

## 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 Tuesday, 12 November 2024.

PRESENT: Mrs R Binks (Chairman), Ms C Black, Mr A Brady, Mr N J D Chard, Dr D Horne, Mr M A J Hood, Mr C Passmore (Vice-Chairman), Mr O Richardson and Mr S Webb

ALSO PRESENT: Mr D Watkins, Mr H Rayner, Mr P Oakford

IN ATTENDANCE: Mr J Idle (Head of Internal Audit), Mr J Flannery (Counter Fraud Manager), Mr M Scrivener (Head of Risk and Delivery Assurance), Mr M Rolfe (Head of Community Protection) Miss K Reynolds (Governance Advisor), Mr J Betts (Interim Corporate Director Finance), Mr T Carty (Head of Facilities), Mr R Smith (Corporate Director for Adult Social Care), Ms P Parker (Head of portfolio Management), Ms S Hammond (Corporate Director, Children, Young People and Education, Mrs C Maynard (Head of Commercial and Procurement Division), Ms K Smith (Commercial Policy and Governance Officer), Mr P Dossett (Grant Thornton), Mr P Williams (Grant Thornton), Ms E Summers (Auditor), Ms K Herbert (Auditor), Ms D Chisman (Audit Manager), Ms M Stewart (Principal Auditor), Mr R Benjamin (Principal Auditor), Ms H Savage (Democratic Services Officer) Miss R Emberley (Democratic Services Officer).

VIRTUAL ATTENDANCE: Mr B Watts (General Council), Mr D Jeffrey, Mr R Smith (Principal Auditor), Miss K Babb (Executive Officer to Rebecca Spore)

### UNRESTRICTED ITEMS

#### **240. Apologies and Substitutes**

*(Item 2)*

Apologies for absence had been received from Mr M Whiting, Mr P Cooper and Mr T Bond.

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

*(Item 3)*

In relation to Item 11 (External Audit Progress Report and Sector Updates), Mr S Webb declared that he was in receipt of a Kent Pension.

#### **242. Minutes of the meeting held on 9 October 2024**

*(Item 4)*

RESOLVED that the minutes of the meeting held on 9 October 2024 were a correct record and that a paper copy be signed by the Chairman.

### **243. Verbal Update on Committee Business**

*(Item 5)*

1. The verbal update was delivered by the Governance Advisor, Ms Katy Reynolds.
2. The key points from the update included:
  - a) It was confirmed that the verbal update would be a standing item on the agenda.
  - b) A brief introduction of the action tracker was provided. It was confirmed the tracker would follow on from the minutes of each meeting, to allow Members to check on the progress of requests made to relevant officers.
  - c) It was confirmed that two further actions had been completed. The actions were assigned to Mr Ben Watts and Ms Amanda Beer in relation to further information being provided to the Committee, which had been shared via Email and the Microsoft Teams internal site.
  - d) Further to a previous request, reference numbers had been assigned to actions, although this was not included on the most recent published items, however the Microsoft Teams site had been updated to reflect this.
  - e) A dashboard had been created and would be maintained to show Members what actions had been completed.
  - f) The Members thanked Miss Reynolds for all of her hard work on this item.
3. RESOLVED to note the verbal update on Committee Business.

### **244. Verbal Update on Corporate Risk Register**

*(Item 6)*

1. The update was presented by the Head of Risk and Delivery Assurance, Mr Mark Scrivener.
2. The key points from the update included:
  - a) It was confirmed that a formal review of the Corporate Risk Register involving the Cabinet Members and Corporate Management Team would take place in Autumn and then following the review, a full report of the changes, along with a detailed register, will be presented to the Committee for assurance in January 2025. The risk relating to unidentified reinforced autoclave aerated concrete in schools and corporate estate was descaled to Infrastructure divisional risk register.
  - b) A new risk will be added relating to the Oracle Cloud Programme. It was confirmed that this was a large and complex programme which carried

significant inherent risk, in addition to reports in the public domain concerning some implementation problems faced by other Councils. It was confirmed by Officers that a more detailed report on the Oracle Cloud Programme would be considered as part of the agenda setting process.

- c) The capacity to care for, and accommodate, unaccompanied asylum seeking children had previously been reported on during the July Committee. At that time, it was confirmed that the risk had reduced from the maximum rating down to a lower risk point, although still high. Following on from recent discussion, it was suggested that the risk had reduced even lower due to additional funding agreements being in place as well as accommodation and some improvement in the operation of the National Transfer Scheme.
  - d) Significant Failure to bring Forecast Budget Overspend under Control within Budget Level Assumed remained at a maximum level. Scrutiny Committee had considered the quarter 1 Revenue and Capital Budget Monitoring Report in a recent meeting.
  - e) The introduction of the EU's Entry Exit System (EES) had been delayed with uncertainty around the future implementation date.
  - f) An inspection took place by the Care Quality Commission on the 30 September 2024 and the report was yet to be received, although it was suggested that the risk be removed in its current form and consideration be given to how the Council adjusted to being a regulated service and any risks associated with that.
  - g) Two risks were brought together around SEND (financial and practice improvement) although a discussion would take place with Corporate Board as to whether these two elements should be separated out into two risks.
  - h) The Chair suggested that Members receive a briefing on one or two of the risk areas highlighted during the item. The Chair would discuss this further with the Head of Risk and Delivery Assurance.
3. RESOLVED to note the progress update on the Corporate Risk Register.

## **245. Annual Governance Statement**

*(Item 7)*

1. The item was introduced by the General Counsel, Mr Ben Watts and included a PowerPoint presentation, which was presented by Governance Advisor, Ms Katy Reynolds.
2. The PowerPoint presentation can be found here: GA AGS Update - 12 November 2024.pdf
3. In answer to question and comments from the Members, it was said that:
  - a) The Annual Government Statement is a document which supports the continuous improvement of governance within the Council. The final draft of the document, to be considered at the 12 December 2024

meeting of the Governance and Audit Committee, would include a more digestible 'Executive Summary' section. There was ongoing work to ensure that the Statement was presented in a way in which the Committee could more easily compare the document to prior years' Statements.

- b) There would be noticeable improvements as a result of completing some of the actions contained in the Annual Governance Statement and whilst some of the impacts could be measured and quantified, it was not possible to do this for some actions.
4. In reply to a direct question from a Member, Mr Dossett answered that the principles in which the Council put together the Annual Governance Statement, were sound and encouraged a willingness to reflect on progress and changing direction, where necessary. He confirmed that more in-depth comments would be made at the next Governance and Audit Committee meeting, when the final report would be submitted.
5. RESOLVED to note the Annual Governance Statement.

## **246. Internal Audit Progress Report**

*(Item 8)*

1. The report was introduced by the Head of Internal Audit, Mr Jonathan Idle.
2. In answer to questions and comments from Members, it was said that:
  - a) External work was undertaken for two main reasons: first to bring in extra income to the Council as reference in the Governance report at the July Governance and Audit Committee meeting and second it is an important part of retaining good quality staff by providing developmental opportunities.
  - b) In relation to management actions following Internal Audit reports the information was shared during the September Committee meeting by the Chief Executive. The implementation levels were previously highlighted in the July Committee meeting and since then input towards assisting Directorates and monitoring had increased. Ongoing monitoring continued to take place and the next full report would be in January 2025.
  - c) Entry and Exit System report was in draft form and would be updated and brought to the Committee now that final discussions had taken place.
  - d) In relation to the issue surrounding Internal Audit (Counter Fraud separate) capacity and workload, at present no business case had been put forward to support the employment of new staff
3. In relation to the Direct Payments audit report, Mr Richard Smith (Corporate Director of Adult Social Care and Health) confirmed that he, Mr Idle and Mr Albiston (Director of Adult Social Care and Health) agreed that the report was accurate and provided a fair and balance response to the audit. In relation to

the issue surrounding staffing, he confirmed that the staffing level present in his teams were under resourced.

4. Mr Smith commented that direct payments provided a better outcome for people by allowing them a greater level of control and this reflected in a reduced number of safeguarding responsibilities.
5. Ms Paula Parker (Head of Portfolio Management) provided a further update of actions since the audit; she commented that work had started on updating the Direct Payments policy, with a view to coproduce it alongside with those people who use and benefit from it. Part of this would include obtaining feedback from the individuals who were in receipt of the direct payments.
6. Ms Parker acknowledged the pressures within the Adult Social Care team's staffing and confirmed that the department was about to mobilise a new contract for the Kent Card and resources around supporting the work for this, would need to be managed. She confirmed that 94% of reviews conducted by her team were currently up to date.
7. The Cabinet Member for Adult Social Care and Public Health confirmed that Direct Payments were a regular item in the Directorate meetings. The policy on direct payments and accompanying forms (which potential users are required to complete) are complex and additional thinking was required to make a step change. He confirmed that considerable time had been spent on this.
8. The Interim Corporate Director for Finance replied to an earlier suggestion made by a Member, that the implementation of recommendations should be a standing item; he commented that monthly meetings took place and that the Internal Audit Team look comprehensively at how a recommendation had been implemented. By way of a compromise, it was suggested that a report could be made available to the Committee every 6 months as a way forward.
9. In reply to a Member's comment, Mr Smith stated that financial constraints and the operational environment required the directorate to be transformational in delivering their work and whilst he acknowledged the target was ambitious, Kent remained above the national average. Trends indicated that direct payment funds are decreasing and so the emphasis was on preventative work, rather than working with people at the point of crisis. Direct payments were considered in a wider context, often along some colleagues in other directorates.
10. In reply to a Member's comment, Mr Smith commented that the service would be looking to maximise the use of AI (Artificial Intelligence) where appropriate, but this would be fine balance as previous feedback indicated that service users preferred face to face engagement.
11. In response to a question by a Member, Ms Melisa Stewart (Principal Auditor) commented that the sample size varied, depending on the grant requirement. It also depended on the sampling methodology used.
12. In answer to a Member's question, Mr Idle stated that it was dependent on the size of grant and requirements of relevant Government Department as to whom signed off the recommendations. In some cases, this was the relevant Corporate Director, in others it could be the Section 151 Officer.

13. In answer to the Chair's question regarding the Entry Exit System and the utilisation of reserves (page 33 of the Audit report) the Interim Corporate Director for Finance acknowledged the Council's reserves were not at a level they wanted, however, it also needed to be accepted that the reserves could be utilised for reasonable reasons.
14. In reply to a Member's question regarding the Entry Exit System, Mr Rayner (Deputy Cabinet Member for Finance) indicated that the report was prepared at a specific point in time and it was his understanding that the system had been indefinitely postponed, however, as things have now moved on, the Council needed to wait for further information regarding the intention of the path of the Entry Exit System in the way that the strategy is implemented.
15. It was pointed out by a Member that some reports did not contain dates to indicate whether they were the most up to date version of the document and it would be helpful if these could be included as matter of course.
16. RESOLVED that Members noted the Internal Audit Progress report for the period of July 2024 to November 2024.

## **247. Counter Fraud Progress Report** (Item 9)

1. The Counter Fraud Manager, Mr James Flannery, introduced the report.
2. The Interim Corporate Director for Finance commented that at present, for each occasion fraud was identified on a grant claim, this expenditure could not be claimed back from central government. This was currently being raised with the highest level with the Cabinet office and the specific government departments.
3. In answer to a question raised by a Member, the Counter Fraud Manager stated that in the department's communications with management, they sought to obtain assurance that they conducted relevant checks to identify any further similar case in order to look for lessons learned.
4. Mr Brady requested that his thanks to the Counter Fraud Department be recorded.
5. In response to a Member's comment, the Counter Fraud Manager clarified that the referrals from districts were primarily in relation to the misuse of Blue Badge referrals and the information that the Committee was presented with in relation to the Kent Intelligence Network, is not comprehensive enough to accurately reflect the level of referrals by district.
6. The Deputy Cabinet Member for Finance raised the Committee's awareness of an organisation called CIFAS (Credit Industry Fraud Advisory Service) and highlighted their ability to report mortality figures. He asked for the Counter Fraud Manager's views on the Council becoming a member.
7. It was commented that although the Council was not a member of CIFAS, it did not stop the communication the Council had with them via the Fighting Fraud and Corruption Locally network. Mr James Flannery explained that the

department attended joint meetings with CIFAS in order to understand their impact on the local authority. The Tell Us Once service run by the DWP (Department of Work and Pensions) is fed into local authorities and part of this included relaying mortality data. The National Fraud Initiative hub which also provided a mortality screening tool and the Kent Intelligence Network were looking at a subscription.

8. RESOLVED that Members noted the Counter Fraud Progress Report for 2024/2025 and reported irregularities from April 2024 to 30 September 2024.
1. RESOLVED that Members noted the progress of the Counter Fraud Action Plan for 2024/2025.

#### **248. Covert Enforcement Techniques**

*(Item 10)*

1. The report was introduced by the Head of Community Protection, Mr Mark Rolfe.
2. The Interim Head of Community Protection drew the Members' attention to the fact that the use of Covert Techniques for 2023/2024 focused on telecommunications data and not on the use of covert surveillance or covert human intelligence sources. The use of these techniques was determined by the ongoing operations.
3. It was confirmed that officers had access to a wide range of overt techniques and the evident lack of use of the covert range demonstrated that officers did not use the intrusive techniques as a matter of course but considered all available options.
4. The most serious cases are currently within the Crown Court processes, where there are significant delays. Updates would be shared with the Committee when they are available.
5. RESOLVED Members noted the assurance of the use of covert investigation techniques during the period and endorsed the policy in relation to their use.

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

*(Item 11)*

1. The report was introduced by Mr Paul Dossett of Grant Thornton UK LLP.
2. Mr Paul Dossett confirmed that the external auditors were on track to bring the Audit Findings report for Kent County Council and the Kent Pension Fund to the 12 December Governance and Audit meeting, as well as the Auditors' Annual report and confirmed that this should navigate the backstop.
3. RESOLVED Members considered and commented on the report and sector update.

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

*(Item 12)*

There were no other items.

## **251. Internal Audit Progress Report - Exempt Report** *(Item 13)*

1. The Head of Internal Audit introduced the summaries of completed Audit reports between for the period July 2024 to November 2024. The two exempt audits (RB18-2024 – Loans to Schools and RB37-2025 - Facilities Management (DRAFT)) were detailed and updates were provided to Members. It was confirmed that advice had been taken from the General Counsel in relation to the exemption criteria for these audits.
2. In answer to questions and comments from Members, it was said that:
  - a) In relation to Loans to Schools, the Deputy Cabinet Member and the Area Education Officer highlighted that the issues raised in relation to RB18-2024 – Loans to Schools were based on historic cases, and that progress had been made in preventing such issues occurring in future.
  - b) The Area Education Officer commented that the prospect for improvement had been rated as ‘Good’ due to the current systems and structures in place.
  - c) The Corporate Director for Children, Young People and Education, confirmed that policy had been updated and amended. The areas for development which had been identified were historic cases but will be revisited and an update to the Committee would be provided.
  - d) The process that schools go through when they apply for a loan was explained to the Members for provide context.
  - e) A comprehensive suite of documents referred to by Internal Audit in the key strengths section, and further information on current loans would be provided to Members outside of the meeting.
  - f) In relation to Facilities Management, the Head of Facilities, addressed questions from Members. He confirmed that a contractor must pay within 30 days and that there was scope for improvement in this area, as highlighted in the payments monitoring section of the audit report.
  - g) The Head of Facilities explained that in terms of variable services and value for money, every contract that receives a quote is evaluated by the Contracts Team and the department was working towards putting in place a more formal consistent process.
  - h) In answer to a Member’s question regarding the dip testing methodology used, the Head of Facilities explained that every month, as the part of the Key Performance Indicator (KPI) the Technical Service team will dip test contractors’ compliance by checking that the contractor has carried out the correct level of service to every service request from the helpdesk
  - i) Due to the rising rates for labour, there are increased levels of quotes being submitted into the team for consideration and so due diligence had increased.



3. RESOLVED Members noted the Internal Audit Progress report for the period of July 2024 to November 2024

## **252. Counter Fraud Progress Report - Exempt Report** *(Item 14)*

The report was presented by the Head of Internal Audit, Jonathan Idle.

1. It was explained that within the Counter Fraud Progress Report, in the main agenda and the Annual Counter Fraud Report, presented and discussed at the May 2024 Governance and Audit Committee, that over the last 18 months, there had been significant increases in referrals to the Counter Fraud services of potential fraud, loss or irregularities
2. Mr Idle stated that the Counter Fraud Team could be considered 'a victim of its own success', examples of this included the awareness work undertaken in relation to Blue Badges and No Recourse to Public Funds, which have had extensive work in raising the profile of fraud risks and consequently led to increased referrals.
3. Members were also reminded of new legislation that there is a duty to prevent fraud.
4. In answer to questions and comments from Members it was said that:
  - a) Savings were difficult to quantify, however, over the past three years significant amounts of work had predominantly gone into civil recovery but also the criminal element.
  - b) Another example provided was from investigating an invoice in relation to a supported living provider. From a financial cost benefit point of view it was the referrals for supported living which took significant amounts of time to conduct but could provide the greatest financial saving for KCC.
  - c) Members raised the notion that if minor fraud is identified and stopped then there was a potential that this would reduce the spread of more significant fraud, therefore, it would be preferable to see a written cost to benefit and if there was a significant financial saving and return to be made from moving the outlined investigations to other departments, then the relevant Cabinet Member should be made aware.
  - d) The Deputy Cabinet Member for Finance confirmed that he would be content to take a resolution from the Committee. It was agreed that the Chair would draft a written memorandum to the Executive, on behalf of Governance and Audit Committee, which would set out their concerns and emphasise the need to support internal audit teams in a cost effective way and maintain an appropriate level of support.
5. RESOLVED that the Chair will write a memorandum to the Executive, on behalf of the Governance and Audit Committee, setting out the Committee's concerns and emphasising the need to support internal audit teams in a cost effective way whilst maintaining an appropriate level of support.

## **253. Update from the Commercial and Procurement Oversight Board**

*(Item 15)*

1. The item was presented by the Head of Commercial and Procurement Division, Ms Clare Maynard.
2. In answer to Members' comments and questions it was confirmed that:
  - a) Tiered contracts were there to ensure the contract specifications were correct and not over estimated.
  - b) It was confirmed that in the 12 months CPOB had been established significant saving had been made.
  - c) It was explained that the commissions cycle looked at procurement in flight and a separate committee looked at the gold and silver tier projects.
  - d) The Contract Management Review group was responsible for identifying the savings by targeting the contracts before the time came for renewal.
3. RESOLVED Members considered and noted the report.

## **254. Legal Update**

*(Item 16)*

1. The update was presented to the committee by General Counsel, Mr Ben Watts.
2. Mr Watts provided the Committee with an update in relation to legal spend on complaints and some of the issues involved. He also advised Members of a more in-depth update following a review of prior issues advised to the Committee that would come to the next meeting.
3. RESOLVED Members noted the legal update.