

## KENT COUNTY COUNCIL

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### GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Thursday, 29 September 2022.

PRESENT: Mrs R Binks (Chairman), Mr N J D Chard, Mr A J Hook, Mr M A J Hood, Mr D Jeffrey, Mr H Rayner, Mr R J Thomas, Mr S Webb and Dr L Sullivan (Substitute)

ALSO PRESENT: Mr P Oakford

PRESENT VIRTUALLY: Dr D Horne

IN ATTENDANCE: Mr B Watts (General Counsel), Mr J Idle (Head of Internal Audit), Mr Parris Williams, Mr R Benjamin (Internal Audit Manager), Mr J Betts (Interim Corporate Director of Finance) and Ms F Smith (Audit Manager), Ms D Chisman (Principal Auditor), Mr R Smith (Audit Manager), Ms A Palmer (Principal Auditor) and Ms K Reynolds (Democratic Services Officer)

### UNRESTRICTED ITEMS

#### **50. Substitutes**

*(Item 2)*

Apologies for absence had been received from Mr Brady for whom Dr Sullivan was present as substitute. The Democratic Services Officer informed the Committee that Dr Horne was attending the meeting virtually.

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

*(Item 3)*

There were no declarations of interest.

#### **52. Minutes of the Meeting Held on 21 July 2022**

*(Item 4)*

RESOLVED that subject to the addition of the Leader's attendance, the minutes of the meeting held on 21 July 2022 are correctly recorded and that they be signed by the Chairman.

#### **53. Annual Governance Statement - Verbal Update**

*(Item 5)*

1. The General Counsel told the Committee that the first draft of the Annual Governance Statement for Members' consideration would be brought to a future meeting of the Governance and Audit Committee. The draft had been purposely

delayed to ensure that the findings of the 'SEND Transport Lessons Learnt Review' could be adequately captured in the statement.

2. RESOLVED to note the verbal update.

#### **54. Internal Audit Progress Report**

*(Item 6)*

1. The Internal Audit Manager introduced the report which provided detailed summaries of completed Audit reports for the period July to August 2022. It was highlighted that data analytics testing had been used to carry out audit 'RB25-2022 School Themed Review – Credit Cards'. The Internal Audit Manager said that the current Internal Audit six month rolling plan was designed to cover the period of June to November 2022. The service was reviewing the plan in line with emerging risks and priorities. Horizon scanning was being undertaken and would be informed by the 'Risk in Focus' report by the Institute of Internal Auditors. An update on the Internal Audit plan would be provided to the Committee at the next appropriate date.
2. The General Counsel spoke as a representative of the Corporate Management Team on 'CA03-2022 Equalities Act (Duties) 2010'. It was said that there had been decisions taken by Cabinet Members and Corporate Directors where the relevant considerations were not made in relation to equalities. The General Counsel said as part of the introduction of the Chief Executive model and to reflect the role and responsibilities of the Chief Executive, the decision-making processes were being reviewed and revised from a governance perspective.
3. The Head of Internal Audit drew attention to the 'RB30-2022 Kent and Medway Business Fund'. He highlighted the high-risk area for development relating to the previously written off high value debts without adequate scrutiny, challenge and authorisation by the Corporate Director of Finance as required under the Council's Financial Regulations.
4. In response to questions and comments from Members it was said:
  - a) As the Cabinet Member and Deputy Cabinet Member for Economic Development had sent their apologies for this meeting, 'RB30-2022 Kent and Medway Business Fund' would be brought back to the 19 October 2022 meeting of the Governance and Audit Committee.
  - b) There had been a number of audits deferred or removed from the Audit Plan to allow audit resources to be diverted to the SEND Transport Lessons Learned Review.
  - c) The prospects for improvement for the 'RB25-2022 – School Themed Review – Credit Cards' audit had been omitted from the report. The information would be circulated to the Committee after the meeting.
  - d) The General Counsel said that the action plan and management response to the audit findings of 'CA03-2022 Equalities Act (Duties) 2010' included an enhanced checking process of decisions. The General Counsel would encourage officers and Heads of Service involved in decision-making to complete the EqIA e-learning module on DELTA.
  - e) It was said that the 'RB05-2022 – KCC Estate Review' audit was being carried out through an embedded assurance approach.
5. RESOLVED to note the report for assurance.

## **55. SEND Transport Review Report**

*(Item 7)*

1. The Chairman introduced the Internal Audit review which had been commissioned by the Chief Executive (Head of Paid Service when commissioned), General Counsel and the s.151 Officer following significant and well publicised service failures in the redesign of Special Educational Needs and Disabilities (SEND) transport services and the adverse reputational impact upon and loss of confidence in Kent County Council. It was said that the relevant Cabinet Members and officers had not had prior sight of the report and therefore would be invited to future Governance and Audit meetings to respond to the findings of the review.
2. The General Counsel told the Committee that the report was the outcome of an investigative review and should not be considered as an Internal Audit report. As previously agreed, the outcome of the review had been shared with the Governance and Audit Committee Members first, given the vital oversight role set out within the terms of reference for the Committee. The General Counsel formally thanked the Head of Internal Audit and his team for the work that had been carried out to ensure that the review was completed as quickly as possible while protecting the independence and objectivity of the Internal Audit Service.
3. The Head of Internal Audit said that the review highlighted significant governance failures across the Directorates within the Council that ultimately led to the service failures in Home to School Transport for children with special educational needs and disabilities. It was said that if existing and longstanding governance arrangements contained both within the Council's Constitution and its agreed processes had been followed or complied with, particularly those relating to key decisions, project management and risk management, then the service failure may not have occurred.
4. The Head of Internal Audit referred to the report setting out over 90 Key Observations and over 60 Lessons Learnt. He said that it is insufficient to talk about good governance, but that members and officers have to 'live and breathe' good governance.
5. It was also highlighted that some members of the Scrutiny Committee, at meetings in Spring 2022, had expressed doubts as to whether such a review should be undertaken by Internal Audit and explained that prior to commencing the review, the service explained how it remained independent to several parties. He concluded that the manner in which the investigation was undertaken, the unrestricted questions asked to members and what was included in the report would suggest that the independence and professionalism of KCC Internal Audit had been amply illustrated.
6. The Committee were told that the Internal Audit Team would continue to support the organisation by advising and monitoring the actions required to address the observations and lessons learnt from the review.
7. In response to questions and comments from Members it was said that:
  - a) The Governance and Audit Committee would have a role to play in monitoring the management action plan to address the lessons learnt from the review. A meeting had been set up to establish the agendas for both Scrutiny and Governance & Audit to discuss the findings and necessary actions.

- b) The 'Review into the changes to SEND transport' page on the Kent County Council website would be kept updated with the appropriate information.
  - c) The internal audit review of the Annual Governance Statement process was in progress and would be submitted to the General Counsel prior to the completion of the final Annual Governance Statement for 2021-22.
  - d) Members expressed their thanks to Internal Audit for a thorough and frank report.
8. Kent PACT welcomed the report and expressed their ongoing willingness to work together with the Council.
9. RESOLVED to note the SEND Transport Lessons Learnt Review Report.

## **56. Internal Audit Annual Report and Opinion**

*(Item 8)*

1. The Head of Internal Audit reported the overall outcomes and key themes from Internal Audit work undertaken during 2021-22. This included the translation of these outcomes to the resultant annual opinion on the Council's systems of governance, risk management and internal control that was incorporated into the Annual Governance Statement as well as the related performance of the Internal Audit service in delivering this work.
2. The Head of Internal Audit told the Committee that whilst the overall opinion of 'Adequate' was consistent with previous years, there were underlying trends that should be noted. It was said that there had been a fall in 'Substantial' audit opinions and an increase in 'Limited' and 'Adequate' opinions. Additionally, the implementation of actions that had been agreed by the Council had been slow or unfulfilled in some areas. This underlying trend could have a significant impact on overall Risk Management within the context of the unprecedented challenges faced by the Council in the last two years.
3. In response to questions from Members it was said that the report and opinion took into consideration the findings of the 'SEND Transport Lessons Learnt Review'.
4. RESOLVED to receive and note this report as a source of independent assurance regarding the risk, control and governance environment across the Council, noting the outcomes from 2021-22 Internal Audit work and the resultant 'Adequate' opinion to the Annual Governance Statement.

## **57. Other items which the Chairman decides are urgent**

*(Item 9)*

## **58. Internal Audit Progress Report and Opinion on ICT04-2022 IT Data Security for DSP Toolkit**

*(Item 10)*

1. The Internal Audit Manager introduced the report which highlighted the key strengths and areas for development identified in the audit of the IT Data Security for the DSP Toolkit.
2. RESOLVED that the report be noted for assurance.

