	Annual Governance Statement Follow-up	NOT STARTED			
RB54-2025	Commercial & Procurement Oversight Board (CPOB)	NOT STARTED			

Section Navigation
Introduction & Key Messages
Resources
Global Internal audit Standards Update
2024-25 Internal Audit Plan
Grant Certification
Under the Spotlight
Appendix A - Summaries
Appendix B – 2024-25 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
RB55-2025	ASCH Savings	PLANNING			
RB06-2024	Kent Cards and Direct Payments – Policies and Practice	COMPLETE	LIMITED	GOOD	November GAC

Section Navigation

Introduction & Key Messages

Resources

Global Internal audit Standards Update

2024-25 Internal Audit Plan

Grant Certification

Under the Spotlight

Appendix A - Summaries

Appendix B – 2024-25 Internal Audit Plan Status

Appendix C - Grant Certification

Appendix D - Definitions

Appendix C – Grant Certification

Grants	Description	Current Status
Department for Transport	Bus Services Operators Grant (BSOG) – Annual grant to support local bus services (£1.1m) <i>(Reported Previously)</i>	Complete
Department for Transport	Integrated Transport & Maintenance Block (£47.0m) <i>(Reported Previously)</i>	Complete
Department for Transport	Local Transport Capital Block Funding -Pothole Fund (£4.3m) <i>(Reported Previously)</i>	Complete
Sport England	Sport England 23/24 (£0.9m) <i>(Reported Previously)</i>	Complete
GET	(BSOG) Bus Services Operator Grant for Walmer in Dover (£2K)	Complete
Public Heath	SSMTRG - Supplementary Substance Misuse Treatment and Recovery – Mid year review (£3.6m)	Complete
Public Heath	IPD - Local Authority Grant for Inpatient Detoxification treatment – Mid year review (£0.2m)	Complete
Public Heath	SSMTR - Housing Support Fund – Mid year review (£0.9m)	Complete
Public Heath	IPS - Individual Placement & Support – Mid year review (£0.3m)	Complete
Public Heath	RSDAT - Rough Sleeping Drug and Alcohol Treatment – Mid year review (£0.6m)	Complete
GET	Core Growth Hub – Mid year review (£0.2m)	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.		

Section Navigation
Introduction & Key Messages
Resources
Global Internal audit Standards Update
2024-25 Internal Audit Plan
Grant Certification
Under the Spotlight
Appendix A - Summaries
Appendix B – 2024-25 Internal Audit Plan Status
Appendix C - Grant Certification
Appendix D - Definitions

This page is intentionally left blank

From: Ben Watts, General Counsel
 Katy Reynolds, Governance Advisor

To: Governance and Audit Committee, 23 January 2024

Subject: Review of Effectiveness and Committee Terms of Reference

Status: Unrestricted

1) Introduction

- 1.1. It is best practice to conduct an annual review of the effectiveness of the Governance and Audit Committee. This should include different aspects, such as terms of reference and work plans.
- 1.2. Given the Council’s current operating context (as outlined in the 2023/24 Annual Governance Statement), it is timely to review the Committee’s effectiveness ahead of the May 2025 elections. The intention is to ensure that the terms of reference, Committee support and work plans assist the Committee in carrying out its role in ensuring that the authority’s corporate governance framework meets recommended practice, is embedded across the whole Council, and is operating throughout the year with no significant lapses.
- 1.3. The following paper highlights the progress made in implementing the recommendations from the 2022 CIPFA Review, and provides a summary of the self-assessment survey results from December 2024 along with outlining some key recommendations for further improving Committee effectiveness.

2) CIPFA Review of the Governance & Audit Committee

- 2.1. Building on a series of discussions about the development of this Committee, on 25 January 2022 the Governance and Audit Committee agreed to CIPFA being commissioned to conduct a review. The final report was considered by the Committee on 21 July 2022. Significant progress has been made towards achieving the recommendations outlined in the report and the actions taken since July 2022 are outlined in the table below.

Recommendation	Actions Taken
Update the Governance and Audit	It is established best practice to review

<p>Committee's terms of reference to set out its purpose, role and position within the governance arrangements at Kent County Council and its activities in relation to risk management.</p>	<p>the Governance and Audit Committee's terms of reference on at least an annual basis given the importance of its role in the governance framework of the Council.</p> <p>Further to the CIPFA review, the terms of reference for this Committee were substantively amended and then agreed by County Council on 25 May 2023.</p> <p>In late 2023, the terms of reference were reviewed again and the outcome was that there needed to be additional formal requirements around the membership of the Committee to ensure that the work of the Committee is kept distinct from that of other parts of the Council. The updated terms of reference were agreed by County Council on 28 March 2024.</p> <p>This effectiveness review includes a review of the Terms of Reference and presents proposed changes in Appendix A.</p>
<p>Once the Committee's terms of reference has been revised, look for ways to reduce the length of the agenda, including identifying items that could be dealt with outside the committee cycle and reporting only those matters where audit committee input is needed.</p>	<p>In 2024 the Governance and Audit Committee made greater use of the Microsoft Teams site through which additional resources and background reading were provided between Committee meetings. Members are encouraged to continue using the Teams site.</p>
<p>Develop a training programme for committee members, both to support those who are new to the Committee and as a refresher for more experienced members. It may be best to take a 'just in time' approach to</p>	<p>A report to the Governance and Audit Committee on 6 July 2023 formalised the training requirements for Committee Members and substitutes. It was agreed that the programme be comprised of 'Part A' mandatory</p>

<p>training and training should support members to discuss and agree how the Committee is going to address the subject. Training should be both to share knowledge and to develop an appropriate culture for the Committee.</p>	<p>minimum training requirements for Committee Members and substitutes and 'Part B' just in time training sessions delivered as refreshers throughout the meeting cycle.</p> <p>The Committee have continued to receive the 'just in time' training sessions such as that on the Statement of Accounts in July 2024. The Part A training will be delivered for the first time in May/June 2025.</p>
<p>Consider revising the independent member's terms of appointment to extend the term of office and ensure that it crosses the electoral cycle.</p>	<p>The appointment of an Independent Member to the Governance and Audit Committee was reviewed in July 2023. It was agreed that there would be an extension of current independent co-opted Committee member's term for a further two years and that a recruitment exercise would be carried out for a second independent member for a four-year term. This term would be on a par with the member electoral cycle but offset from it so that there would be continuity of membership across council terms.</p> <p>The second independent Member was recruited and joined the Committee for the first time in the meeting in July 2024.</p>
<p>Maintain a strategic approach to risk, focussing on the material matters. Taking deep dives into individual corporate risks may be helpful. Invite risk owners to present their risks, to enable a more informed discussion and to increase risk accountability.</p>	<p>Regular, focussed written and videoed briefings for all Members on strategic risks have been delivered over the course of 2023 and 2024.</p> <p>The Governance and Audit Committee has been updated more regularly on the Corporate Risk Register through the introduction of verbal updates and provision of the updated register on the</p>

	Teams site.
Focus internal audit reporting on material matters, where the Governance and Audit Committee can make a difference.	In July 2022 it was agreed that it was important to continue to provide balanced internal audit reports. However, agenda time would be focused on material matters, where the Governance and Audit Committee could make a difference. Since July 2022 agendas have been more focused.
Meet internal and external audit separately, formally and in private (Part 2 meeting) at least once a year.	Private meetings and briefings with Internal and External Auditors are now diarised on a regular basis.
Produce an annual report to the Council from the Governance and Audit Committee Chair. Also consider producing a short briefing note from the Chair after each meeting, summarising the key points to be shared with all members.	<p>Chairman's Report to the Council was most recently considered at the 12th September 2024 County Council meeting. The purpose of regular reporting is to highlight for Members the role and work of the Committee, to draw attention to some governance issues the Committee has considered, and to highlight key themes that all Members should be sighted on.</p> <p>A short briefing note from the Chair after each meeting was considered and trialled. At present, the Microsoft Teams site, particularly the action log, keeps Members up to date more effectively.</p>

3) December 2024 Effectiveness Review

- 3.1. There has been ongoing work to ensure continuous improvement in the effectiveness of the Governance and Audit Committee. This includes the appointment of a Governance Advisor in March 2024: a lead adviser to the Governance and Audit Committee on relevant governance matters and to the Monitoring Officer on matters related to the Committee, including the Annual Governance Statement.

- 3.2. The Committee has made greater use of the Microsoft Teams site which includes reference documents and links to relevant articles, responses from Officers to requests for information raised in Committee meetings, and PowerBI dashboards for tracking progress of governance recommendations. An action log, also embedded in the Teams site, was introduced in July 2024 and is now a standing item on the agenda. This gives the Committee greater oversight of the key actions raised in Committee meetings.
- 3.3. In December 2024, Committee Members were provided with an opportunity to complete a self-assessment of the Governance and Audit Committee's effectiveness and five responses were received. The survey was developed using questions from the National Audit Office effectiveness tool and the CIPFA self-assessment of good practice. The intention is to use the survey annually going forward to allow for comparison with prior years' responses.
- 3.4. The survey responses indicated that over the past year there has been greater awareness of the Committee and its work, and Committee Members felt that there was improved regard by both Officers and other Members for the concerns expressed by the Committee. However, there were varying levels of agreement as to whether Committee recommendations have traction with those in leadership roles within the Council. It was also identified that improvement was required to ensure that the Committee escalates issues and concerns promptly to those in governance and leadership roles and makes recommendations for the improvement of governance, risk and control arrangements.
- 3.5. Some Committee Members felt that the introduction of the Member pre-meetings were helpful in preparing Members for the formal meeting, however, the general feeling was that improvement was required to ensure that meetings are effective with a good level of discussion and engagement from all Members. Additional comments suggested that the Committee should be encouraging and supporting where evidence is presented of good leadership, rather than just 'attacking' bad leadership.

4) Recommendations for Improvement

Further to the survey responses received and the reflection on the CIPFA 2022 review, the following recommendations are made ahead of May 2025:

- a) Development of a robust induction training programme for Members and substitutes of the Governance and Audit Committee which addresses the issues raised in the survey.
- b) Standardisation of Committee covering reports which include an executive summary and direct links to the Terms of Reference.
- c) To ensure that the Member pre-meetings are effective and contributions in formal meetings remain focused on material matters within the scope of the Terms of Reference, the Governance Advisor attends the pre-meetings to advise the Committee. This will assist with the continuity of the running of the pre-meetings post May 2025.
- d) Update the Governance and Audit Committee's terms of reference to ensure that the Committee is properly constituted and has a clear remit. The proposed changes are outlined in the following section.

5) Proposed Updates to the Committee's Terms of Reference

- 5.1. It has previously been highlighted that updating the terms of reference is an iterative revision process based on the need to continuously improve Kent County Council's governance. Further to the review of effectiveness, the proposed revised version of the Terms of Reference is set out in Appendix A. The current Terms of Reference with tracked changes are also set out in Appendix B for comparison.
- 5.2. The proposed changes are intended to provide the Committee with a more coherent, strategic, terms of reference. The objective is to improve the readability of the text whilst ensuring that this does not inadvertently diminish any of the Committee's powers. Therefore, where appropriate, headline phrases have been used to bring together and clarify roles and responsibilities, instead of listing individual reports. This is in response to feedback received via the survey that not all respondents had fully read the Governance and Audit Committee's Terms of Reference. It also helps remove some areas of possible ambiguity.

6) Appendices

Appendix A - Proposed Updated Terms of Reference

Appendix B – Proposed Updated Terms of Reference With Tracked Changes.

7) Recommendations

The Governance and Audit Committee is asked to:

- a) Consider and comment on the review of effectiveness.
- b) Note the suggested revisions to the Terms of Reference.

- c) Ask Selection and Member Services Committee to consider recommending the proposed changes to County Council for adoption.

8) Background Documents

[CIPFA Final Report on Kent Governance and Audit Committee.pdf](#)

[GAC Training Programme.pdf](#)

[Appointment of an Independent Member.pdf](#)

[Independent Member Role Description.pdf](#)

[GA Chairmans Report to Council Sept 2024 F.pdf](#)

9) Relevant Director and Report Authors

Ben Watts, General Counsel

03000 416814

benjamin.watts@kent.gov.uk

Tristan Godfrey, Senior Governance Manager

03000 411704

tristan.godfrey@kent.gov.uk

Katy Reynolds, Governance Advisor

03000 422252

katy.reynolds@kent.gov.uk

Appendix A: Proposed Updated Terms of Reference

- 17.2 Membership: 11 Members; plus, 2 (non-voting) co-opted members.
- 17.3 Members may not serve as ordinary or substitute members of the Governance and Audit Committee, or any sub-committees, where any of the following apply:
- a) They have not had the training required for this Committee.
 - b) They are an Executive Member or a Deputy Cabinet Member.
 - c) They are the Chair of the Scrutiny Committee.
 - d) They have served as an Executive Member at any time within the two years preceding the date of the meeting.
- 17.4 The Committee may appoint or remove up to two non-voting Co-Opted Members (independent of the elected membership) who may participate in the business of the Committee in accordance with the rules set out in the Constitution.
- 17.5 There is an expectation that Members not on the Committee, and Officers, attend in relation to material matters on the agenda. However, Officers below Senior Manager level are not required to attend meetings except with their agreement and that of the relevant Senior Manager.
- 17.6 The purpose of this Committee is to provide independent and high-level focus on the adequacy of governance, risk, finance, and control arrangements. Towards this purpose, its role is to:
- a) ensure there is sufficient assurance over governance risk and control and provide reports to full Council on the effectiveness and adequacy of these arrangements;
 - b) have oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability,
 - c) through a and b above, give greater confidence to all those charged with governance for Kent County Council that its arrangements are effective and reporting to full Council or other Committees as necessary where the Committee has concerns that these arrangements are not effective; and
 - d) 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 through an annual report.
- 17.7 The Governance and Audit Committee is responsible for the following:
- a) monitoring the development and operation of the Council's corporate governance, financial, risk, and assurance frameworks and

arrangements to ensure it meets recommended practice, is embedded across the whole Council and is operating consistently throughout the year,

- b) monitoring the development and operation of the Council's Internal Audit function, including review of the internal audit charter and annual audit plan, and reviewing assurances that it is effective and independent of the activities it audits,
- c) oversight of the appointment and remuneration of external auditors to ensure they are approved in accordance with relevant legislation and guidance, and the function is independent and objective,
- d) monitoring the effectiveness of the external audit process, to help ensure that it is of appropriate scope and depth, gives value for money taking into account relevant professional and regulatory requirements, and is undertaken in liaison with Internal Audit,
- e) considering the external auditor's annual letter/report, and any other specific reports by, and with the agreement of, the external auditors,
- f) monitoring the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met,
- g) receiving reports on the effectiveness of financial management arrangements, including Productivity Plans, saving plans, and compliance with the Financial Management Code,
- h) monitoring the Council's arrangements to secure value for money and reviewing assurances and assessments on the effectiveness of these arrangements,
- i) considering reports on the effectiveness of internal controls and monitor the implementation of agreed actions,
- j) reviewing assurances that accounting policies are appropriately applied across the Council,
- k) monitoring the robustness of the Council's counter-fraud arrangements, including the assessment of fraud risks, and reviewing assurances that the Council effectively monitors the implementation of the whistle-blowing policy and Bribery Act policy,,
- l) reviewing assurances that the Council has appropriate governance arrangements in place to manage the relationship between the Council and significant partnerships or collaborations, as well as any company in which the Council has majority control,
- m) reviewing assurances that the Council has appropriate arrangements in place to ensure that the commercial opportunities and risks presented through company ownership are managed effectively,
- n) oversight of the Executive's shareholder strategy regarding companies in which the Council has an interest,
- o) Approval of Spending the Council's Money, sending this document to full Council for noting.
- p) review and approval of the Statement of Accounts, with related reports, and the Annual Governance Statement, and

q) reporting to full Council for assurance on the Accounts and Annual Governance Statement approval.

17.8 The Corporate Director of Finance has delegated authority from the Committee to make minor corrections and updates to Spending the Council's Money where it does not affect the meaning of the Sections.

Appendix B: Proposed Updated Terms of Reference with Tracked Changes

- 17.2. Membership: 11 Members; plus, 2 (non-voting) co-opted members.
- 17.3. Members may not serve as ordinary or substitute members of the Governance and Audit Committee, or any sub-committees, where any of the following apply:
- a) They have not had the training required for this Committee.
 - b) They are an Executive Member or a Deputy Cabinet Member.
 - c) They are the Chair of [the Scrutiny Committee](#). ~~any other formal Committee set out in section 17 or 18 of the Constitution, or any of their sub-committees.~~
 - d) They have served as an Executive Member at any time within the two years preceding the date of the meeting.
- 17.4. The Committee may appoint or remove up to two non-voting Co-Opted Members (independent of the elected membership) who may participate in the business of the Committee in accordance with the rules set out in the Constitution.

17.5. There is an expectation that Members not on the Committee, and Officers, attend in relation to material matters on the agenda. However, Officers below Senior Manager level are not required to attend meetings except with their agreement and that of the relevant Senior Manager.

~~17.5.~~17.6. The purpose of this Committee is to provide independent and high-level focus on the adequacy of governance, risk, finance, and control arrangements. Towards this purpose, its role is to:

- a) ensure there is sufficient assurance over governance risk and control and provide reports to full Council on the effectiveness and adequacy of these arrangements;
- b) have oversight of both internal and external audit together with the financial and governance reports, helping to ensure that there are adequate arrangements in place for both internal challenge and public accountability, ~~and~~
- c) through a and b above, give greater confidence to all those charged with governance for Kent County Council that its arrangements are effective and reporting to full Council or other Committees as necessary where the Committee has concerns that these arrangements are not effective; and
- d) ~~through an annual report,~~ ensure that the County Council is sighted on the activity of the Committee alongside the importance of financial probity, good governance and learning lessons from audit activity [through an annual report](#).

~~17.6-17.7.~~ The Governance and Audit Committee is responsible for the following:

- ~~a) monitoring the development and operation of governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions in the Council,~~
- ~~b)a) monitoring the development and operation oversight of the Council's corporate governance, financial, risk and assurance frameworks and arrangements to ensure it meets recommended practice, is embedded across the whole Council and is operating consistently throughout the year,~~
- ~~e) oversight of the Council's framework of assurance, to ensure that it adequately addresses the risks and priorities of the Council,~~
- ~~d)b) monitoring the development and operation oversight of the Council's Internal Audit function, including review of the internal audit charter and annual audit plan, and reviewing assurances that it is effective and independent of the activities it audits, ~~is effective, has sufficient experience and expertise and the scope of work to be carried out is risk-based, and appropriate,~~~~
- ~~e) reviewing the annual audit plan and considering reports from the Head of Internal Audit on internal audit's performance during the year, including the performance of any external providers of internal audit services,~~
- ~~f)c) oversight of the appointment and remuneration of external auditors to ensure they are approved in accordance with relevant legislation and guidance, and the function is independent and objective,~~
- ~~g)d) monitoring the effectiveness of the external audit process, to help ensure that it is of appropriate scope and depth, and gives value for money taking into account relevant professional and regulatory requirements, and is undertaken in liaison with Internal Audit,~~
- ~~h)e) considering the external auditor's annual letter/report, and any other specific reports by, and with the agreement of, the external auditors,~~
- ~~i)f) monitoring the arrangements and preparations for financial reporting to ensure that statutory requirements and professional standards can be met,~~
- ~~j)g) receiving reports on the effectiveness of financial management arrangements, including Productivity Plans, saving plans, and compliance with the Financial Management Code,~~
- ~~k)h) monitoring the Council's arrangements to secure value for money and reviewing assurances and assessments on the effectiveness of these arrangements,~~
- ~~h)i) considering reports on the effectiveness of internal controls and monitor the implementation of agreed actions,~~
- ~~m) monitoring any public statements in relation to the Council's financial performance to help ensure they are accurate, and the financial judgements contained within those statements are sound,~~

- h) reviewing assurances that accounting policies are appropriately applied across the Council,
- i) monitoring the robustness of the Council's counter-fraud arrangements, including the assessment of fraud risks, backed by well designed and implemented controls and procedures which define the roles of management and Internal Audit,
- ~~j) reviewing assurances that the Council monitors the implementation of the whistle-blowing policy and Bribery Act policy to ensure that they are adhered to at all times,~~
- k) reviewing assurances that the Council has appropriate governance arrangements in place to manage the relationship between the Council and significant partnerships or collaborations, as well as any company in which the Council has majority control,
- l) reviewing assurances that the Council has appropriate arrangements in place to ensure that the commercial opportunities and risks presented through company ownership are managed effectively,
- m) oversight of the Executive's shareholder strategy regarding companies in which the Council has an interest,
- ~~n) Approval of Spending the Council's Money, sending this document to full Council for noting.~~
- ~~o) review and approval of the Statement of Accounts, with related reports, and the Annual Governance Statement, and ensure that they properly reflect the risk environment and supporting assurances of the Council, and~~
- ~~p) reporting to full Council for assurance on the Accounts and Annual Governance Statement approval, and where appropriate on the Committee's performance in relation to the terms of reference and the effectiveness of the Committee in meeting its purpose.~~

~~17.7.17.8.~~ The Corporate Director of Finance has delegated authority from the Committee to make minor corrections and updates to Spending the Council's Money where it does not affect the meaning of the Sections.

This page is intentionally left blank

By: Deputy Leader and Cabinet Member for Finance and Traded Services, Interim Corporate Director Finance

To: Governance and Audit Committee – 23 January 2025

Subject: MHCLG Consultation Response on Local Audit Strategy

Classification: Unrestricted

Summary: This report asks members to comment on the proposed response to the MHCLG Consultation on Local Audit Strategy

FOR COMMENT

1. INTRODUCTION/BACKGROUND

- 1.1 On the 18 December 2024 the Minister of State for Local Government and English Devolution issued a letter to Chief Executives, Chief Financial Officers, Local Authority Leaders and Local Audit Firm Partners on Local Audit Reform: A strategy for overhauling the local audit system.
- 1.2 Included within this letter was a consultation on the potential delivery of local audit through a mixed market, supplementing the private market with public delivery of local audit – in the first instance to meet the needs of those authorities who are without an auditor in the current system. This consultation response needs to be submitted by 29 January.
- 1.3 We have answered the questions set out in the consultation from Kent County Council's perspective.

2. RECOMMENDATION

Members are asked to:

- 2.1 Consider and comment on the consultation response
- 2.2 Delegate finalisation of the response to the Chair, General Counsel and Interim Corporate Director – Finance.

Joe McKay
Acting Chief Accountant
Ext: 419601

Cath Head
Head of Finance Operations
Ext: 416934

This page is intentionally left blank

MHCLG Consultation – Local Audit Strategy

KCC draft responses to the Local Audit Strategy consultation paper, due on 29 January 2025. There is a G&A committee on 23 January 2025.

- 1. Do you agree the LAO should become a new point of escalation for auditors with concerns?**

The LAO would become a stronger point of escalation for auditors with concerns. Centralising this could help improve coordination and monitoring / comparison across local government and ensuring key stakeholders are kept informed.

- 2. Do you agree relevant issues identified should be shared with auditors, government departments and inspectorates?**

Yes, sharing relevant issues can enhance transparency. It would be important to make clear what issues warrant this escalation as there may be areas which can be managed at a local level.

- 3. Should the LAO also take on the appointment and contract management of auditors for smaller bodies in the longer term? If so, when should responsibilities transfer from SAAA?**

This question is not directly relevant for KCC, but we would support such an approach. We have no strong view on the timing of any transfers.

- 4. Should the LAO oversee a scheme for enforcement cases relating to local body accounts and audit?**

Yes, on the understanding from the document that enforcement is a last resort, having a single body oversee enforcement could ensure uniformity and fairness in handling cases.

- 5. How could statutory reporting and Public Interest Reports be further strengthened to improve effectiveness?**

By setting clear guidelines, ensuring timely publication, and increasing accessibility to the public.

- 6. Should the scope of Advisory Notices be expanded beyond unlawful expenditure, or actions likely to cause a loss or deficiency, as defined by the Local Audit and Accountability Act, to include other high-risk concerns?**

Expanding the scope could help address a broader range of risks and improve overall governance, however the relevance for the public needs to be considered. Any expansion of the scope would require clearly defined, transparent criteria.

- 7. Should the LAO own the register of firms qualified to conduct local audits?**

Yes, centralising the register can improve oversight and ensure that only qualified firms are conducting audits.

- 8. Should the LAO hold the power to require local bodies to make changes to their accounts, so that auditors could apply to the LAO for a change to be directed instead of needing to apply to the courts?**

No, application to the courts should continue.

- 9. What are the barriers to progressing accounts reform?**

Barriers may include resistance to change, lack of resources, and the complexity of existing regulations. The Devolution White Paper could be a significant change in the landscape of local government, and it will be challenging to implement these changes alongside the scale and proposed speed of structural change.

10. Are there structural or governance barriers to accounts reform that need to be addressed?

No

11. Should any action to accounts reform be prioritized ahead of the establishment of the LAO?

Yes, foundational reforms that simplify processes and improve transparency should be prioritized.

12. Are there particular areas of accounts which are disproportionately burdensome for the value added to the accounts?

Beyond the main statements, some of the disclosure notes could be considered as not adding value for the public, particularly those that are very technical and provide little relevance to the local taxpayer e.g. IFRS13. A review of the disclosures required could help streamline the accounts document (for 2022/23 this was a near 200 page document for Kent County Council) and potentially help with the volume of audit work.

13. Do you agree that the current exemption to the usual accounting treatment of local authority infrastructure assets should be extended and if so, when should it expire?

Yes. The current exemption should be made permanent as the benefits of implementing a long-term solution for the valuation and reporting of Infrastructure assets do not justify the costs of implementation. If not permanent, the exemption should be extended for as long as possible to allow CIPFA time to review the long-term solution and provide sufficient guidance and rates for the calculations. As a minimum, the current exemption should be extended until 27-28.

14. Should the LAO adopt responsibility for CIPFA's Code of Practice on Local Authority Accounting?

We're not sure why this is necessary. However, consistent interpretation of the standards/code across all auditing firms is needed to reduce the risk of late challenges due to differences in opinion.

15. Should the Accounting Code be freely available if it is not transferred to the LAO?

Yes, however there needs to be adequate funding for whoever is responsible to ensure the updates to the Code are made in a timely manner and guidance, particularly for any new accounting policies or standards is published in full.

16. What additional support should be provided to finance teams, audit committees and elected members to develop and strengthen financial governance?

External training for elected members could aid understanding of the national context compared with local issues.

Networking groups for specific changes to accounts would be beneficial e.g. IFRS16 implementation.

Finance teams receive updates on regulatory changes, however the centralisation of this may allow support to come from one, or fewer sources.

17. How should KAP eligibility be extended further, should some categories of local audit be signed off by suitably experienced RIs (and if so, which)?

Any changes to KAP eligibility cannot have a detrimental impact on the quality and experience of KAPs, as that will have a negative impact on those organisations being audited.

Extending eligibility to experienced Responsible Individuals (RIs) for less complex audits could increase capacity. This needs to be considered alongside the Devolution White Paper.

18. Should the market include an element of public provision?

The wholesale privatisation of the public audit has been an unmitigated disaster and steps need to be put in place to ensure that the situation, whereby this was implemented on a Ministerial whim, can never be repeated. A mixed economy that ensures coverage where private sector capacity is insufficient and also provides a benchmark for cost and quality, would be welcome. It is acknowledged that recruitment and retention (for both public and private sector) will be an issue to be addressed here.

19. If yes, should public provision be a function of the LAO?

This Council's preference would be for public provision of audit services to sit outside of the LAO, so that conflicts of interest are avoided.

20. What should the initial aim be in relation to proportion of public and private provision?

We have no fixed view on what the relative proportions of public and private provision need to be. The more important thing is that there is sufficient coverage, and it is of a high quality at a reasonable cost.

21. Should the Secretary of State, in consultation with the LAO and for defined periods, set an envelope within which the body could determine the appropriate proportion of public provision for the market?

See response to Q20 above.

22. Do you think that the Chair of an audit committee should be an independent member?

No, the primary focus should be on the Chair having financial and audit expertise rather than their independence. A chair with strong financial acumen/background and/or audit experience is well placed to oversee such a committee. A Chair with a good understanding of the authority's operations and history is able to provide valuable insight and these skills should be considered more valuable than political viewpoint. Regardless of this, the makeup of the committee should ensure transparency and integrity, reducing the need for an independent chair to be a requirement to rebuild confidence and value for money oversight.

23. Do you have views on the need for a local public accounts committees or similar model, to be introduced in strategic authority areas across England?

Kent is not currently a strategic authority area, but we would assume that local public accounts committees would be needed in the same way as current audit committees are well established to ensure accountability.

24. Would such a model generate more oversight of spending public money locally?

It would provide a focus but not clear that it would generate more oversight than current arrangements.

25. How would the creation of such a model impact the local audit system and the work of local auditors?

26. Do you agree that the MLA threshold should be increased?

Major Local Audits (MLAs) are defined as local public bodies with total income or expenditure of at least £500m, or local government pension funds with gross assets over £1 billion or more than 20,000 members.

The thresholds have not been changed since inception in 2014, so a review of thresholds with a potential to increase them sounds appropriate. Increasing the threshold can reduce the burden on smaller bodies and focus resources on higher-risk audits. Conversely, reducing the number of authorities being audited appears to be contrary to the aim in the consultation paper of improving confidence in public spending.

27. Do you agree that some local bodies should be declared exempt from the regulatory focus of an MLA? For example, should Integrated Care Boards be exempt?

The paper does not explain why ICBs would become exempt. ICBs are complex and NHS/health spending is in the public interest. More broadly, exemptions could be considered for bodies with lower risk profiles.

28. Do you agree that smaller authorities' thresholds should be increased?

Not directly relevant for KCC, but yes

29. Do you agree that the lower audit threshold of £25,000 should be increased broadly in line with inflation?

Yes, adjusting for inflation can ensure the threshold remains relevant and is flexed appropriately.

30. Are there other changes that would improve the accounting and limited assurance regime for smaller authorities?

Not relevant for KCC.

31. What additional support, guidance or advice do local bodies and/or auditors need for future statutory deadlines (including backstop dates) for the publication of audited accounts?

Clear timelines, additional resources for peak periods, expertise in areas being audited, and ongoing training can help meet deadlines.

From: Amanda Beer, Chief Executive
Ben Watts, General Counsel

To: Governance and Audit Committee, 23 January 2025

Subject: Update on Progress against Internal Audit Recommendations

Status: Unrestricted

ACTION from Previous Meeting

1. Background

- a) In July 2024, the Committee received and noted (for assurance) the Internal Audit Annual Report for 2023-24. In introducing the item, the Head of Internal Audit identified the reduced implementation rates of agreed management actions and explained the concern around the direction of travel of this key indicator.
- b) A further paper was brought to the Committee in October 2024 which provided further details of the implementation rates and the actions being taken to improve them.
- c) As part of discussions with Members of the Committee, it was agreed that further reporting on progress would be brought back to the Committee before the end of the administrative cycle.
- d) Further and considerable work has been undertaken to not only address the rates of implementation on the cohort reported in the annual report but also to put in place new systems to ensure that improvements are embedded and systemic rather than simply dealing with the backlog.
- e) This report is the first of two reports tracking progress that will be brought to the Committee, with a further report to come to the March meeting.

2. Progress

- a) It is important to start by repeating the comment from officers at the previous meeting, that the poor performance against this metric was unacceptable. The actions are those agreed by management with auditors and, as such, the compliance rates must be improved for this financial year.
- b) Similarly, the Chief Executive has been clear with the Corporate Management Team that in addition to resolving the backlog completion of recommendations, ongoing focus must be placed on the timely resolution of

agreed actions by senior officers. This is to ensure that any improved rates are sustained.

- c) A number of the steps to improve performance have now been implemented. A review of the 36 outstanding actions reported in October was completed and a response sent from each service to Internal Audit for review. Information and discussions on those actions are ongoing in order to ensure that both auditors and management are clear on the evidence needed in order to close the outstanding actions in a safe and compliant manner.
- d) Work is underway to resolve the actions within this financial year and to ensure that ongoing confidence about compliance is in place for the end of the financial year. A number of steps previously identified to the Committee as potential improvements have now been put in place:
 - i. Senior management and audit managers are now working together and highlighting progression of actions as part of their regular meetings.
 - ii. Progression against the actions is now rightly and regularly discussed at Divisional, Directorate and Corporate Management Team meetings and in 1:1 management discussions to maintain focus.
 - iii. There is a greater focus in future audits on the agreement of management actions in terms of deliverability and timescale both from Internal Audit colleagues (as mentioned by the Head of Internal Audit at the previous meeting) and with those officers in management positions agreeing the actions and timescales.
 - iv. Internal Audit are providing detailed schedules of information on the actions and progress to the Chief Executive and Corporate Management Team.
 - v. Internal Audit colleagues have advised that there has been additional engagement since October and that they have received a considerable amount of additional information regarding progress and implementation of actions.
 - vi. All actions have been reviewed. A number of actions have been implemented, with a number of other actions repurposed and redefined as a result of internal audit and management discussions.
- e) The purpose of the activity between Internal Audit and managers across the Council is to ensure that the actions are meaningfully implemented and crucially the identified risks have been suitably addressed. It is also to ensure that the way in which management actions are progressed and monitored are clearly defined and understood by all parties. Work will continue in directorates on the urgent (but full) completion of outstanding agreed actions.

f) Over the past few months, a number of the actions originally brought before the Committee as part of the annual report have been resolved. Similarly, a number of them have been subject to revised plans agreed with internal audit which now run to different timetables. At the same time, further actions fell due and will fall due for review and implementation in the coming months. Additional work is therefore ongoing on implementing a process that will look at all actions as part of the regular discussion and meeting cycle as opposed to simply looking at the backlog. This is to ensure that compliance with agreed actions is a permanent and sustained outcome of this intervention. This work will be supported by a new software implementation within Internal Audit which will lead to a single version of the position reducing bureaucracy without many of the spreadsheets which are currently being exchanged. A table showing the comparative position between the figures shared in October and the current position, including all outstanding and new actions, is shown at Table 1 below.

g)

Position reported to October Committee

% Implemented	22%
% In Progress	76%
% Superseded	1%

Position as at January Committee

% Implemented	31%
% In Progress*	65%
% Superseded	4%

* all but 5 of these actions have been deemed by Internal Audit as making satisfactory progress

h) Corporate Management Team will be having a dedicated discussion in February on all the agreed actions (both the backlog, the in-year and forthcoming) to further drive performance and improvement in implementation rates.

i) An additional metric is being used by the Chief Executive to monitor this issue given the dynamic position on these actions. The metric identifies the internal audit view on whether progress is considered satisfactory. Currently, there are five actions including both backlog and current year (approximately 50 actions) where progress is uncertain or not considered satisfactory. These are to be brought before Corporate Management Team for a deep dive in the coming weeks.

j) Work is ongoing between the authors of this report and internal audit in relation to how to present a dashboard of progress for Members and it is intended to share this information on a regular basis starting from the beginning of March on the Teams site. This will also include further details and particularity for Members on the following key issues:

- i. The actions where progress has not been considered satisfactory
- ii. Actions where management has decided to accept the risk
- iii. The reasons and rationale provided by management in relation to i) and ii)

- k) It is likely that Members of the Committee will wish to further explore these issues and it is suggested that the details provided at j) in March be used as part of agenda setting to inform the report and further scrutiny of the Committee in March, including the attendance of the responsible officers.
- l) Work is ongoing to provide a resolution to the backlog and an improved way of working to ensure future years do not see a repeat of the statement by the Head of Internal Audit in July this year.

3. Conclusions

- a) The seriousness and need for timely compliance with Management Actions has been reinforced by the Chief Executive and understood by the Corporate Management Team.
- b) Improvements to compliance and engagement with the process have already been made and further improvements will follow by the end of the current financial year.
- c) Corporate and Directorate Management Teams will continue to scrutinise the completion of existing and new management actions and will prioritise implementation of actions that will have been subject to greater consideration of deliverability and timeliness.
- d) A further report on progress will be provided to the Committee with further information and functionality to be added to the Governance and Audit Committee Teams site in early March.

4. Recommendation

- a) The Governance and Audit Committee NOTE the progress update

5. Report Author and Relevant Director

Ben Watts, General Counsel

This page is intentionally left blank

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

Agenda Item 14

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 15

Document is Restricted

This page is intentionally left blank