

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

To: Governance and Audit Committee, 9 October 2024

Subject: Update on Progress against Internal Audit Recommendations

Status: Unrestricted

ACTION from Previous Meeting

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## 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) Members had the opportunity at the meeting in July to express their concerns around the metric and requested that this report be prepared to provide further information as to the changes that have and are being made.

## 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 and will improve.
- b) After the Internal Audit Annual Report was discussed at Corporate Management Team, a number of immediate steps were taken by the Chief Executive. These included:
  - i. Repeating to senior management the need to urgently understand and improve the completion of agreed actions
  - ii. An immediate review by Internal Audit and senior management of outstanding actions to urgently progress the issues
  - iii. Greater prioritisation given to the completion of management agreed actions
  - iv. Regular discussions and oversight from respective directorate management team meetings to ensure progress is timely
- c) The Chief Executive also raised at the time and has continued to raise progress against agreed management actions with individual line reports and collectively as part of Corporate Management Team discussions.

- d) In August 2024, revised Operating Standards (rules that cover expectations for all staff) were published on KNet and clearly set out the Internal Audit process and the escalation route for non-completion of management actions.
- e) Moving forward, as mentioned at the Governance and Audit Committee meeting in July, senior management and audit managers are working together and highlighting progression of actions as part of their regular meetings.
- f) Similarly, there will be a greater focus in future audits on the agreement of management actions both 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 officers in management positions agreeing the actions and timescales.
- g) At the last meeting, there were 37 actions, one of which relates to Budget Savings. As there is a Budget Savings follow-up audit on the 2024/25 plan, this one has been removed from the figures as Internal Audit do not currently include programmed follow-ups in their high-level follow-up statistics. This is usually explained separately in the Internal Audit paper that comes to the Committee.
- h) Internal Audit colleagues have advised that there has been additional engagement since July and that they have received a considerable amount of additional information regarding progress and possible implementation of actions.
- i) This has resulted in a quarter of the actions having been closed (8 implemented and 1 closed with management accepting the risk). The breakdown of these can be found at Appendix 1 to this paper. There is further activity ongoing and further evidence being provided to Internal Audit and an updated position will be provided to the Committee.
- j) Some of the issues have had revised plans put in place which will see resolution in the coming quarter and it is intended to provide updates on a rolling basis to the Governance and Audit Committee MS Teams site in order that Members can review and identify those overdue actions on a deep dive basis at agenda setting and ensure that update papers are brought forward as Members require.

### **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 are anticipated to make improvements for the current financial year.

- c) Corporate and Directorate Management Teams will continue to scrutinise this beyond the current list of outstanding actions and will prioritise implementation of actions that will also be subject to greater consideration of deliverability and timeliness moving forwards.

#### **4. Recommendation**

- a) The Governance and Audit Committee NOTE the progress update
- b) The Governance and Audit Committee AGREE to receive compliance reporting through the Teams site
- c) The Governance and Audit Committee AGREE a further update report before the end of this administrative cycle

#### **5. Background Documents**

[Covering Report Internal Audit Annual Report and Opinion 2023-24.pdf \(kent.gov.uk\)](#)

Annual Report - [INTERNAL AUDIT PROGRESS REPORT GOVERNANCE AND AUDIT COMMITTEE 26 January 2023 \(kent.gov.uk\)](#)

[\(Public Pack\)Internal Audit Annual Report 2023-24 Appendix 2 Agenda Supplement for Governance and Audit Committee, 23/07/2024 14:00 \(kent.gov.uk\)](#)

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

Ben Watts, General Counsel