IACF | Improving Outcomes Creating Value

# INTERNAL AUDIT PROGRESS REPORT

# GOVERNANCE AND AUDIT COMMITTEE

# 29 September 2022

## 1. Introduction

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

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

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

## 2. Key Messages

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

### 3.1 - 2021/22 Internal Audit Plan

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

### Table 1 – Status of 2021/22 Audit plan

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

### 3.2 - 2022/23 Internal Audit Plan

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

### 3.3 - Resources

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

# Table 2 – Summary of Audits by Committee Meeting

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

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

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

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

2021/22 Audit Assurance Levels and Prospects for Improvement of Audits
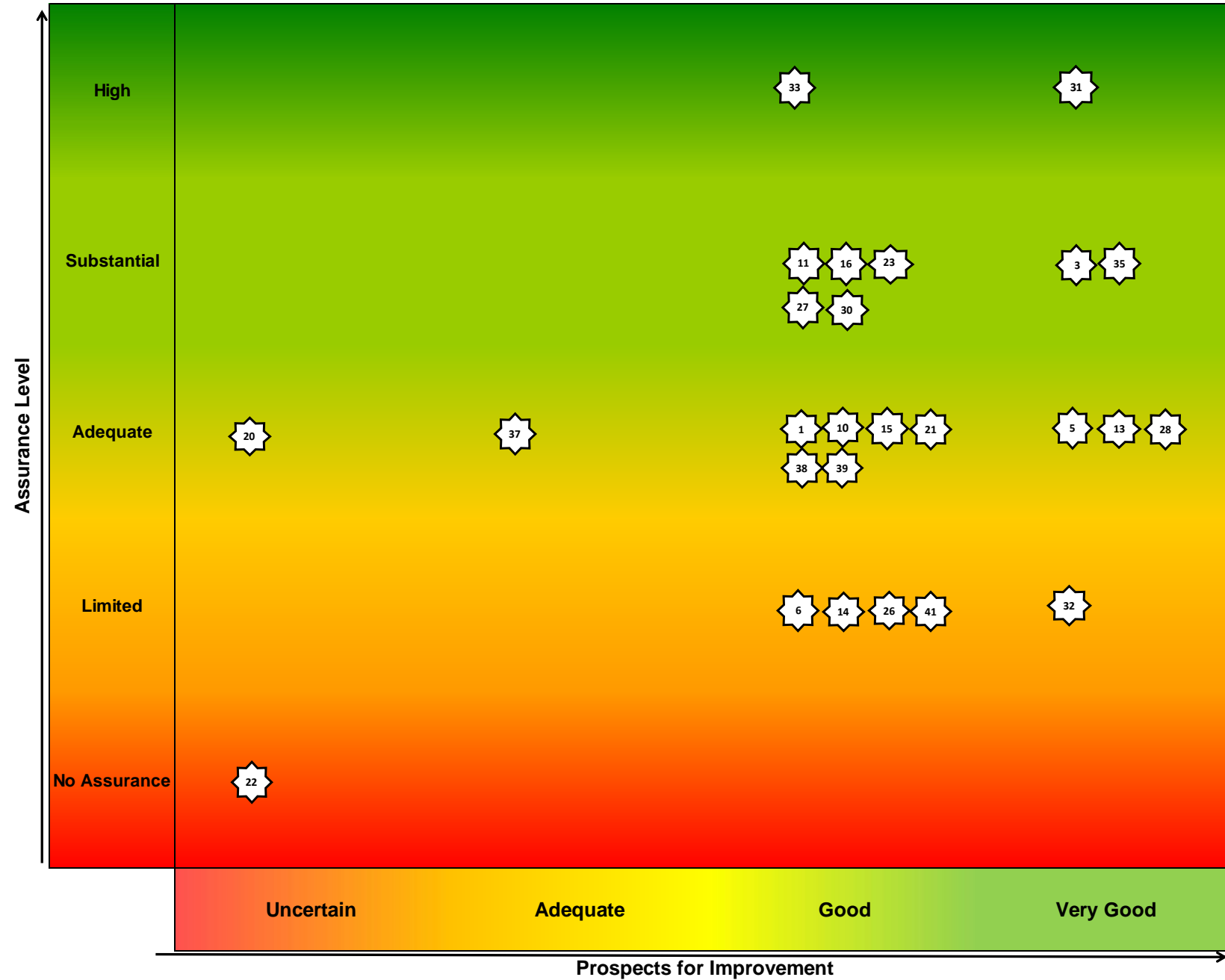
| Assurance Level | No | % |
|---|---|---|
| High | 2 | 8% |
| Substantial | 7 | 27% |
| Adequate | 11 | 42% |
| Limited | 5 | 19% |
| No | 1 | 4% |



Assurance Levels 2021/22
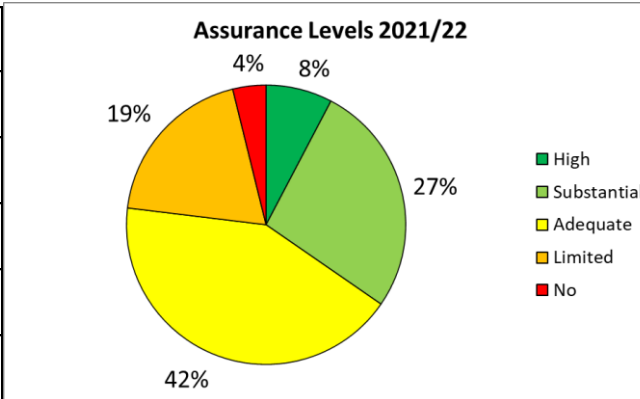
**3.4 Grant Certification Work:**

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

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

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

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

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

## 4. Under the Spotlight!

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

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

Audit Definitions are provided at **Appendix D**.

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

# Appendix A – 2021/22 Internal Audit Plan Status

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

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

# Appendix B – 2022/23 Internal Audit Plan Status

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

# Appendix C – Audit Summaries

## A1. RB15- 2022 Making a Difference Everyday (MADE)

| | |
|---|---|
| Audit Opinion | N/A |
| Prospects for Improvement | N/A |

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

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

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

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

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

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

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

**Key Strengths:**

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

**Summary of Management Responses**

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

**Areas for Development:**

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

**B2. RB21- 2022 Change for Kent Children**

| Audit Opinion | N/A |
|---|---|
| Prospects for Improvement | N/A |

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

## C1 - RB30-2022 Kent and Medway Business Fund

| Audit Opinion | Adequate |
|---|---|
| Prospects for Improvement | Good |

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

**Summary of Management Responses**

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

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

**Prospects for Improvement**

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

| | averse in the current economic climate. |
|---|---|

**C2. RB28- 2022 Highways Term Maintenance Contract**

| Audit Opinion | N/A |
|---|---|
| Prospects for Improvement | N/A |

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

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

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

**D1 – CA03-2022 Equalities Act (Duties) 2010**

| | |
|---|---|
| Audit Opinion | **Limited** |
| Prospects for Improvement | **Good** |

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

**Summary of Management Responses**

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

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

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

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

|  |  |
|---|---|
|  |  |

**D2. RB05-2022 – KCC Estate Review**

| Audit Opinion | **N/A** |
|---|:---:|
| Prospects for Improvement | **N/A** |

Following discussion with the Property Infrastructure Team and a review of project documentation, there is adequate governance, internal control, and management of risk, given where they are respectively in their development. There are elements of residual risk or weakness in the following areas:

- Clarity around delegated authority
- Assurance that controls mitigating known risks are effective
- Tracking and reporting changes in known risks between reporting periods
- Assurance that issues are effectively managed and resolved
- A budget for the Office Strategy Project
- Project expenditure aligns with delivery of expected outputs.

# Appendix D – Definitions

**High**

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

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

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

**Substantial**

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

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

**Adequate**

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

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

**Limited**

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

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

**No Assurance**

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

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

## PROSPECTS FOR IMPROVEMENT

| | |
|---|---|
| **Very Good** | There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives. |
| **Good** | There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives. |
| **Adequate** | Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives |
| **Uncertain** | Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives. |

## ISSUE RISK RATINGS

| | |
|---|---|
| **High** | There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved. |
| **Medium** | There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives. |
| **Low** | There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low. |

# Appendix E – Grant Certifications (2022/23)

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

# Appendix E – Grant Certifications (2022/23)

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