

## **MANAGING DIRECTORS/DIRECTORS STATEMENTS**

### **KENT COUNTY COUNCIL**

#### **MANAGING DIRECTOR'S/DIRECTOR'S STATEMENT ON INTERNAL CONTROLS AND RISK MANAGEMENT PROCESSES FOR YEAR ENDED 31 MARCH 2008**

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The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. In discharging this accountability, members and senior officers are responsible for putting in place proper risk management processes and internal controls to ensure the proper stewardship of the resources at its disposal.

As Director of Business Solutions & Policy I have responsibility for maintaining a system of risk management; and of sound internal controls; within the Business Solutions & Policy Unit to support the achievement of Corporate and Directorate objectives.

The risk management system identifies principal risks and the existing internal controls in place to manage the risks. It puts action in place to test key controls and if appropriate new controls are introduced in order to manage them more efficiently, effectively and economically. The system of internal controls is designed to manage rather than eliminate the risk of failure to achieve objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

I am also responsible for reviewing the effectiveness of the system of internal controls in place during 2007/08. My review has taken into account the following

- (i) Outcomes from risk assessment and evaluation
- (ii) Self-assessments of key service areas within the department
- (iii) Internal audit reports and results of follow ups regarding implementation of recommendations
- (iv) Outcomes from reviews of services by other bodies including, Inspectorates, external auditors etc
- (v) Linkage between business planning and the management of risk

Improvements have been made to controls in certain areas during the year as follows:

- Processes and procedures implemented to manage the recruitment and use of contractors have been extended further to make full use of the framework contract established by KCS.
- To ensure alignment of ICT outcomes with service priorities the Enterprise Architecture (EA) methodology developed and implemented

during the course of 2006/7 continues to be maintained. The approach has had significant influence on the structure and approach to service delivery informing the further development of SLA's with service directorates. Dialogue and cooperation with the cabinet office on the cross government enterprise architecture has been progressed and will be sustained through participation in the local government CIO Council.

- Structured, hierarchical governance processes, informed by the requirements highlighted by the enterprise architecture are now fully implemented. Participation at all levels comprises cross directorate representation with strategy, funding and prioritization dependencies firmly embedded within governance structure. To further reduce risk, the emphasis of work undertaken by groups within the governance structure has shifted towards proactive and preventative approaches and the work of these groups is anticipated to increase during 2008/09.
- The structures and approach to risk management and control has been raised where the council works with partners. All partnerships arising through the work of the Business Solutions & Policy Unit have adopted and implemented formal risk management practices.
- External gateway review has been used extensively on projects identified as potential high risk to the authority. This approach will be maintained for ongoing and new projects during 2008/09.
- Increasing use of web services integrates council technology with direct service accessed by members of the community. The cross-directorate channels sub-group has taken the lead on determining how direct services delivered electronically can be prioritized and maintained alongside internal demand. This group has been fully integrated with the governance processes referenced above.
- We have anticipated and influenced emerging strategy and opportunities for collaboration with government agencies and local stakeholders.
- Actively engaged directorates and corporate departments to identify current and future needs for innovation in order to secure opportunities for KCC to participate in local and national innovation activities.
- Advocate and worked with external stakeholders to build support for KCC's innovation priorities and maximize partnership working.
- A short personnel review of the European Affairs Group was undertaken following the relocation of the team in to the Chief Executive's Department. The key findings of the review were implemented to ensure a clear orientation of the team's work in support of corporate objectives.
- The increased emphasis on partnership working required enhanced levels of integration and interoperability, including improvements to structures and to risk management and control. This was achieved through the development of the second Local Area Agreement, of which a key part was the completion of new governance arrangements for the Kent Partnership and for the LAA itself. The second action related risk

management of partnerships. Following the launch of new KCC policy guidance on 'Risk Management of Key Partnerships' the Governance and Audit Committee commissioned an audit to test the extent of compliance. The subsequent action plan will be corporately led by the Business Solutions & Policy Unit.

- A cross directorate team, which included the Chief Executive, was established to evaluate the strengths and weaknesses in KCC's performance against the corporate assessment framework to ensure that KCC retains its 4 star rating. The team was enhanced by the full time secondment of a senior officer to project manage the corporate assessment preparation process and to manage the inspection.
- Due to the diverse nature of the functions within Business Solutions & Policy the ICT function has developed and is maintaining its own comprehensive BCP which will be referenced in the Units wider plan. Work is ongoing on the enhancement of the Business Continuity Plan for the remaining functions of the Business Solutions & Policy Unit taking into account the specific needs of those teams.

and I have also identified certain areas where key internal controls will need to be introduced or enhanced. These are as follows: -

- Within technical environments certain risks are ever present and remain a constant. These are incorporated above and through applying an approach of continuous improvement additional actions to further mitigate risk for 2008/09 will be identified on an ongoing basis.
- Increased dependency of direct service on technology infrastructure has increased the risk to service in the event of technology failure. Existing provision will be reviewed over the coming year to ensure that this remains appropriate. This will include assessment of supply sources, location of infrastructure and balance of risk between the council and private sector provision.
- Appropriate levels of resourcing are critical for direct service to be sustained. Work will continue with CED and directorate representatives to move towards delegated budgets where directorate demand has a direct correlation with support costs. This approach will deliver the optimum balance between return on investment and service levels.
- KCC finds itself in a fast-moving legislative environment as a consequence of the new Local Government and Public Health Act and related Government policy initiatives, this is alongside the anticipated impact of the Government's new 'Governance of Britain' legislative programme. As a consequence, Corporate Policy will be introducing new mechanisms to anticipate and react to these changes and to ensure the Authority is well placed to develop an informed and strategic approach to managing these changes.

- Governance arrangements for the Kent Partnership and its working groups will be implemented and will progress the audit action across all directorates within the agreed timescales.
- To undertake and/or sponsor performance improvement activity by developing and implementing a Corporate Improvement action plan (following CPA and anticipating CAA) including ongoing corporate benchmarking and Peer Review activity
- To monitor and recommend corrective action on key areas of performance for KCC and the Kent Partnership, based on monitoring progress on KA2, T2010 and NISPIs

Action plans to introduce these improvements have been developed and I am satisfied that these steps will enhance the system of internal controls and will be monitoring to ensure their implementation and operation. I am also satisfied that except for these matters a sound system of internal control has been in place throughout the financial year and is ongoing.

Signed:.....

**Managing Director/Director: Director of Business Solutions & Policy**

**Date: 11 April 2008.....**