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.

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 appraised 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 In ternal 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

63%	31%	6%

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

🟩 Conforms 🟨 Partially Conforms 🟥 Does Not Conform
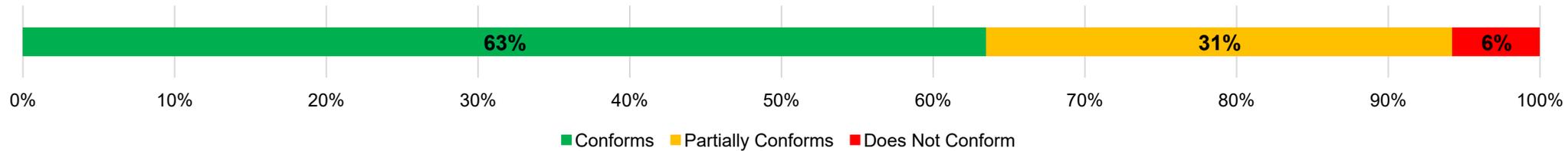
Improvement and enhancement actions have been determined against each area of partial conformance and non-conformance and will be addressed during 2024/25 and 2025/26. For the majority of actions, it is a matter of timing in the audit cycle or evidence to be collated of current processes for these to 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	An Internal Audit Strategy is currently being developed which must include: - 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 Strategy needs to be reviewed regularly and take into account changes in organisations strategies and Governance and risk management maturity	**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**

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	

* 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

* 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

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

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

Assurance Levels 2024-25

33%   33%   33%

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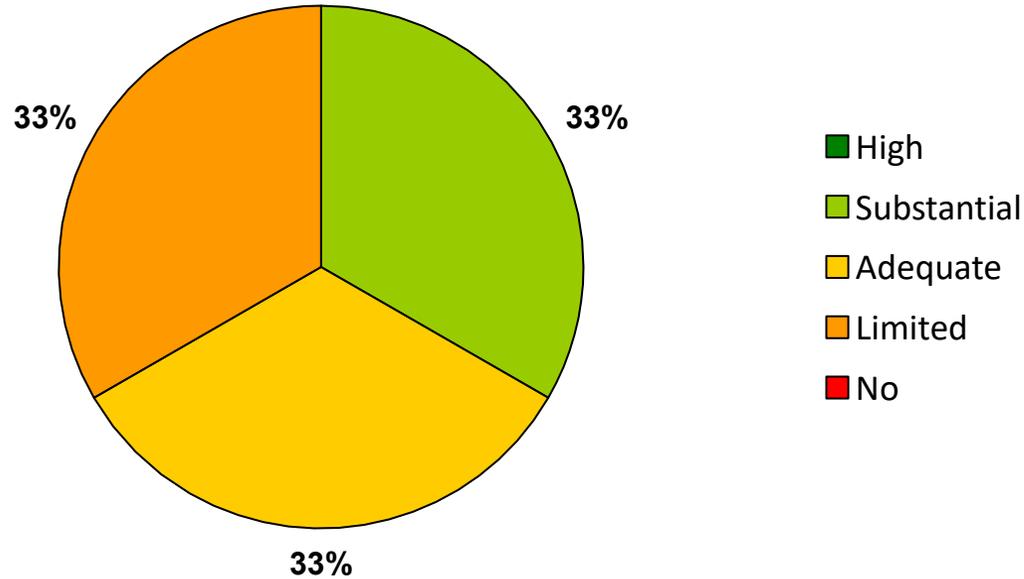
Assurance Level	No	%
High	0	0%
Substantial	2	34%
Adequate	2	33%
Limited	2	33%
No	0	0%

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.**

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

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.

8. Under the Spotlight!
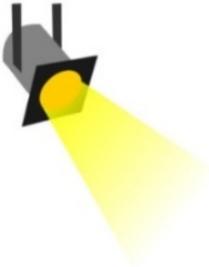
With each Progress report, Internal Audit turns the spotlight on the audit reviews, providing the Governance and Audit Committee with a summary of the objectives of the review, the key findings, conclusions and recommendations; thereby giving the Committee the opportunity to explore the areas further, 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**

(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

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** – <mark>Medium</mark>)
- 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 –** <mark>Medium</mark>)
- 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 –** <mark>Medium</mark>)

Risk & issue Management
- The Environment Board is responsible for the management and escalation of risks. They meet at least quarterly. (**Issue 1 –** <mark>Medium</mark>)
- The Environment Board terms of reference will clarify the risk escalation routes. (**Issue 1 –** <mark>Medium</mark>)
- 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 –** <mark>Medium</mark>)
- Officers will start to monitor Issues following adoption.
- Issue escalation routes also need to be clarified. (**Issue 4 –** <mark>Medium</mark>)

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 –** <mark>Medium</mark>)

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.

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 – <mark>Low</mark>**)
- 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 – <mark>Low</mark>**)

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 – <mark>Medium</mark>**)
- Lessons, corrective actions, responsible officers and due by dates should be recorded and tracked. (**Issue 3 – <mark>Medium</mark>**)

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

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

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

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 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.

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
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	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

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.

F1. RB06-2025 - Effectiveness of Whistleblowing

Areas for Development

- Additonal Clarity is required on the application of the whistleblowing procedure. (**Issue 1 -** <mark>Medium</mark>)
- 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 -** <mark>Low</mark>)
- No feedback mechanism to record individuals experience throughout the whistleblowing process.-Employee satisfaction (**Issue 3 -** <mark>Low</mark>)

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

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:-
- o Use reserves to cover some / all of the cost
- o Suspend services
- o Provide services in a different way
- o 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.

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

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

Appendix B – 2024-25 Rolling Internal Audit Plan Status

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			

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	3rd 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			

Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
RB34-2025	Decision Making (CYPE)	NOT STARTED			
RB35-2025	Capital Programme (Schools)	PLANNING			
RB36-2025	Disciplinaries	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			

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

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) *(Reported Previously)*	Complete
Department for Transport	Integrated Transport & Maintenance Block (£47.0m) *(Reported Previously)*	Complete
Department for Transport	Local Transport Capital Block Funding -Pothole Fund (£4.3m) *(Reported Previously)*	Complete
Sport England	Sport England 23/24 (£0.9m) *(Reported Previously)*	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

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.