

## KENT COUNTY COUNCIL

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### GOVERNANCE AND AUDIT COMMITTEE

MINUTES of a meeting of the Governance and Audit Committee held in the Council Chamber, Sessions House, County Hall, Maidstone on Wednesday, 25 October 2023.

PRESENT: Mrs R Binks (Chairman), Mrs S Hudson (Vice-Chairman), Mr A Brady, Mr D L Brazier, Dr D Horne, Mr M A J Hood, Mr C Passmore (Substitute) and Mr S Webb

ALSO PRESENT: Mr P Oakford, Mr H Rayner and Mr D Jeffrey

IN ATTENDANCE: Ms Z Cooke (Corporate Director of Finance), Mr B Watts (General Counsel), Mr J Idle (Head of Internal Audit), Mr Paul Dossett, Mr J Flannery (Principal Auditor), Mr Parris Williams, Miss K Reynolds (Democratic Services Officer), Ms P Blackburn-Clarke (Customer Experience and Engagement Manager), Mr S Jones (Corporate Director of Growth, Environment and Transport) and Mr M Rolfe (Head of Kent Scientific Services)

### UNRESTRICTED ITEMS

#### **149. Introduction/Webcasting**

*(Item 1)*

#### **150. Apologies and Substitutes**

*(Item 2)*

Apologies for absence had been received from Mr Hook, Mr Robey and Mr Cooper. Mr Passmore was present as substitute for Mr Hook.

Mr Ross attended virtually.

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

*(Item 3)*

There were no declarations of interest.

#### **152. Minutes of the meeting held on 14 September 2023**

*(Item 4)*

RESOLVED that the minutes of the meeting on 14 September 2023 were a correct record and that they be signed by the Chair.

#### **153. Internal Audit Progress Report - Procurement & Contract Extension**

*(Item 5)*

1. The Head of Commercial and Procurement introduced the report which updated the Governance and Audit Cabinet Committee on the progress made against the Management Action Plans developed in response to the published Internal Audit Reports CA07-2023 (Procurement) and RB21-2023 (Contract Extensions). It was said that significant progress has already been made since the initial presentation of the findings of these two audits and the planned action to the 14 September 2023 meeting of the Governance and Audit Cabinet Committee.
2. In response to questions and comments from Members it was said that:
  - a) Although the sample size of the audit was small, the Head of Internal Audit reassured the Committee that the findings were substantial. It was said that there was a strong management response.
  - b) Further update reports, including one detailing the new Key Performance Indicators (KPIs), would be provided to the Committee as necessary to ensure that Members are kept fully apprised and retain the necessary oversight and assurance.
3. RESOLVED to consider and note this report and the progress made following the initial presentation of the findings of these two audits and the planned actions shared and agreed with Internal Audit in August 2023.

#### **154. Counter Fraud Progress Report**

*(Item 6)*

*Mr Derek Murphy (Cabinet Member for Economic Development), Simon Mitchell (Assistant Director Adults Commissioning) and Mark Albiston (Director of Adult Social Care and Health West Kent) were in attendance for this item.*

1. The Counter Fraud Manager introduced the report which detailed the Counter Fraud activity undertaken for the period of April 2023 to August 2023, including reported fraud and irregularities, and provided an update on the Counter Fraud Action Plan for 2023/24 covering reactive and pro-active activity. It was said that there had been an increase in referrals compared to the same period in 2022/23. The increase was primarily driven by blue badge referrals, following work with districts to improve awareness in this area. It was said that the cost-of-living crisis had contributed to increased motivation to commit fraud. The team were working to mitigate the opportunity for fraud and errors. Regarding blue badge enforcement, it was said that two further blue badge prosecutions had occurred since the drafting of the report.
2. It was highlighted that the Counter Fraud Team had completed a substantial investigation into the way providers invoice and the way KCC pays providers within the supporting living contract. The review identified improvements needed to ensure that there was a direct link between the care being delivered and the invoicing within the provider. It was said that there was a lack of information reported to KCC by the provider and, therefore, there was a lack of reconciliation occurring.
3. A report issued by Thanet District Council reviewed the way in which consultancy services were procured for East Kent Opportunities (EKO) and had identified a failure to adhere to the procurement rules. It also identified that there was a lack of metrics to inform the performance of the regeneration project to the Governance and Audit Committee.

4. In response to questions and comments from Members it was said that:
  - a) The Department of Transport was exploring the digitisation of blue badges to reduce fraud risk.
  - b) Members were reminded that there was a legal obligation to provide a direct payment option to individuals in receipt of adult social care. There was a low level of take-up in Kent compared to that in other councils. Payment errors primarily occurred through the Mosaic system when the recording of a date-of-death did not result in a cancelled payment package. The Director of Adult Social Care and Health West Kent said that while fraud risk may increase in this area, there was ongoing cross-directorate work and engagement with the partners to mitigate this risk.
  - c) Data provided by the Kent Intelligence Network gave insight into existing and emerging fraud risks. The Counter Fraud team used this data to inform their work with district councils.
  - d) The Corporate Director Growth, Environment and Transport confirmed that the relevant management actions to ensure compliance with the financial and procurement regulations in EKO procurement would be implemented by December 2023.
  - e) The General Counsel highlighted to Members that there was an upward trend in the number of fraud and irregularity referrals per month. The Head of Internal Audit said that a key challenge was determining the priority of the referrals.
  
5. RESOLVED to:
  - a) Note the Counter Fraud Update report for 2023/24
  - b) Note the progress of the Counter Fraud Action Plan for 2023/24
  - c) Agree that a progress report on the management actions undertaken in response to the Supporting Living investigation be provided to the Governance and Audit Committee in six months.

## **155. Verbal Update on the Review of the Financial Regulations**

*(Item 7)*

1. The Director Finance provided a verbal update on the review of KCC's Financial Regulations. It was said that, while the Financial Regulations had been updated annually in response to changes in legislation and structural changes, they had not been fundamentally reviewed for several years. Committee Members were invited to nominate themselves, through the Chair, to be part of the cross-party, informal Working Group to aid the review.
  
2. RESOLVED to note the verbal update.

## **156. Annual Customer Feedback Report 2022/23**

*(Item 8)*

*Mark Albiston (Director of Adult Social Care and Health West Kent) and Sarah Hammond (Corporate Director Children, Young People and Education) were in attendance for this item.*

1. The Customer Experience and Relationship Manager introduced the report which provided a summary of the compliments, comments and complaints recorded by the Council. The report included statistics relating to customer feedback received by the Council and a sample of complaints considered by the Ombudsman. It was said that key changes – including Homes for Ukraine, SEND and changes to

transport provision – had increased complaints in a number of areas. The increase in Member and MP enquiries was attributed to the level of backlogs. However, there were improvements being made, particularly in the CYPE and GET directorates. It was expected that the cases would remain high while the backlogs were still being addressed.

2. The Corporate Director Children, Young People and Education told Members that the new leadership structures for SEND had been in place from 1<sup>st</sup> of April 2023. There was a dedicated backlog team working to address the issue of outstanding complaints in relation to SEND. It was said that there were observed improvements since the introduction of the team, and this would be reported on in the Annual Customer Feedback Report 2023/24.
3. The Director of Adult Social Care and Health West Kent said that there had been a deep dive into the complaint themes in Adult Social Care and Health. The key drivers behind the increase in complaints included a 43% increase in blue badge complaints regarding renewals and response times for new applications. Members were assured that there were lessons being learnt through the complaints received in the directorate and these lessons were being considered as part of a quality improvements process. It was highlighted that the Ombudsman had commented that the high volume of complaints could be seen to reflect an open, transparent, and easily accessible complaints process.
4. In response to questions and comments from Members it was said that:
  - a) Table 9, which showed the breakdown of the root causes of ‘quality of service’ complaints where they were upheld, had been incorrectly referred to as Table 10 in paragraph 3.22 of the report.
  - b) The levels of complaints were only slightly higher than those received by county councils of similar size which provided similar services to KCC.
  - c) The 30-working day response time to Mental Health complaints only applied to those requiring a joint response from health services. It was said that the priority was to address the issues raised as the subject of the complaint. The Customer Experience and Relationship Manager would provide Members with the data on response times to Mental Health complaints.
  - d) The Annual Customer Feedback Report 2023/24 would include greater detail regarding the work undertaken in response to feedback received in the form of complaints.
5. RESOLVED to note the contents of the report for assurance.

## **157. Covert Enforcement Techniques Activity 2022-23**

*(Item 9)*

1. The Interim Head of Community Protection introduced the report on use of covert investigative techniques surveillance, covert human intelligence source and telecommunications data requests carried out by KCC between 1 April 2022 – 31 March 2023. It was said that the statutory codes of practice that govern the use of covert investigative techniques require that elected Members were given the opportunity once a year to satisfy themselves that the techniques are used lawfully and proportionately. It was highlighted that the usage was low and was only used in the most serious of cases where there is no alternative, which was demonstrated by the outcomes of previous cases. Officers had an ongoing duty to review their application of these techniques and to consider ongoing intrusion.

In one case in this reporting period officers had withdrawn their application when it became apparent that intrusion was no longer necessary.

2. In response to questions and comments from Members it was said that the new regulatory controls on electronic cigarettes was not expected to increase the use of covert surveillance.
3. RESOLVED to note for assurance the use of covert investigative techniques during the period and endorse the policy in relation to the use of covert investigative techniques.

## **158. External Audit Governance Review**

*(Item 10)*

*The Leader was in attendance for this item.*

1. Mr Paul Dossett introduced the report which detailed the findings of the external audit governance review and recommendations for improvement. The review had been undertaken following concerns raised during the Council's annual Value for Money Audit for the audit year 2021/22 and the Council's Annual Governance Statement about poor progress being made to resolve governance and service issues. It was emphasised that a holistic approach to the recommendations was required to achieve the intended outcomes. The report was accompanied by a presentation which is appended to the minutes.
2. The Leader thanked Mr Dossett for the report. He highlighted that it was important to address the cultures and behaviours identified by the auditors. The Leader agreed that there were significant improvements to be made across the council to ensure that the Council operated cohesively. It was said that there was progress made towards achieving this through the Chief Executive model.
3. The General Counsel said that there was ongoing work to provide a robust training package for Members. There were also a number of projects that had been undertaken in response to the Annual Governance Statement 2021/22. Further details would be provided on the delivery of these projects at the November meeting. The General Counsel highlighted that these activities would be insufficient in improving the Council's governance without collective buy-in from all Members and officers.
4. In response to comments and questions from Members it was said that:
  - a) As former Cabinet Member for Highways & Transport, Mr Brazier compared the findings of the report with his own experience in the Executive. He made assertions that the issues contained in the report had been misrepresented or not wholly understood by the author of the report.
  - b) In general, the Committee welcomed the report and the recommendations by the external auditor. However, a number of Members expressed their concern regarding the recommendation to abolish Cabinet Committees. The Leader agreed that any changes to the Cabinet Committee structure would be put to a cross-party working group for consideration.
  - c) When asked how Grant Thornton would enforce the recommendations in the paper, Mr Dossett reminded Members that these were not statutory recommendations. However, Grant Thornton would continue to monitor the Council's progress towards achieving better governance and, if necessary, there would be further actions taken by the external auditors.

5. It was proposed and seconded that a report from the Cabinet Member for Communications and Democratic Services be brought to the January Governance and Audit Committee meeting for assurance. The report would update Members on the Executive response to the governance review recommendations.
6. RESOLVED to:
  - a) Note the report and Governance Review by External Audit.
  - b) Note that a further report be brought to the Governance and Audit Committee in April 2024 for assurance.
  - c) Note the presentation of the Annual Governance Statement at the next meeting and the inclusion of relevant sections of the report in the statement.
  - d) Note that a report from the Cabinet Member for Communications and Democratic Services be brought to the Governance and Audit Committee in January 2024 for assurance.

### **159. External Audit Progress Report and Sector Update**

*(Item 11)*

1. Mr Parris Williams introduced the report which provided an update on the current progress of external audit work and a summary of emerging national issues and developments.
2. RESOLVED to note the report for assurance.

### **160. External Audit- Pension Fund Audit Findings Report**

*(Item 12)*

1. Mr Paul Dossett introduced the report which detailed the findings and matters arising from the statutory audit of Kent County Pension Fund and the preparation of the Pension Fund's financial statements for the year ended 31 March 2023. It was said that there had been additional data testing undertaken as part of the triennial review. There were no identified adjustments to the financial statements and, therefore, the Pension Fund's reported financial position remained unchanged from the published draft financial statements for audit.
2. RESOLVED to note the report for assurance.

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

*(Item 13)*

There were no matters arising.