



**IACF**

Improving Outcomes  
Creating Value

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**INTERNAL AUDIT PROGRESS REPORT**  
**GOVERNANCE AND AUDIT COMMITTEE**  
**8th October 2020**

## 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 soundness 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 5 summaries of completed work since the previous Committee in July 2020.
- 1.4 The following areas, usually covered within a Progress Report, are detailed within the Internal Audit Annual Report in a separate agenda item:
  - Analysis of Assurances issued;
  - Plan Status and Delivery;
  - Grant Certification; and
  - Internal Audit Resources, as required by the Public Sector Internal Audit Standards (PSIAS).

## 2. Key Messages

- Planned work is currently below target (although this is not uncommon at this stage of the financial year), however a substantial amount of work is planned and in progress;
- 17 grants/ certifications have been certified to date;
- A summary of matters arising for 5 of the completed audit assignments has been provided at Appendix B.

## 3. Updates

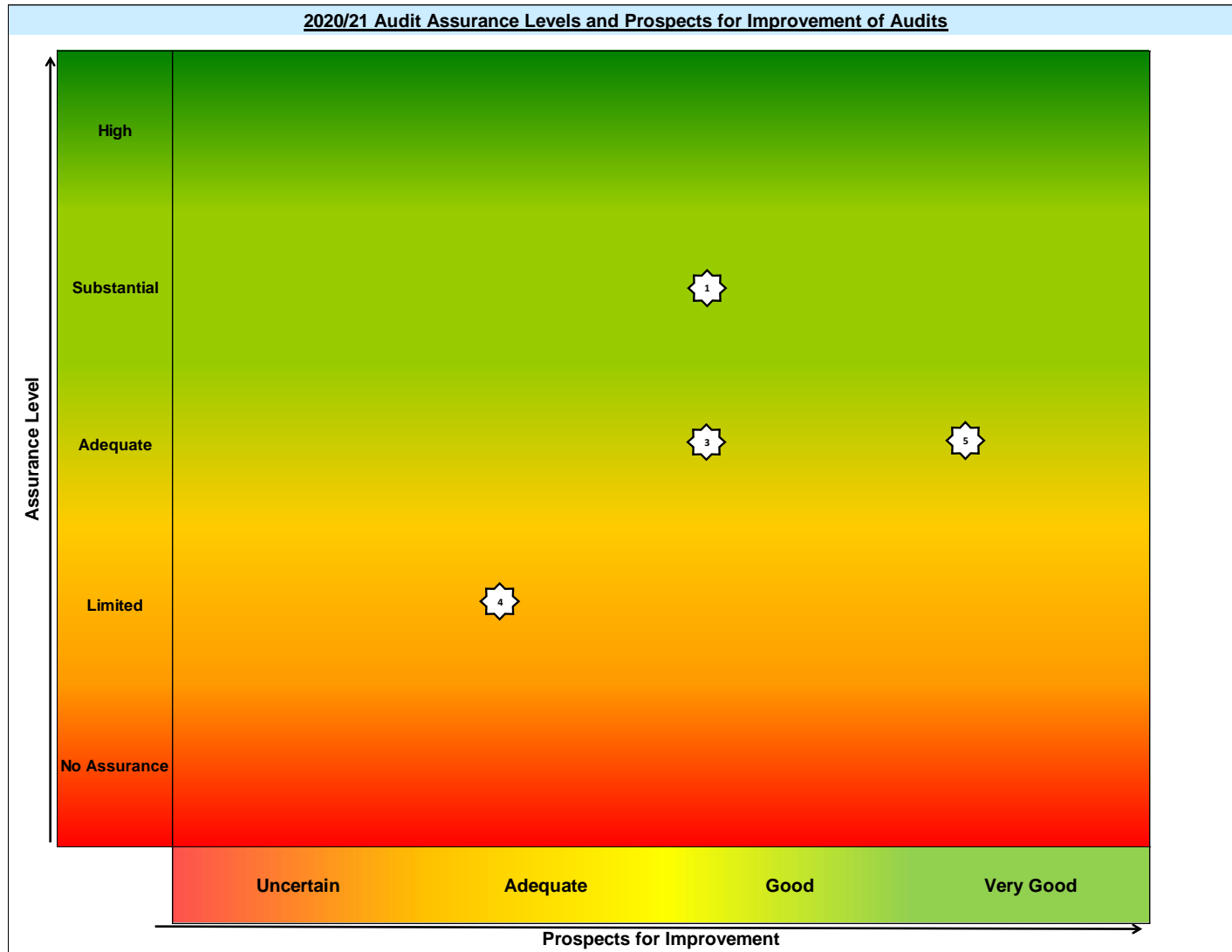
### 3.1 Internal Audit Plan Status:

Coverage to date has concentrated on completing planned reviews from the 2019-20 Audit Plan and commencing reviews from the 2020-21 Audit Plan agreed at the July Governance and Audit Committee. Although reports issued remains below target at this stage with 6 planned reviews at draft or final reporting stage, a further 32 reviews are either in progress or at planning stage. Such report completion levels at this stage of the year are not uncommon and it is anticipated that there will be a significant increase in the number of reviews at draft/ final stage at the end of the calendar year.

This period has required significant resources to be assigned to Grant Certification (see 3.2) and, additionally, resources are now being directed towards preparations for the external Quality Assessment of the service.

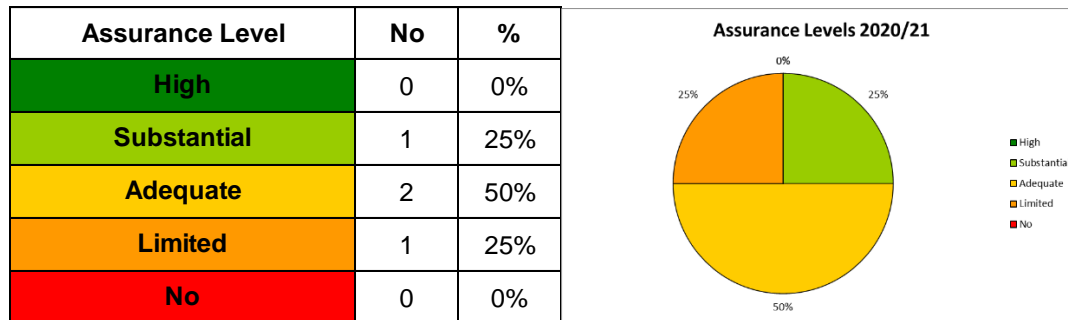
Full details of the status of planned work, for the period to 25<sup>th</sup> September 2020 are provided at Appendix A of this report. A summary of the completed reports is shown in Table 1 below:

**Table 1: Summary of Assurance Levels to Date**



**Audit Opinion October G&A Committee**

No	Audit	Assurance	Prospects for Improvement
1	PPE	<b>Substantial</b>	<b>Good</b>
2	SUPPLIER RELIEF PAYMENTS	<b>N/A</b>	<b>N/A</b>
3	CHANGE FOR KENT CHILDREN	<b>Adequate</b>	<b>Good</b>
4	ICT ASSET CONTROL (COVID-19 IMPACT) (DRAFT)	<b>Limited</b>	<b>Adequate</b>
5	AGS 2019/20	<b>Adequate</b>	<b>Very Good</b>



### **3.2 Grant Certification Work:**

To date in 2020-21, the team has audited and certified 17 grant claims/ spot checks and work is currently in progress for several other certifications. Details of all certifications can be seen at Appendix A. Internal Audit work on grant certification provides an essential service for the Council and although not audit opinion work, it is highlighted that this reflects an increasing commitment of Internal Audit resources. It is also apparent that one aspect of changed working arrangements has been the impact upon increasing the challenges of completing such work. It is also highlighted that there will be further new complex and comparatively high-profile grant certifications that the service will be undertaking including the Test and Trace Support Grant, for which £6.3m has been allocated to the Council.

### **3.3 Internal Audit Resources:**

In accordance with the Public Sector Internal Audit Standards, members of the Committee need to be apprised of relevant matters relating to the resourcing of the Internal Audit function.

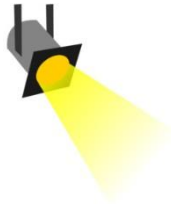
As stated at previous Committees, the positive expansion in recent years of the provision of Internal Audit and Counter Fraud services to in excess of 20 external clients and bodies has not been accompanied by corresponding resources to deliver the very wide range of assurance and governance matters it engages in and to the expectations of its stakeholders and clients on a continual basis. Furthermore, the Internal Audit Plan for 2020-21, agreed at the July Governance and Audit Committee, noted a shortfall in resources.

With the appointment of the Head of Internal Audit in September 2020, the review of options to address the resource and skills requirements of the section has commenced albeit at very early stages. Consequently, short-term resource shortfalls will continue to be addressed by a combination of fixed-term and agency resource and other options are currently being considered. Any proposed changes to the resourcing of Internal Audit will initially be drawn to the attention of the Chair of the Committee and the s.151 Officer.

### **3.4 Revision of Audit Plan:**

The Internal Audit Plan must be flexible to ensure that it remains relevant to risks facing the Council throughout the year. At this stage, there are no specific amendments to draw to the attention of the Committee, but it is very likely that coverage will, in part, be amended to reflect changing risk circumstances and requests from senior management in the following months. It is envisaged, therefore, that amendments, will be reported at the subsequent Committee in January and any significant changes will be discussed and notified to the Chair and s.151 Officer in the period up to the January Committee.

## 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.

### **A Cross Directorate**

1. Annual Governance Statement Assurance Statement Process 2019-20
2. Covid-19 risk - PPE Distribution and Stock Control (Strategic and Corporate Services / Adult Social Care and Health)

### **B Strategic and Corporate Services:**

1. Covid-19 risk - Supplier Distress Payments - Part 1
2. Covid-19 risk - Asset Control of Laptops and Other Equipment

### **C Children, Young People and Education:**

1. Change for Kent Children



## Appendix A – Internal Audit Plan 20120-21 – Status and Assurance Summary

Ref	Audit	Status as at 25.09.20	Assurance
CA01	Annual Governance Statement Assurance Statement Process 2019-20	Final report	Adequate – GAC Oct 20
CA02	Corporate Governance	To Commence – Q3	
CA03	Records Management	To Commence - Q4	
CA04	Risk Management	To Commence -Q4	
CA05	Information Governance - DSP Toolkit Annual Audit	To Commence – Q3	
CA06	Information Governance - Advisory/ Attendance at IG Steering Group.	Ongoing	
CA07	Information Governance – Remote working	Planning	
CA08	Strategic Delivery Plan	Planning	
CA09	Office Cleaning Arrangements	In Progress	
CS01	Imprest Accounts Follow-up	To Commence – Q4	
CS02	Social Care Client Billing	Planning	
CS03	Non-residential care payments through Finestra	To Commence – Q3	
CS04	Respite Overpayment - Follow up	Planning	
CS05	Schools Financial Services (TEP)	To Commence – 21/22	
CS06	Capital Planning and Prioritisation	To Commence - Q4	
CS07	Kent Pension Fund Investment Governance - Follow up audit	To Commence – Q3	
CS08	ACCESS Pool	Planning	
CS09	Payment Project	Ongoing	
CS10	Finance - Urgent Payments Process	Planning	
CS11	Covid-19 risk - Supplier Distress Payments - Part 1	Complete	N/A - Management Letter – GAC Oct 20
CS11(a)	Covid-19 risk - Supplier Distress Payments - Part 2	To Commence – Q3	
CS12	Covid-19 expenditure - Part 1	In Progress	
CS12	Covid-19 expenditure - Part 2	In Progress	
RB01	Revised Equality Impact Assessment (EQIA) process	To Commence – Q4	
RB02	Strategic Commissioning Follow-up	To Commence - Q4	
RB03	Replacement of Oracle (Project)	Ongoing	
RB04	Health and Wellbeing Strategy	To Commence - Q4	
RB05	Succession Planning	In Progress	
RB06	Data Analytics Development - Payroll	Planning	
RB07	Future of Sessions HQ (Project)	Ongoing	
RB08	Property Infrastructure - Functions and Processes Transferred to KCC from Gen2	To Commence	
RB09	Covid-19 risk - Asset Control of Laptops and Other Equipment	Final Report	Limited – GAC Oct 20
RB10	Covid-19 risk - Procurement and Contracts	To Commence - Q4	
RB11	Adults Safeguarding - Assurance Map	In Progress	
RB12	Shaping the Market	To Commence - Q4	

RB13	Quality Assurance Framework	To Commence - Q4	
RB14	Partnership Working – NHS	To Commence Q3	
RB15	Mosaic - Post Implementation	To Commence Q3	
RB16	Workforce – Recruitment & Retention of Staff	Planning	
RB17	Capital Investment in Good Day Program	To Commence – Q3	
RB18	ASCH Covid-19 Response Plan	In Progress	
RB19	Covid-19 risk - PPE Distribution and Stock Control	Final Report	Substantial - GAC Oct 20
RB20	Project KARA - ASCH Digital Assistive Technology Project Board	Ongoing	
RB21	Charging Arrangements	In Progress	
RB22	ASCH Contingency		
RB23	Accommodation for Young People/ Care Leavers	To Commence Q3	
RB24	Schools Themed Review (Cyber Security)	Planning	
RB25	Children Missing Education	Planning	
RB26	Delivery of Statutory Services – Contract Management - TEP	To Commence – Q3	
RB27	Adoption	To Commence - Q4	
RB28	Change for Kent Children	Ongoing	
RB29	CYPE Assurance Map - Safeguarding	In Progress	
RB30	Provision of Laptops to service users	Planning	
RB31	Establishments Themed Review	Planning	
RB32	Resilience and Emergency Planning Service	To Commence - Q4	
RB33	Gypsy and Traveller Service - Pitch Allocation and Charging	To Commence - Q4	
RB34	Kent Scientific Service	Planning	
RB35	EU Transition Planning	To Commence	
RB36	KCC support to Kent businesses - e.g. Kent and Medway Business Fund	To Commence – Q3	
RB37	Blue Badge Applications Process	In Progress	
RB38	Highways Term Services Commissioning Project (HTSCP)	Ongoing	
ICT01	IT Cloud Strategy, Security and Data migration	To Commence – Q3	
ICT02	IT Access Controls/ User Accounts – for DSP Toolkit	Planning	
ICT03	Cyber Security - Management of Backups for Applications, Data and active Network Devices.	To Commence – Q3	
ICT04	Cyber Security - Management of Firewall rulesets/ Anti-virus and Anti-Malware Software	To Commence - Q4	

**B. Work Carried Forward From 2019-20:**

Ref	Audit	Status as at 25.09.20	Assurance
1	Strategic Commissioning (Purchase to Pay Process)	In Progress	
2	Deprivation of Liberties - Progress with Addressing Backlog	Draft Report	
3	ASCH – Winter Pressures	In Progress	
4	Change for Kent Children	Final Report	Adequate – GAC Oct 20

### C. Grant Certifications:

No.	Grant	Description	Status as at 23.09.20
1	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
2	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
3	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
4	EU Interreg - FRAMES	Assess the impact of and build resilience to flooding and climate change across the health and social care sector in Kent.	1 Claim Completed
5	EU Interreg - H20	Overcoming barriers to integrated water and ecosystem management in lowland areas adapting to climate change.	1 Claim Completed
6	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).	1 Claim Completed
7	EU Interreg - Triple A	Supporting homeowners to adopt different low-carbon technologies in their homes.	1 Claim Completed
8	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.	1 Claim Completed
9	EU Interreg - SIE	Evaluating and improving business support services for SMEs specifically related to exporting and internationalisation.	On-the-Spot check in progress
10	Department for Transport - Capital Funding Grant	Capital Block Funding (Integrated Transport and Highway Maintenance)	Completed
11	Department for Transport - Capital Funding Grant	Capital Block Funding (Integrated Transport and Highway Maintenance) (Live Lab Trials)	Completed
12	Department for Transport - Capital Funding Grant	Local Transport Capital Block Funding (National Productivity Investment Fund)	Completed
13	Connecting Europe Facility	A2-M2 works	Completed
14	Department for Transport - Capital and Revenue Funding Grant	Kent Traffic Management System: (Operation Brock) grant	Completed
15	Department for Transport - Capital Funding Grant	Network Requirements for Additional Work at Manston	Completed
16	Department for Transport - Capital Funding Grant	Ashford Truck Stop Works and Ashford Borough Council	Completed
17	Department for Transport – Bus Service Revenue Grant	Kent County Council Bus Service Operators Grant	Completed

## Appendix B – Summaries of Completed Audit Reviews

### A1 - Annual Governance Statement Returns for 2019/20

Audit Opinion	<b>Adequate</b>
Prospects for Improvement	<b>Very Good</b>

To inform the overall Annual Governance Statement (AGS), all four Directorates are required to complete returns highlighting any issues managed through the year and to certify compliance with the Council's Constitution and Schemes of Delegation.

Services have all completed their AGS Returns confirming that they continue to have the right resources and have complied with the Constitution and Schemes of Delegation. Budget pressures will remain a key issue due to the impact of Covid-19. Progress against issues raised in previous AGS highlighted around 25% from 2017/18 and a further 39% from 2018/19 remain in progress.

Testing found that issues raised in last year's audit of the 2018/19 AGS return had been resolved, including inclusion of a mechanism to receive assurance from LATCO/ Holdco governance arrangements.

#### Key Strengths

- Each AGS return had been discussed at DMT prior to submission to agree its accuracy.
- Each Staff Officer from each Directorate coordinated evidence to support progress against each issue sampled.
- There are reasonable safeguards in place to ensure that the AGS remains current at the point of publication.
- Issues from last year's AGS audit have been fully resolved, including enhancement to the AGS process.
- Mechanism in place to receive assurance regarding LATCO/ Holdco governance arrangements.

#### Areas for Development

- There are a significant number of issues raised from 2017/18 and 2018/19 which remain unresolved in the new system.
- There are a number of gaps in the new issues raised within 2019/20 including a number of sections of the Council which have raised no new issues.
- There is an ambition to make the AGS a 'living process' however, currently specific conversations regarding the AGS are limited and require to be undertaken more frequently to meet this aspiration.
- Internal Audit identified a number of areas in which lessons can be learnt from this year's iteration to enhance the new AGS process.

#### Prospects for Improvement

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

- The new more automated process has scope to provide an array of information regarding the governance working of the Council.
- Actions arising from the previous AGS audit have been embedded into the new AGS process.

There is a good track record of continual improvement to the AGS process.

#### Summary of Progress

	<b>Number of Issues Raised</b>	<b>Management Action Plan Developed</b>	<b>Risk Accepted and No Action Proposed</b>
High Risk	1	1	NA
Medium Risk	3	3	NA
Low Risk	0	0	NA

## A2 - Personal Protective Equipment (PPE)

Audit Opinion	<b>Substantial</b>
Prospects for Improvement	<b>Good</b>

Our detailed work has shown KCC's approach to distribution and prioritisation of PPE to be an impressive demonstration of effective joint working in an unprecedented time of urgency and uncertainty, with many members of KCC staff working excessive hours to deliver effective outcomes. This is mirrored in the results of internal and external surveys performed by Internal Audit, and feedback from the Kent Integrated Care Alliance (KICA) who have welcomed the collaborative approach KCC have taken in supporting Social Care providers across all parts of the sector in Kent. In addition, Internal Audit were informed that the Army and Kent Resilience Forum (KRF) had performed inspections and were highly satisfied.

Strategic Commissioning have performed an integral role putting in place a triage process for the prioritisation and allocation of PPE and a stock control process for the monitoring of stock levels. KCC has acted as a gatekeeper managing the, at times limited, supply of PPE to ensure that all parties had enough PPE to sustain them for an emergency period and none were left without. At no point did KCC run out of PPE.

Key achievements have been the setup of the portal by KCS for ordering emergency PPE, the utilisation of existing PPE supply chains, and coordination and distribution including the availability of 24/7 accessible stores.

Challenges included the adhoc nature of MHCLG stock deliveries with types and quantities of PPE delivered unknown until they arrive and KRF have agreed that any PPE provided to third-parties from KCC stock will be topped up with MHCLG stock ensuring that KCC does not pay for PPE provided to third parties. In addition, there have been quality issues with some MHCLG stock, although this is outside of KCC's control it could have a reputational risk to the Council. Amendments have been made to existing working practices to ensure that the most vulnerable members of society are safeguarded and protected.

Internal Audit issued a survey, week commencing 22<sup>nd</sup> May 2020, to 500 third party recipients of emergency PPE from KCC with responses received from 192 recipients (39%):

- 92% stated that they had received enough PPE to sustain them for a minimum of 3 days
- 66% stated that the PPE received was of the required quality and 87% received the PPE within 1-3 days.
- The vast majority of third-party recipients were very positive regarding the service received by KCC. However, some felt (44%) that the reasons for not having their order fulfilled was not adequately explained to them.

Internal Audit issued a survey, week commencing 22<sup>nd</sup> May 2020, to 68 internal KCC recipients of emergency PPE a response was received from 33 recipients (49%):

- 94% stated that they had received enough PPE sustain them for a minimum of 3 days,
- 57% stated that the PPE received was of the required quality
- 79% received the PPE within 1-3 days.
- The vast majority of internal recipients were positive regarding the service received.

## Key Strengths

- Across the Council, the collaborative working and dedication of staff working around the clock has been fundamental.
- KCS created a portal centrally managed ordering platform in mid-April 2020 to manage requests for PPE stock.
- There was a robust daily triage process in place which reviewed all PPE items ordered on a line by line basis enabling PPE to be prioritised in accordance with need.
- All orders for in demand FFP3 respirator masks were followed up directly with requestors to ensure they were the appropriate mask for the task.
- Checks were performed on third parties to ensure they were bona fide.
- PPE was only distributed to those who met the necessary criteria through self-declaration i.e. confirmed or suspected COVID-19 cases and shielded groups. Self-declaration was routinely checked, and orders rejected if the criteria was not met.
- Analysis of all orders had been completed to identify third parties who were relying heavily on KCC for PPE.
- Testing of a sample of delivery notes and confirmation emails found product quantities recorded and dispatched matched those recorded on the monitoring sheets.
- Robust security, stock monitoring and control processes were in place at the KCS warehouse. These processes have been inspected by KRF and the Army on behalf of MHCLG, Internal Audit were informed that the findings were satisfactory.
- PPE was accessible 24/7 through the set-up of emergency stores.
- Health & Safety have liaised with the Health & Safety Executive and NHS Infection Control to ensure KCC's PPE guidance is appropriate.
- There was a dedicated PPE page on KNet including a guidance flow chart to facilitate risk-based decisions. There was also a training area on Delta including videos on how to properly don and doff PPE.
- The Kent Integrated Care Alliance (KICA) welcomed the collaborative approach KCC have taken in supporting Social Care providers across all parts of the sector in Kent.
- Feedback obtained as part of Internal Audit surveys of KCC staff and third parties has been very positive.

- The Emergency Resilience Team proactively secured donations of PPE which were quality assured by Trading Standards and Kent Scientific Services.
- Demand and the stock position were monitored daily and forecast against three scenarios.
- Six ASCH PPE Leads were set up to manage stock on a short-term basis acting as a central point for ordering, distribution and monitoring of PPE for their division.
- Internal Audit were informed by the PPE leads that existing working practises had been risk assessed to prioritise PPE and reasonable assumptions had been made about how much PPE to order.
- Internal Audit understand, from interviews with ASCH PPE leads, that stock is held securely at local offices with access restricted, although some stock when distributed to practitioners is held in their houses and cars.
- Internal Audit were informed that deliveries of PPE received by PPE leads are reconciled to delivery notes.

## Areas for Development

- Feedback from 2/6 PPE leads is that current distribution processes are unsustainable and resource intensive. One PPE lead had to store and manage PPE for distribution at her home.
- One PPE lead was meeting all PPE requests without verifying stock levels held.

### Prospects for Improvement

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

- KCC now operates with a 12-week PPE buffer stock, rather than “just in time” for the foreseeable future.
- Supply chain disruption has eased and requests for mutual aid have declined since the week beginning 18<sup>th</sup> May 2020.
- As part of KCC’s strategy, third parties are now signposted to alternative means of PPE supply where possible, so they are no longer reliant on mutual aid.
- The Department for Health and Social Care (DHSC), with partners have developed its own emergency PPE portal which is now fully operational.
- 62% (119) third parties surveyed by Internal Audit, as at 22<sup>nd</sup> May 2020, stated that they were still unable to meet all their PPE requirements from their usual provider. Issues stated included supply issues, greatly increased prices and that ordering was “hit and miss. “

### Summary of Progress

	Number of Issues Raised	Management Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	0	0	0
Medium Risk	1	1	0
Low Risk	0	0	0

## **B1 – Supplier Relief Payments – Management letter**

### **Introduction**

As part of prioritising and adapting its service provision to reflect the new demands and issues faced by the Council in light of the Covid-19 outbreak, it was agreed that Internal Audit would undertake a review of measures implemented by the Council, as directed by Cabinet Office to support suppliers in the form of Supplier Relief payments.

The objective of this review was to provide assurance that Supplier Relief payments to suppliers are in accordance with the Cabinet Office guidelines and have been subject to robust due diligence and financial control.

In June 2020, however, as the processes were still not yet formalised or fully embedded, it was agreed that Internal Audit would undertake the work in two phases:

- Phase one would comprise a Management Letter and initial observations
- Phase two will be conducted later in the year and will include an audit of the fully embedded process, including reconciliations of payments made and a review of the due diligence undertaken.

### **Background**

In March 2020, the Government issued advice and guidance to all public sector bodies urging them to consider offering relief to their suppliers until the end of June 2020. This was subsequently revised to the end of October 2020 after the Cabinet Office issued updated guidance on 9 June 2020. The Procurement Policy Notes (PPN) issued by the Cabinet Office, set out information and guidance for public bodies on payment of their suppliers to ensure service continuity during and after the current coronavirus, COVID-19, outbreak.

The Leader of the Council and Cabinet Member for Adult Social Care and Public Health subsequently issued a letter to suppliers, setting out the measures that the Council may consider in order to provide stability and certainty to suppliers during this period. It directed suppliers who considered themselves 'at risk' of not being able to continue to provide services or to resume normal contract delivery once the outbreak was over, to contact the Council via one of three email addresses listed.

In addition, as an immediate step, the Council implemented measures to support the social care provider market in Kent, and the capital construction programme, through temporary contracts, advanced payments and the approval of additional funding. Steps were also taken to ensure that validated invoices were paid immediately on receipt, wherever possible, and ensured any outstanding payments were processed as quickly as possible. Suppliers were also encouraged to invoice on a more regular basis to support their cash flow. Finance also commissioned a consultancy to aid in identifying those suppliers at greatest risk to ensure they were not missed.

This initial report did not provide a formal assurance opinion but was a management memorandum to highlight issues and advice provided by Internal Audit to ensure appropriate actions can be implemented as soon as possible.



### Initial Observations

Internal Audit held discussions with representatives from both Finance and Strategic Commissioning in order to determine what mechanisms had been established and implemented to facilitate relief payments. The initial findings were:

- The Council responded rapidly to the instruction from the Cabinet Office. However, the approach adopted initially was disjointed and lacked clear direction, with ownership, roles and responsibilities not defined or communicated. This was problematic given the speed at which the Council implemented these new measures. Because of the devolved approach taken, Directorates may have approached implementing relief in different ways. Indeed, both Finance and Strategic Commissioning began developing their own processes and procedures in isolation (although they are now working collaboratively).
- Finance developed a COVID-19 Log for each Directorate to capture the forecast expenditure reconciled to the Oracle actuals and IProc commitments. This financial information is reconciled on a weekly basis and is used to inform the central government submission made by the Revenue and Tax Strategy Team. The Finance Logs include the Supplier Relief details which were initially captured by Strategic Commissioning. However, accounting methodologies were still being developed and there has not yet been any analysis of the payment data to identify any duplicate claims and / or payments.
- It is unclear whether management information requirements in respect of Supplier Relief payments have been clearly defined, in order to inform the further enhancement of ongoing activities.
- The guidance and procedure document produced by Strategic Commissioning has been disseminated to Contract Managers and Commissioners. However, it is unclear whether this documented procedure has been comprehensively adopted by all staff involved in the Supplier Relief process. Furthermore, this document has not been formally approved by the Council's Corporate Management Team (CMT).

- The Decision Log template developed by Strategic Commissioning (with input from both Finance and the Counter Fraud team) which will be used to document the specific details of relief provided to individual suppliers and identify any 'gaps', has also been disseminated to Contract Managers and Commercial leads. However, this template had not been formally approved by CMT and work to populate it with the required detail was yet to commence. The populated Decision Log would be key to any future analysis to identify potential duplicate or unnecessary payments which may need to be recovered.

**UPDATE:** *Internal Audit were advised that the final format of the Decision Log has been agreed and work is underway to update the Decision Log with the information contained within the Finance Logs. A process will then be agreed to ensure that any new requests are considered following close liaison with Finance and Commissioning.*

- Current resource within Finance and Commissioning may be insufficient to retrospectively populate the Decision Log template and undertake the due diligence required for any new requests for supplier relief.
- Strategic Commissioning have maintained a record of relief claims made via the mailboxes. However, again there is uncertainty over the number of suppliers who may have approached both commissioners and contract managers directly. Given the absence of robust financial checks already referred to, there is an increased risk of fraudulent and duplicate relief payments going undetected.
- There were significant gaps in the extent to which due diligence and financial checks have been undertaken to date.

Once Finance have updated the Decision Log with the information contained within their Covid-19 Logs, they will be shared with the Directorates to 'plug the gaps' and answer the non-finance related questions (such as, what Central Government support the supplier has accessed, have we agreed open book accounting, who approved the relief, what is the evidence for that approval, etc.).

This process will allow identification of duplicates and any relief not visible against the Supplier Relief budget code and provide a good foundation to work out where further information is required.

- The total forecast cost of Supplier Relief is not yet clear with uncertainty as to whether government funding will be sufficient to cover the relief being provided. This could be further exacerbated by uncertainty over the criteria central government will apply to individual supplier relief decisions made by KCC, which could result in individual cases being rejected. In this context, the Council's approach places significant reliance on retrospective due diligence.

### **Conclusion**

Internal Audit recognises the significant work undertaken by both Finance and Strategic Commissioning to date, and the collaborative relationship developed over the past three months, as well as the way in which individual Council officers have taken the initiative in developing processes and procedures.

However, significant risks remain, particularly the underlying uncertainty over funding from central government and increased risk of fraud. It is therefore imperative that the Council's CMT ensures there is sustained focus and support to ensure this programme of relief is kept on a sound basis, balancing the level of control needed to safeguard the public purse with the principal objectives of the relief being provided.

### **Recommendations:**

Management should ensure:

- There is clear communication, direction, ownership, transparency, and clearly defined roles and responsibilities for all staff involved. This should also ensure there is a continued cohesive and collaborative working relationship between all parties involved (Finance, Commissioning, budget holders etc), including support from the Counter Fraud team in assessing the risk of fraud, financial irregularities and any data analytics.
- Information requirements are clearly defined, subject to regular management review and used to inform the further enhancement of ongoing activities. This will allow Senior Management to track performance and identify emerging risks.
- There is sufficient evidence to confirm that an appropriate decision process had been carried out at the right level to approve the approach, processes and procedures established in response to Covid-19.
- Appropriate controls to minimise the risk of fraud during initial eligibility determinations and to detect potential duplicate payments once claims for relief have been processed are established as soon as possible. This should include confirming the accounting processes and defining a robust retrospective due diligence process.
- Directorate risk registers are updated to reflect the increased risk of fraud from Supplier Relief payments.
- The guidance and procedure developed by Strategic Commissioning for Supplier Relief payments is formally approved and mandated for use by all relevant staff.
- The Decision Log is formally approved, and sufficient resource is made available to populate it with the required supplier information, including the necessary due diligence.
- Contingency planning is undertaken to consider the likely impact of a potential second peak towards winter 2020.

## B2 - ICT Asset Control (Covid-19 Impact)

Audit Opinion	<b>Limited</b>
Prospects for Improvement	<b>Adequate</b>

At the briefing presented to the Governance and Audit Committee on 13 May 2020, it was agreed that Internal Audit would undertake a review of the controls in place to address the increased risks regarding ICT asset management during the Covid-19 pandemic.

The audit intended to provide assurance over asset management controls at a time of change in response to the Covid-19 pandemic and the need to support staff in working remotely – in most cases from home. There was a need to rapidly purchase and distribute additional ICT assets such as laptops and allow staff to move monitors and other peripheral IT equipment from KCC buildings.

Cantium Business Solutions (CBS) is responsible for ensuring (as part of the commissioning contract) that KCC ICT assets are managed in a controlled manner which protects the organisation from financial loss. The Asset Inventory is currently maintained via Service Now which is used to record ICT equipment from the point it is ordered to its receipt by CBS and onward allocation to individual members of KCC staff.

Responsibility for peripheral IT equipment (such as monitors, keyboards etc) located in offices and other premises is devolved to KCC line management. As such, if these assets are removed, it is anticipated that a local record would be retained in order to track these items.

The Council responded rapidly to the challenges faced as result of the Covid-19 pandemic, balancing strategic decisions regarding risk appetite and controls to safeguard assets, with the equipment necessary for staff to work remotely in an effective and productive way.

### Key Strengths

- KCC Infrastructure and CBS worked together and acted rapidly to address the needs of services and individuals, enabling them to move to remote working at short notice. This involved reallocation of existing ICT equipment and the purchase and distribution of new equipment.
- There are documented procedures in place for requesting new ICT assets, recording and issuing ICT assets to members of staff, returning ICT assets that are no longer in use and remotely wiping mobile devices that are lost or stolen.
- The Council's ICT asset inventory records all required information including individual asset number, who the asset has been assigned to, asset owner, a description of the asset and its current status.
- Software has been implemented to manage mobile devices, including the facility to remotely wipe devices that are lost, stolen or no longer in use.
- There are arrangements in place for monitoring and reporting of incidents.

**Areas for Development**

- The approach adopted for managing the removal of peripheral equipment from offices and implementation of COVID secure measures was communicated through kNet messaging to staff but lacked detail on the expectations of managers in the process. In particular, the roles, responsibilities and accountabilities were not explicitly defined or communicated. KCC managers overseeing the removal of peripheral equipment by their staff have subsequently managed the process in different ways. There is significant uncertainty as to the completeness of any ad hoc inventory records of ICT assets removed.
- The Council’s ICT asset inventory was found to be incomplete with key information missing or out of date – for example assets in use without defined users and no directorate, department, team identified and status.
- New ICT asset allocations deviated from business as usual procedures with multiple devices being collected and dispensed by KCC managers. Subsequently, reliance has been on the KCC managers to inform CBS of staff usernames / asset ID’s so these could be reflected on the inventory. A number of mobile devices have been allocated to users without being subject to the usual ICT asset management policies and procedures.
- There is no direct correlation between the KCC ICT Asset Management Policy and Standard adopted by CBS and relevant ICT asset management procedures. It was not possible to confirm all procedures were up to date and the Internal Audit review identified anomalies/ lack of clarity in some of the procedures (those for managing lost or stolen ICT mobile assets and the mobile devices).
- The ICT asset inventory does not include a defined lifecycle for individual assets including the date of purchase and date when an asset has been assigned to a user.
- There are no arrangements in place currently to perform an annual physical inventory or routine reviews and audits of the ICT asset inventory to ensure it is up to date, accurate and complete.

**Prospects for Improvement**

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

- Management and staff were made aware of the areas for development identified throughout the audit.
- Action is beginning to be taken to address some of the issues identified in this report with action plans being developed.

**Summary of Progress**

	<b>Number of Issues Raised</b>	<b>Management Action Plan Developed</b>	<b>Risk Accepted and No Action Proposed</b>
High Risk	3	3	n/a
Medium Risk	3	3	n/a
Low Risk	0	0	n/a

**C1 – Change for Kent Children**

Audit Opinion	<b>Adequate</b>
Prospects for Improvement	<b>Good</b>

The audit highlighted there are sound governance structures surrounding the programme and there is clear leadership and positive tone from the top. There is detailed monitoring of the Programme performance and achievement of objectives through the individual workstreams although there were some areas of improvement noted.

The Programme Team offer support at a programme and project level and there is a good use of project tools to manage the activity, although it was noted that not all of these tools were complete and actively used. There is risk that these are seen as owned by the project support rather than live documents for the teams to manage individual projects.

Work is completed to assess the programmes progress against the stated outcomes in the business case and there has been significant slippage and subsequent re-profiling of savings made. It was the intention of the programme to re-assess progress and financial position at this point however it would be beneficial to monitor this on a more regular timely basis.

**Key Strengths**

- The production of monthly monitoring reports at the steering group, and the call in of individual projects on a regular basis provides ample opportunity for monitoring of project progress and performance and allows for effective oversight and challenge.
- There is scrutiny at steering group meetings, with individual workstreams attending to present progress and key measures/finance/risks on a regular basis.
- The regularity of meetings and the seniority of staff on both the workstream groups and steering group to ensure challenge and decision making are timely. This also provides gravitas and influence in the achievement of the programme’s objectives.

- Roles and responsibilities within the programme and individual workstreams are clearly defined, and the governance structure allows for programme and workstream decisions to be made in line with KCC delegation. Furthermore, terms of reference include the requirement to report to the Strategic Delivery Board.
- Workstream leads are clear on what decisions, risks and issues should be escalated to the steering group, and there is evidence that key risks and issues have been raised and discussed with the steering group.
- The Programme Support Function gives valuable expertise and support to projects and there are regular meetings with leads.
- Objectives of the programme align with strategic objectives.
- KPIs are clear and generally aligned with the non-financial benefits stated in the business cases, although there were some minor exceptions (see Areas for Development).
- There is evidence to show that monitoring reports are reviewed at each workstream and steering group meeting.
- Spend associated with the programme is captured under individual budget codes for workstreams and is reviewed at monthly budget meetings with finance colleagues. Overspend and underspends are accurately reported as part of the monitoring reports, however these are completed annually and do not reflect an accurate position for the project as a whole (See Areas for Development).
- Savings and cost avoidance for the project have been calculated for the first year. Due to delays and under achievement, the programme has requested to reprofile the remainder over additional years. Savings have not been monitored more regularly (see Areas for Development).
- There is a wealth of internal communication channels for CYPE and KCC staff, and good examples of engagement and inclusion of external stakeholders. There could be improvement in the planning and evaluation of communications.

**Areas for Development**

- Business cases have not been regularly revisited during the first year of the project. A review has now been completed and approved but project documentation including project plans and expected benefits require updating.
- There has been slippage in all workstreams both in timescales and/or achievement of project benefits, in part, caused by delays in projects due to underestimating the complexity in project start up or over ambition in the starting position of the service and delivery timescales.
- Savings and cost avoidance are not regularly monitored, although analysis and re-profiling of savings has taken place and presented to the Strategic Delivery Board.
- There are instances where underspends for the first year of the projects have been rolled into future years with the consequence that the forecast spend for the whole project is not accurate.
- Over and underspends are clearly identifiable from regular monitoring however savings and cost avoidance are not monitored/measured and, therefore, the impact of changes to the scope and timescales is not effectively assessed.
- The Communication Plans for the Programme and major transformation workstreams are incomplete and do not exist for others. With the exception of specific workstreams, there is generally a lack of evaluation of the effectiveness of communication.
- The risk registers in use do not have completion dates for mitigating actions and it is not clear how effectively these are monitored once identified, assessed and recorded. Also, there is no single risk register for the programme as a whole.
- Issue logs are kept and new issues are added, however a lack of action completion dates and review at project meetings shows these are not used as active tools to manage project issues to ensure resolution.
- KPIs largely align with stated benefits/outcomes but there are some gaps in monitoring where data is not yet available and also where it is stated targets/success criteria are not yet set. There are also a few examples such as ‘improved quality of service’ where the current measure does not effectively evidence achievement against the desired outcome.

**Prospects for Improvement**

Our overall opinion is **Good** for Prospects for Improvement

**Summary of Management Responses**

	<b>Number of Issues Raised</b>	<b>Management Action Plan Developed</b>	<b>Risk Accepted and No Action Proposed</b>
High Risk	0	0	N/A
Medium Risk	3	3	0
Low Risk	3	3	0

