



Kent County Council

Internal Audit Annual Report 2022-23

September 2023

1. Purpose and Background

1.1 This Annual Report provides a summary of the work completed by the Internal Audit service during 2022-23.

1.2 Public Sector Internal Audit Standards (PSIAS) require that an annual report on the work of Internal Audit should be prepared and submitted to those charged with governance to support the Council's Annual Governance Statement (AGS), as required by the Accounts and Audit Regulations (England) 2015. This report should include the following:

- An annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk and control framework;
- A summary of the audit work from which the opinion is derived;
- Any issue the Head of Internal Audit judges particularly relevant to the preparation of the Annual Governance Statement;
- A comparison of the work undertaken with the work that was planned and a summary of the performance of the Internal Audit function against its performance measures and criteria;
- A statement on conformance with the PSIAS and the result of the Internal Audit Quality Assurance and Improvement Programme;
- Disclosure of any qualifications to the opinion, together with the reasons for the qualification; and
- Disclosure of any impairments (in fact or appearance) or restriction in scope.

1.3 The purpose of this report is to satisfy these requirements and members are requested to note its content and the Annual Internal Audit Opinion provided.

1.4 Additionally, the report highlights key messages and outcomes, issues, patterns, strengths and areas for development in respect of internal control, risk management and governance arising from work undertaken by Internal Audit.

1.5 The Annual Opinion is derived from evaluation of the outcomes of Internal Audit work with specific emphasis upon the following key factors:

- Assurance Opinions from audit assignments;
- Assessment of audit outcomes against key themes of corporate health (the "Reasonable Assurance" model); and
- The level of implementation by management of agreed actions to improve internal control and the management of risk.

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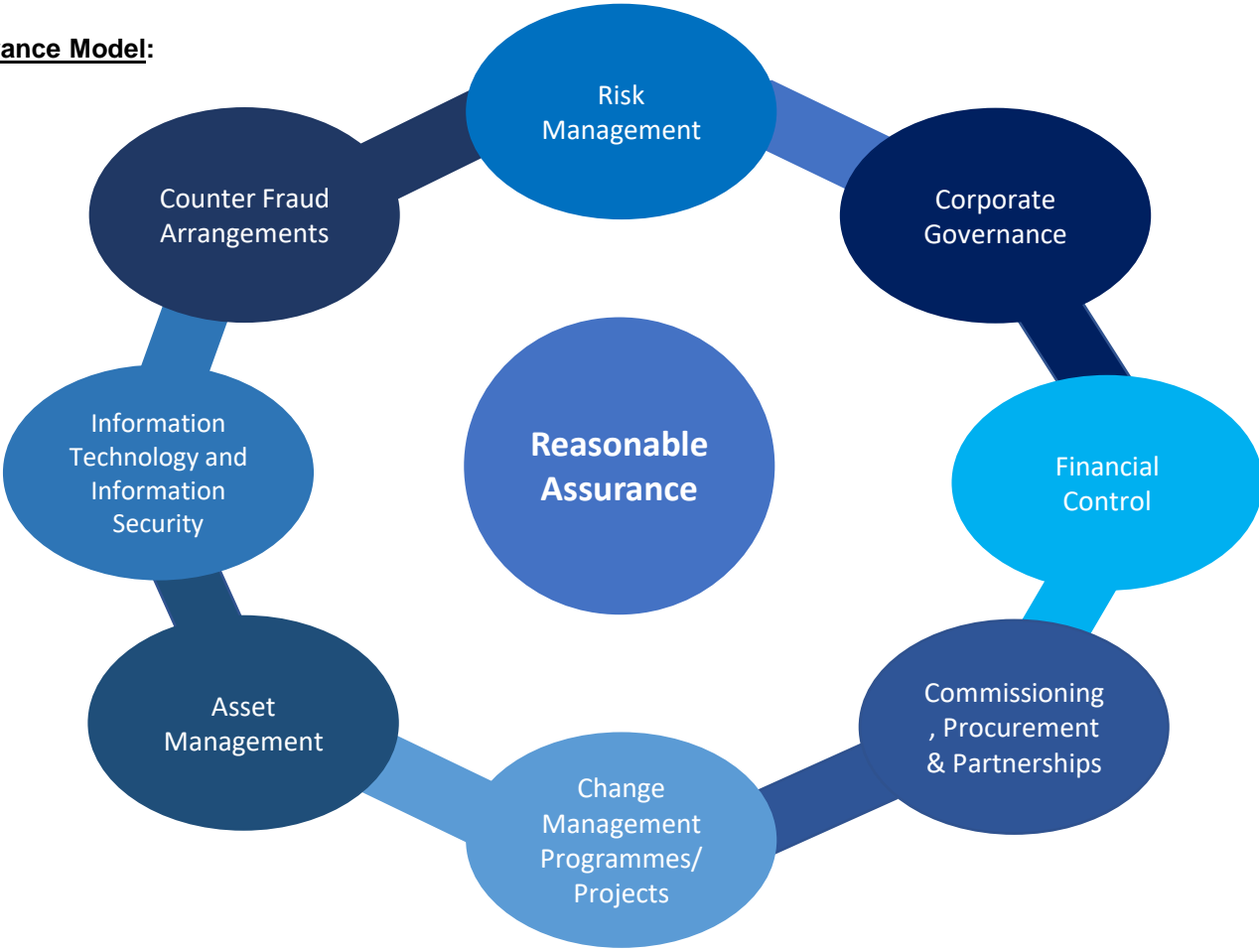
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1.6 The “Reasonable Assurance” Model evaluates the outcomes of Internal Audit and Counter Fraud work against the following 8 themes of what a healthy organisation requires to operate effectively.

Figure 1: Reasonable Assurance Model:

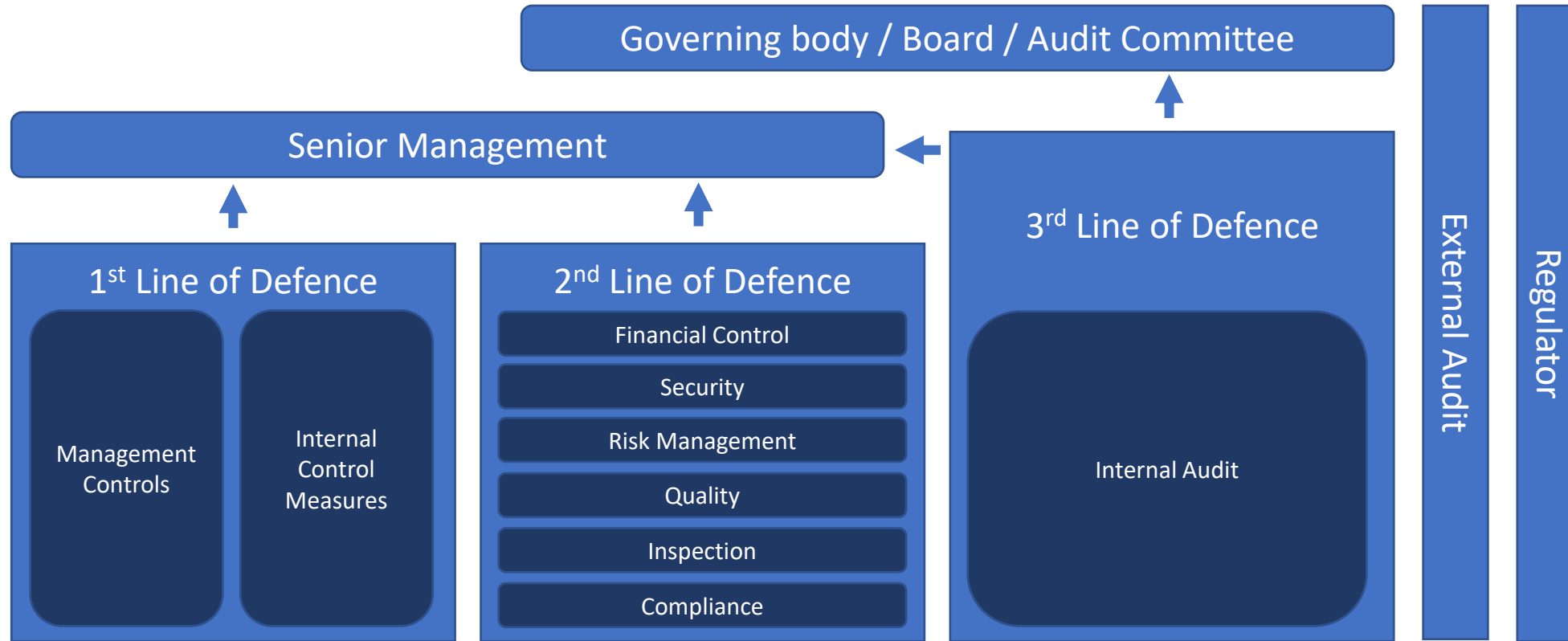


1.7 Internal Audit is guided by the Internal Audit Charter, which is reviewed annually. Internal Audit provides an independent and objective opinion on the Council’s control environment through the work based on the Annual Internal Audit Plan agreed by the Governance and Audit Committee.

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1.8 The position of Internal Audit within an organisation's governance framework is best summarised in the Three Lines of Defence Model:

Figure 2: Three Lines of Defence Model:



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2. Annual Opinion

Overall Assurance and Opinion

- 2.1 Internal Audit concludes that **Adequate** Assurance can be assigned in relation to the Council’s corporate governance, risk management and internal control arrangements.
- 2.2 This opinion is principally based upon the evaluation of the findings, conclusions and assurances from the work undertaken by Internal Audit compared to eight key indicators of corporate health, as set out in paragraphs 3.7-3.9, which concludes “Adequate” assurance for five of the eight indicators, “Substantial” for one indicator and “Limited” for two indicators.
- 2.3 There has been an increase in the number of systems, processes or functions assigned a “Limited” assurance in 2022-23 to 35% and this compares to 9% in 2019-20. The decrease in the assigning of “Substantial” or “High” assurance opinions as reported in the Annual Report last year has continued a downward trend, for example from 49% in 2020-21 to 26% in 2022-23. There have also been significant issues raised in non-assurance work as reported to the Governance and Audit Committee.
- 2.4 The opinion is also based on the evaluation of the implementation by management of actions to address internal control and risk management issues identified by Internal Audit reports. In 2022-23, full implementation rates increased from 41% in 2021-22 to 50%, which is in the right direction. As stated in the Annual Report for 2021-22, the contrast to 2019-20, however, when full implementation rates were at 62% combined with an accompanying increase in the proportion of actions “in progress” is significant. It has been highlighted in Annual Opinion reports since 2019-20 that there was a concerning trend which required improvement and this concern remains. This was also highlighted in the External Audit Annual Report for 2021-22, which referred to the level of actions “in progress”, commenting that “... *it will be important that internal audit reports are taken seriously and addressed on a timely basis.*”
- 2.5 It should be emphasised that the assignment of an overall “Adequate” assurance opinion in 2022-23 is consistent with the overall opinion since 2019-20. The “Adequate” assurance opinion should be considered in the context of the unprecedented challenges faced by the Council in the last two years and the significant risks it continues to address.
- 2.6 No incidences of material external or internal fraud have been detected or reported and there was positive external assurance that the Council has effective arrangements in place to manage the risk of fraud. This relates to actual losses as there have been attempts to defraud that would have been material but have been prevented.

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2.7 Internal Audit aims to add value and continues to work collaboratively with stakeholders, senior management and the Governance and Audit Committee to improve governance and internal control arrangements via identifying improvements such as:

- Being a critical friend and trusted advisor for Council projects such as the Strategic Reset programme;
- Auditing what matters and revising areas of coverage to reflect new risks and assisting the organisation in times of challenge;
- Help the Council look back and learn from experiences with clear and targeted reports;
- Providing insight by evaluating the Council's current state and examining the strengths, weaknesses and maturity of the organisation;
- Highlighting emerging risks that require monitoring and managing;
- Championing effective corporate governance, strong risk management, greater efficiency of operations and effective processes and internal controls,
- Continued coverage of information technology and information governance risks;
- Attendance at various external groups to share best practice and inform horizon scanning of significant risks;
- Delivery of an effective proactive and reactive Counter Fraud service;
- Retention of services delivered to external clients;
- Promoting and delivering on the ethos of talent management and development of members of the service;
- Input to Council wide Information Governance and Risk groups; and
- The provision of an extensive grant certification programme for the Council.

2.8 There have been no limitations to the scope of Internal Audit work, but it should be noted that the assurance expressed can never be absolute and as such Internal Audit provides assurance based on the work performed.

3. Summary of Internal Audit Work 2022-23

Delivery Against the Internal Audit Plan

3.1 Appendix 1 details delivery against the 2022-23 Internal Audit Plan including amendments and changes.

Assurance Opinions from Audit Assignments

3.2 Assurance levels are assigned to completed risk-based audit reviews based on the criteria in Appendix 2. For the 2022-23 Audit Plan, a total of 48 audit engagements were undertaken of which 23 were opinion based and the assurance levels assigned are set out in Appendix 3.

3.3 Overall, 74% of systems or functions have been assigned with “Adequate” assurance or lower with 39% assigned Adequate and 35% assigned Limited or No assurance. This represents a continued decrease in the assigning of “Substantial” assurance opinions in 2022-23 and a continued increase, compared to the previous two years, of the assigning of “Limited” and “No” assurance opinions in 2022-23, as illustrated in Table 1.

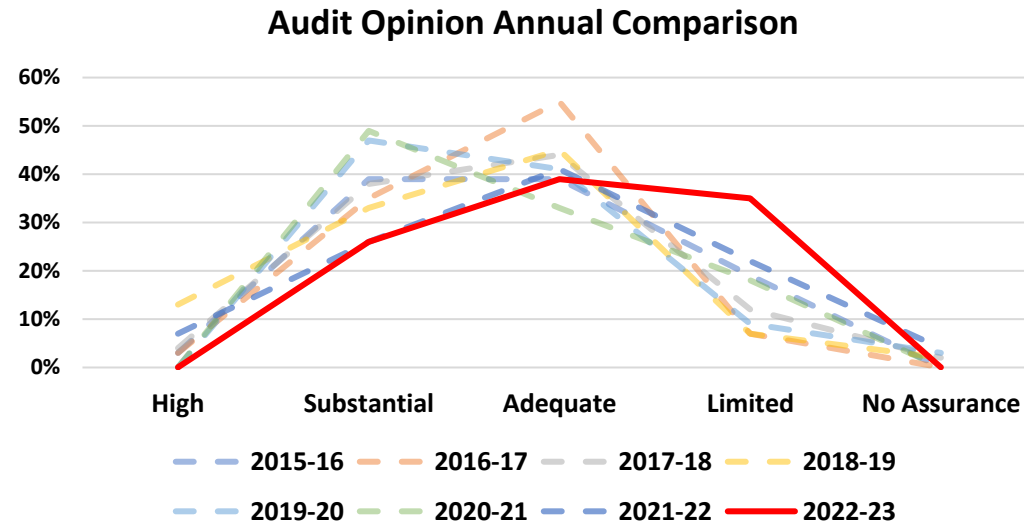


Table 1: Summary of Assurance Opinions 2015-16 to 2022-23

Assurance Level	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
High	3%	3%	4%	13%	0%	0%	7%	0%
Substantial	39%	35%	38%	33%	47%	49%	26%	26%
Adequate	39%	55%	44%	45%	41%	33%	41%	39%
Limited	19%	7%	12%	7%	9%	18%	22%	35%
No Assurance	0%	0%	2%	2%	3%	0%	4%	0%
Substantial or Above	42%	38%	42%	46%	47%	49%	34%	26%

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3.4 Detailed summaries on the outcomes from Internal Audit work completed for 2022-23 Audit Plan have been reported in Progress reports to the Governance and Audit Committee throughout the year.

Prospects for Improvement

3.5 On the conclusion of each audit assignment, an assessment of the prospects for improvement is provided in the respective audit report. This is based on the criteria set out in Appendix 2.

3.6 Overall, 81% of systems or functions have been assessed as having good, or better, prospects for improvement. This is a decline from the previous year, as illustrated in Table 2:

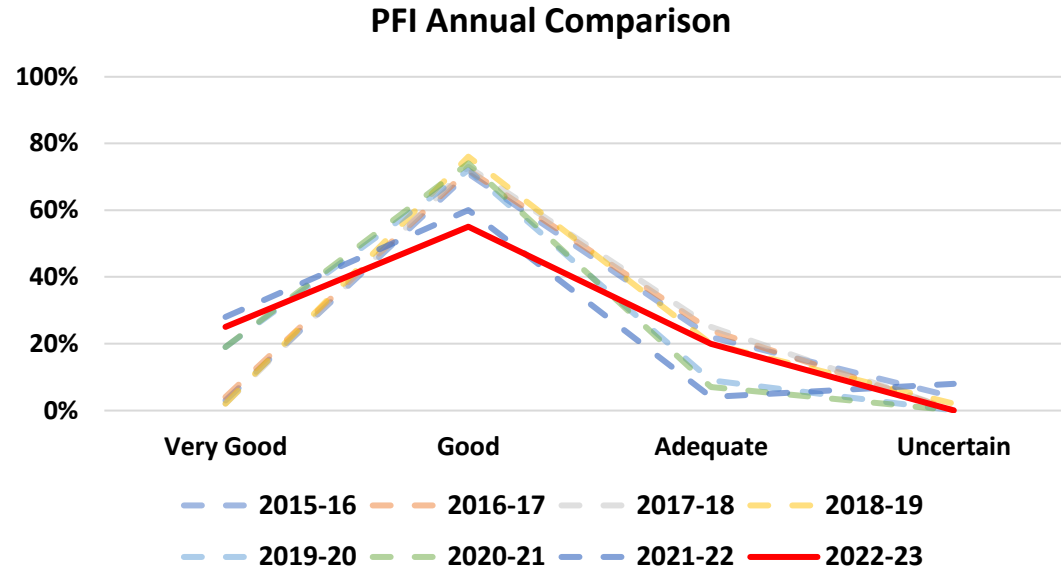


Table 2: Summary of Prospects for Improvement to 2022-23

Prospects for Improvement	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Very Good	3%	4%	2%	2%	19%	26%	27%	24%
Good	71%	72%	73%	76%	72%	65%	61%	57%
Adequate	22%	24%	25%	20%	9%	6%	4%	19%
Uncertain	4%	0%	0%	2%	0%	3%	8%	0%
Good or Above	74%	76%	75%	78%	91%	91%	88%	81%

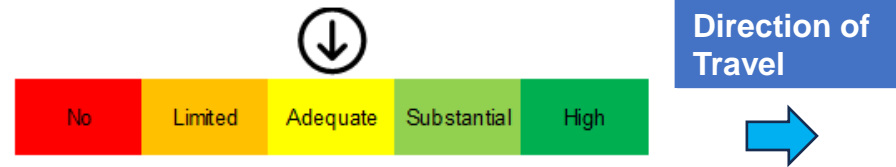
Reasonable Assurance Methodology Analysis

3.7 Evaluation of Internal Audit outcomes from audits undertaken utilising the Reasonable Assurance Model (as referred to at paragraph 1.6) provides focus on those audits which both assign an opinion and make audit conclusions and observations in management letters on the 8 themes of corporate health. Thus, this analysis forms the key component of the derivation of the Head of Internal Audit Annual Opinion.

3.8 In planning to be able to conclude an opinion on the whole risk management, governance and internal control framework, Internal Audit work is assessed around the 8 key lines of enquiry. Internal Audit assessments for each theme is summarised in Table 3:

Table 3: Audit Outcomes Evaluated on Reasonable Assurance Model

1. Corporate Governance				
No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
6a	CA01-2023 - Annual Governance Statement - Process	ADEQUATE	ADEQUATE	January 2023
6b	CA01-2023 - Annual Governance Statement - Returns	LIMITED	ADEQUATE	January 2023
13	RB07-2023 - Climate Change – KCC’S Net Zero Action Plan	LIMITED	ADEQUATE	May 2023
23	CA04-2023 - Decision Making	N/A	N/A	September 2023
27	CA10-2023 - LATCO Governance Arrangements	ADEQUATE	TBC	September 2023



The review of the AGS process highlighted that significant progress has been made to refine and enhance the processes to produce the AGS. It also identified inaccuracies in the majority of assurance statements provided by senior management.

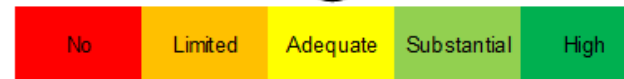
The governance, reporting and decision-making structure for the Net Zero 2030 Plan was unclear, which compromises the effectiveness of the Environment Board. It was also found that Accountable officers will be nominated to deliver each of the Net Zero actions but there is no mechanism to ensure that this role becomes a priority and an integral part of their job and there were weaknesses in the action plans to implement the Plan.

An advisory review of decision making highlighted that there are varying approaches to identifying key decisions which can potentially lead to gaps in identification.

2. Risk Management



Direction of Travel



No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
4	RB10-2023 – Modern Slavery	N/A	N/A	January 2023
5	CA02-2023 - Assurance Map – Simultaneous Response, Recovery & Resilience	N/A	N/A	January 2023
8	ICT03-2023 - Information Technology Risk Management	ADEQUATE	GOOD	May 2023
14	CR03-2023 - Preparedness for CQC Inspection (ASCH)	N/A	N/A	May 2023
16	CA05-2023 - Health & Safety	ADEQUATE	GOOD	May 2023
25	CA08-2023 - Risk Management	SUBSTANTIAL	GOOD	September 2023

The review of Risk Management found that the Councils process is in line with good practice standards (ISO 31000) with clearly defined roles and responsibilities for managing risks and controls. The review found that risk registers are not maintained for all programmes within the Strategic Reset Programme.

Health and Safety arrangements were found to be adequate however, issues were identified with safety inspection records and a number of remedial works work overdue.

Non assurance work relating to preparations to comply with Modern Slavery legislation identified significant work being undertaken to address known weaknesses but there was a need to ensure that all suppliers, particularly including those setup some years ago, have had appropriate levels of due diligence and to ensure risks in the supply chain are mitigated.

An assurance mapping exercise was undertaken on Simultaneous Emergency Response, Resilience and Recovery arrangements concluded that at the time of the review, the Council had plans, capacity, capability and preparedness to meet its obligations when responding to or recovering from simultaneous emergency incidents.

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3. Financial Control



Direction of Travel



No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
13	RB07-2023 - Climate Change – KCC’S Net Zero Action Plan	LIMITED	ADEQUATE	May 2023
15	RB03-2023 – Individual Contracts with Care Providers	LIMITED	GOOD	May 2023
17	CS01-2023 - Budget Savings	LIMITED	ADEQUATE	May 2023
18	CS02-2023 - Imprest Accounts (Follow-up)	N/A	N/A	May 2023
19	CS03-2023 - Purchase Cards	ADEQUATE	GOOD	May 2023
20	CS04-2023 - Pension Scheme Admin	ADEQUATE	GOOD	May 2023
21	RB33-2023 – Public Health (Grant Certification)	N/A	N/A	May 2023
28	CS05-2023 - Social Care Debt Recovery	ADEQUATE	GOOD	September 2023
29	RB14-2023 - Provider Invoicing (Follow-up)	N/A	N/A	September 2023
30	RB15-2023 – Engagement of Consultants	N/A	N/A	September 2023
31	RB16-2023 - Data Quality – Lifespan Pathway – Risk of Overpayments	LIMITED	GOOD	September 2023
32	RB17-2023 - Compliance with Financial Regulations (ASCH & GET)	LIMITED	TBC	September 2023
39	CS01-2022 - CIPFA Financial Management Code (Part 2)	SUBSTANTIAL	VERY GOOD	January 2023

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3. Financial Control



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The budget savings audit identified that planned savings did not all have an initial business case documented. The audit concluded that there was an increasing risk around the Council’s ability to achieve the savings it needs to deliver its Medium-Term Financial Plan (MTFP).

Grant Certification on a wide range of funding received by the Council has confirmed that funds had been spent in accordance with the respective conditions of the grants.

A review found that the current cost of the Net Zero 2030 Plan has not been fully estimated, spend to date has not been monitored and, therefore, the amount of funding required to achieve the Plan was not known at the time of the audit. The review concluded it was anticipated that the current approach for securing external funding will not be sufficient to fund the full cost of the Plan.

The audit of Individual Contracts with Care Providers and their procurement could not provide assurance that value for money is achieved or monitored. In respect of the Follow Up audit of a Limited Assurance audit report from 2020 on Imprest Accounts, although there has been significant actions undertaken, full implementation of the actions agreed initially has not occurred.

The audit of the use of Purchase Cards is an example of where a procedure is in place but not complied with, for example in completing compliance with due diligence requirements.

Although not within the scope of the audit, the review of Social Care Debt Recovery identified a suspense account with significant levels of unallocated receipts including a specific grant funding of £18.5m which had been unallocated for over 2 months.

The review of the Engagement of Consultants reported on a lack of clarity regarding the correct subjective financial coding for payments to consultants and the difference between consultants, agency staff and professional fees and commissioned services resulting in a significant proportion of financial misallocations.

The review of compliance with Financial Regulations within 2 Directorates indicated a major lack of awareness over the Council’s Financial Regulations.

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4. Change, Programme and Project Management



No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
10	RB19-2023 - Estates Change Programme (SHQ - Sessions House)	N/A	N/A	May 2023
12	CR04-2023 – Enterprise Business Capabilities (Oracle)	N/A	N/A	May 2023
25	CA08-2023 – Risk Management	SUBSTANTIAL	GOOD	September 2023

During 2022-23 coverage of change, programme and project management was not extensive due to changes in projects identified on the plan such as MADE and Change for Kent Children, however the findings from adequate opinion.

The Risk Management review found that risk registers are not maintained for all programmes within the Strategic Reset Programme.

Changes to the SHQ Programme and to its objectives were not reviewed and approved by SRP Board as required. The Council’s Project and Programme Management Toolkit does not include express guidance to SROs and their teams about what they need to do if a project or programme needs to go back a stage or two due to a significant change to the original business case/ objectives.

The EBC programme is not fully following the Council’s Operating Standards or Programme and Project Management toolkit. An independent review of the EBC project / programme management arrangements, to include legal advice received on the procurement arrangements was recommended.

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5. Procurement, Commissioning and Partnerships



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No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
4	RB10-2023 – Modern Slavery	N/A	N/A	January 2023
15	RB03-2023 – Individual Contracts with Care Providers	LIMITED	GOOD	May 2023
21	RB33-2023 - Public Health Grants	N/A	N/A	May 2023
24	CA07-2023 - Procurement	LIMITED	GOOD	September 2023
29	RB14-2023 – Provider Invoicing (Follow-up)	N/A	N/A	September 2023
30	RB15-2023 - Engagement of Consultants	N/A	N/A	September 2023
33	RB21-2023 - Contract Extensions	LIMITED	VERY GOOD	September 2023

The audit of Individual Contracts with Care Providers highlighted limited due diligence checks being undertaken prior to setting up a contract, issues with the accuracy and completeness of the SharePoint Indi contract referral forms which increases the risk of fraud and error., contracts not being signed by providers and been returned as signed by the provider. There was also a lack of ownership of the monitoring of Individual contracts and consequently no monitoring is performed.

The Procurement audit reported high risks in relation to how Council procurement procedures are adhered to, contract management arrangements and how expenditure is monitored against contracts.

The follow up of the Provider Invoice audit identified that of the six previous issues being reviewed, three are now considered closed and three remain open. Issues which have been addressed related to the provider invoice and reconciliation process, performance reporting and provider contracts.

Although several issues remain open relation to contract management, financial health checks and clarity of roles between KCC and Cantium, good progress has been made to address the issues and the remaining actions will be implemented in the near future.

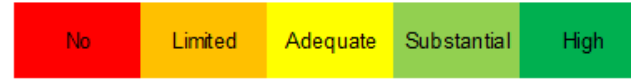
The review of the Engagement of Consultants highlighted lack of awareness and/or understanding of the definition of a consultant and also conflicting guidance within the Council as to when a Cabinet member should be involved prior to the engagement of a consultant.

A review within the Council relating to commissioning responsibilities has recently been undertaken. This has been included within the 2023/24 rolling audit plan for consideration

6. Information Technology and Information Security



Direction of Travel



No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
7	RB01-2023 – Data Mapping	ADEQUATE	GOOD	May 2023
8	ICT03-2023 – Information Technology Risk Management	ADEQUATE	GOOD	May 2023
11	CA06-2023 – Information Governance – Role of the Information Asset Owner	N/A	N/A	May 2023
22	RB32-2023 - Data Security Protection Toolkit (DSPT)	SUBSTANTIAL	VERY GOOD	May 2023
34	RB22-2023 - Records Management (Follow-up)	N/A	N/A	September 2023
36	ICT01-2023 - Cyber Security Patch Management	SUBSTANTIAL	VERY GOOD	September 2023
37	ICT02-2023 - ICT Consolidated Action Plan	N/A	N/A	September 2023
38	ICT05-2023 - Payment Card Industry Security Standards (PCI DSS)	LIMITED	TBC	September 2023

Key roles and responsibilities for managing ICT compliance and risk have been allocated. Patching performance is measured and the Cyber Audit found that this is on target. Independent IT Health Checks (ITHC) are carried out annually on the external, internal network and systems.

The Data Mapping Audit found that Records of Processing activity have not been fully documented across the Council and some gaps exist.

The review of the role of Information Asset Owners (IAO) in relation to the Government’s mandatory minimum measures for handling personal data and relevant IAO found that policies and procedures are in place but there is a lack of consistency and some ambiguity across the Council as to where responsibilities for some data handling sits. There is also no individual or body within the Council that has responsibility for ensuring that the Council meets the Government’s mandatory minimum data handling measures. Furthermore, data handling responsibilities tend to be delegated and the degree of IAO oversight varies across Directorates.

The follow up of the Records Management Limited Assurance audit from 2021, which had included issues relating to the Information Asset Register, the data retention schedule, loss of records and records cleansing reported that actions remained in progress rather than fully implemented

Significant issues were identified as part of the Payment Card Industry Security Standards audit including achieved full compliance with PCI DSS requirements.

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7. Asset Management



No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
3	RB02-2023 - Talent Management	SUBSTANTIAL	GOOD	January 2023
4	RB10-2023 - Modern Slavery	N/A	N/A	January 2023
9	RB06-2023 - Recruitment and Retention of Experience Social Workers (CYPE)	SUBSTANTIAL	VERY GOOD	January 2023
10	RB19-2023 - Estates Change Programme (Sessions House)	N/A	N/A	May 2023
35	RB24-2023 - Property Disposals	ADEQUATE	VERY GOOD	September 2023

Audits of talent management and recruitment and retention of experienced social workers found several strengths within these two distinct pieces of work. For talent management, there are strong initiatives across the expected 6 core elements of attraction, identification, development, engagement, retention and deployment.

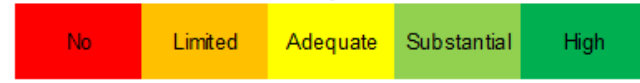
The review of modern slavery found that significant work has been undertaken to address known weaknesses following the SOC (Serious and Organised Crime) project and to develop more robust processes, including the introduction of a new team. There are still further actions to be taken to ensure effective mitigation of the SOC risk in the supply chain.

The review of Property Disposals reported a lack of evidencing of appropriate authorisations by a Cabinet member for property disposals.

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Direction of Travel



No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
8	ICT03-2023 - IT Risk Management	ADEQUATE	GOOD	May 2023
18	CS02-2023 - Imprest Accounts (Follow-up)	N/A	N/A	May 2023
19	CS03-2023 - Purchase Cards	ADEQUATE	GOOD	May 2023
24	CA07-2023 - Procurement	LIMITED	GOOD	September 2023
26	CA09-2023 - Assurance Map – Fraud & Error	N/A	N/A	September 2023
29	RB14-2023 - Provider Invoicing (Follow-up)	N/A	N/A	September 2023
30	RB15-2023 - Engagement of Consultants	N/A	N/A	September 2023
31	RB16-2023 – Data Quality – LAS System – Risk of Overpayments	LIMITED	GOOD	September 2023
32	RB17-2023 - Compliance with Financial Regulations (ASCH & GET)	LIMITED	TBC	September 2023
33	RB21-2023 - Contract Extensions	LIMITED	VERY GOOD	September 2023
-	Carers Contract	N/A	N/A	Fraud Investigation
-	Mandate Fraud	N/A	N/A	Fraud Investigation
-	Personal Transport Budgets	N/A	N/A	Fraud Investigation
-	School Investigation	N/A	N/A	Fraud Investigation
-	Overpayment Investigation	N/A	N/A	Fraud Investigation
-	Employee Related Fraud Investigation 2022	N/A	N/A	Fraud Investigation

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No.	Audit	Opinion	Prospect for Improvement	Summary to Committee
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Arrangements in respect of the Counter Fraud Team in place to support the organisation in meeting its objectives are Adequate. This is based on the Fighting Fraud And Corruption Locally Self-Assessment completed in January 2023, that provided assurance that there is relevant reporting, resources and activity to support management in managing the risk of fraud. Additionally, the Counter Fraud Assurance Map provides assurance across all three lines of defence.


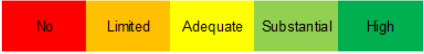

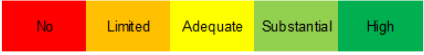

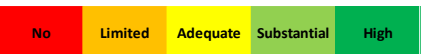

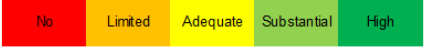
Counter Fraud Arrangements are in place within the organisation (1st & 2nd Line of Defence) to prevent and detect fraud are Adequate. This is based on a review of several audits within the 2022-23 Audit Plan that have an identifiable or inherent fraud risk. Given the significance of cyber enabled fraud during 2022/23, the importance of having strong controls within IT is also a factor with audits concluding Substantial assurance for Cyber Security Patch Management and Adequate assurance for IT Risk Management, Purchase Cards and Property Disposal.


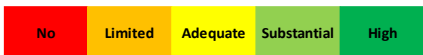

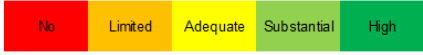

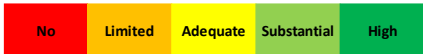

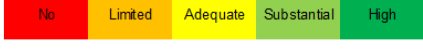
The Limited assurance audit on Data Quality – LAS Systems identified high-risk issues relating to manual payments and ending of services and lack of verification of actual hours, A Limited assurance audit on Individual Contracts identified limited due diligence checks on contracted providers and a lack of contract monitoring. Within the Limited assurance on Procurement, a lack of monitoring of spend against contract was identified as a key control to detect any fraudulent activity. A high-risk issue relating to the awareness and application of the Council's Financial Regulations is also a factor. This is due to the majority of financial controls held within the Regulations that both the 1st and 2nd lines of defence should be adhering to.

The Counter Fraud Team have also issued management letters following an investigation where controls were either not in place or had failed. These have included, a lack of defined roles and responsibilities to address direct payment misuse within a provider who had been commissioned to provide a case management service, an overpayment due to the failure to end a provision within the LAS system, a lack of monitoring and repayment of a significant loan to a school and the lack of a required verification check that led to a temporary loss following a fraudulent request to change bank details of a supplier.

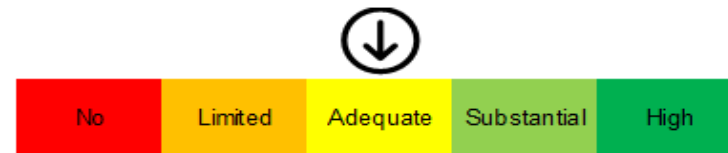
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Table 4: Audit Opinion based on Reasonable Assurance Model

No.	Theme	Overall Opinion
1	Corporate Governance	 
2	Risk Management	 
3	Financial Control	 
4	Change Programme and Project Management	 

No.	Theme	Overall Opinion
5	Procurement, Commissioning and Partnerships	 
6	Information Technology and Information Security	 
7	Asset Management	 
8	Counter Fraud	 

Overall Assurance Opinion



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Strengths and Areas for Development

3.9 The annual review of audit outcomes has highlighted the following key strengths and areas for development:

Strengths:

- 26% of systems and functions that were assigned a Substantial Assurance opinion.;
- The Council generally has good policies and procedures in place (however not consistently complied with); and
- Adequate arrangements in place to manage the risk of fraud.

Areas for further development:

- As stated in the previous Annual Report for 2021-22, compliance with expected Council Governance arrangements with greater awareness required by relevant officers and members who should be accountable for how the Council operates.
- The need for a stronger financial 2nd line of defence within Directorates.
- As stated in the previous Annual Report for 2021-22, enhanced commitment and actions for the full implementation of agreed actions to address internal control and risk management issues identified by Internal Audit reports.

Assessment against Significant Risks at KCC

3.10 Appendix 3 details the significant risks with a risk rating of 25 at KCC as reported to the Governance and Audit Committee in May 2023 with identification of relevant Internal Audit work undertaken against these risk areas. Reliance is placed against the work undertaken by the Corporate Risk Team in the identification of, assessment, recording and reviewing of risk mitigations, updating and monitoring of and their regular reporting of the Corporate Risk Register to the Governance and Audit Committee during the course of the year.

Other Sources of Assurance

- 3.11 In line with Institute of Internal Auditors' Practice Guidance, there is a criteria, summarised in Appendix 2, which should be utilised for Internal Audit to be able to place reliance upon other assurance providers, which maybe either internal or external sources of assurance.
- 3.12 All sources of assurance identified are taken at a point in time and, based on the criteria, absolute assurance for the vast majority of other assurances cannot be derived from these pieces of work undertaken.
- 3.13 During the course of the 2022-23 Internal Audit plan, Ofsted undertook a review of [Children's Services](#) which received an Outstanding rating. Ofsted also undertook a revisit [inspection of SEND](#) in which it was determined that a written statement of action was required because of significant areas of weakness in the Council's practices.
- 3.14 In order to identify gaps in assurance, prevent duplication in the assurance process and record the outcomes of the assessment of the adequacy and effectiveness of the service's internal control, risk management and corporate governance arrangements, assurance mapping processes are undertaken each year to ensure it reflects developing processes and procedures. A number of assurance mapping exercises have been undertaken across the Council by Internal Audit and it is intended that they will be refreshed as part of the 2023-24 Audit Plan. The maps currently completed are as follows in Table 5:

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Table 5: Summary of Assurance Mapping

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Risk	Last Reviewed	Risk Register		1 st Line of Defence				2 nd Line of Defence				3 rd Line of Defence				
		Current	Tolerance	Policies & Procedures	Training	Mgmt. Info	Self Assess Process	Compliance	Quality	Internal Groups	Risk Mgmt.	3 rd Parties	Partners	Regulators	Internal Audit	External Audit
Information Governance	2021-22	High	Medium	Some Assurance Available	Assurance Available	Assurance Available	N/A	Assurance Available	N/A	Assurance Available	N/A	N/A	Some Assurance Available	Assurance Available	N/A	N/A
ICT	2021-22	High	Medium	Some Assurance Available	Assurance Available	Assurance Available	Assurance Available	N/A	Assurance Available	Assurance Available	Some Assurance Available	Some Assurance Available	Some Assurance Available	Assurance Available	N/A	Assurance Available
Safeguarding Children	2020-21	Medium	Medium	Assurance Available	Assurance Available	Assurance Available	Some Assurance Available	Assurance Available	Assurance Available	Assurance Available	N/A	Assurance Available	Assurance Available	Assurance Available	Assurance Available	N/A
Safeguarding Adults	2020-21	Medium	Medium	Assurance Available	Some Assurance Available	No Assurance Available	Some Assurance Available	Some Assurance Available	No Assurance Available	Assurance Available	Assurance Available	No Assurance Available	Some Assurance Available	Some Assurance Available	N/A	N/A
Simultaneous Response, Recovery & Resumption	2022-23	Medium	Medium	Some Assurance Available	Some Assurance Available	Some Assurance Available	Some Assurance Available	Some Assurance Available	N/A	Some Assurance Available	N/A	Some Assurance Available	Some Assurance Available	Some Assurance Available	N/A	N/A
Fraud & Error	2022-23	Medium	Low	Assurance Available	Some Assurance Available	Assurance Available	Some Assurance Available	Assurance Available	Assurance Available	Assurance Available	Assurance Available	Assurance Available	Assurance Available	Assurance Available	Some Assurance Available	Assurance Available

Legend	No Assurance Available	Some Assurance Available	Assurance Available	N/A
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3.15 The assurance mapping exercises to date have highlighted a number of areas for further review from Internal Audit such as Patch Management which was reviewed as part of the 2022/23 Audit plan and found to be operating adequately. More broadly, the maps have highlighted there are internal working groups to provide oversight for each risk reviewed in most instances reviewed. Risk management is also present for each area. The Simultaneous Response, Recovery and Resumption assurance mapping exercise found some assurance is available across each line of defence however, a review of Business Continuity Planning will be undertaken during 2023-24 to provide further assurance.

4. Implementation of Agreed Actions

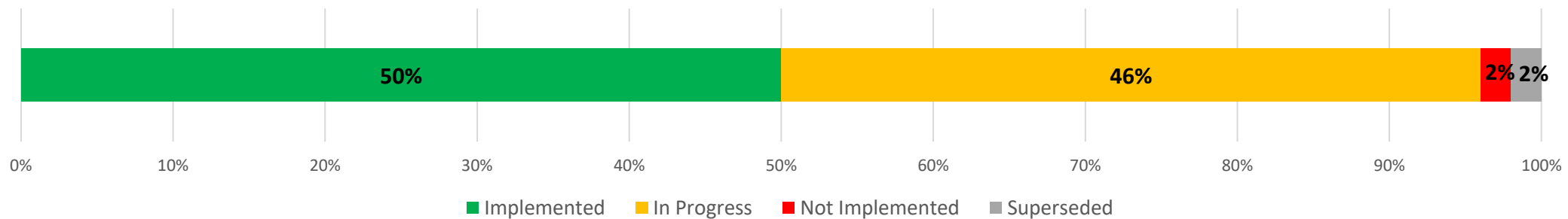
4.1 Details of the year end position on the implementation of actions from Internal Audit reports was reported to September GAC. This set out the implementation status of 64 actions categorised by the age of actions assigned to the original report. Summary of the details reported to September GAC are contained within this section of the report.

4.2 The status of implementation is summarised in Table 6:

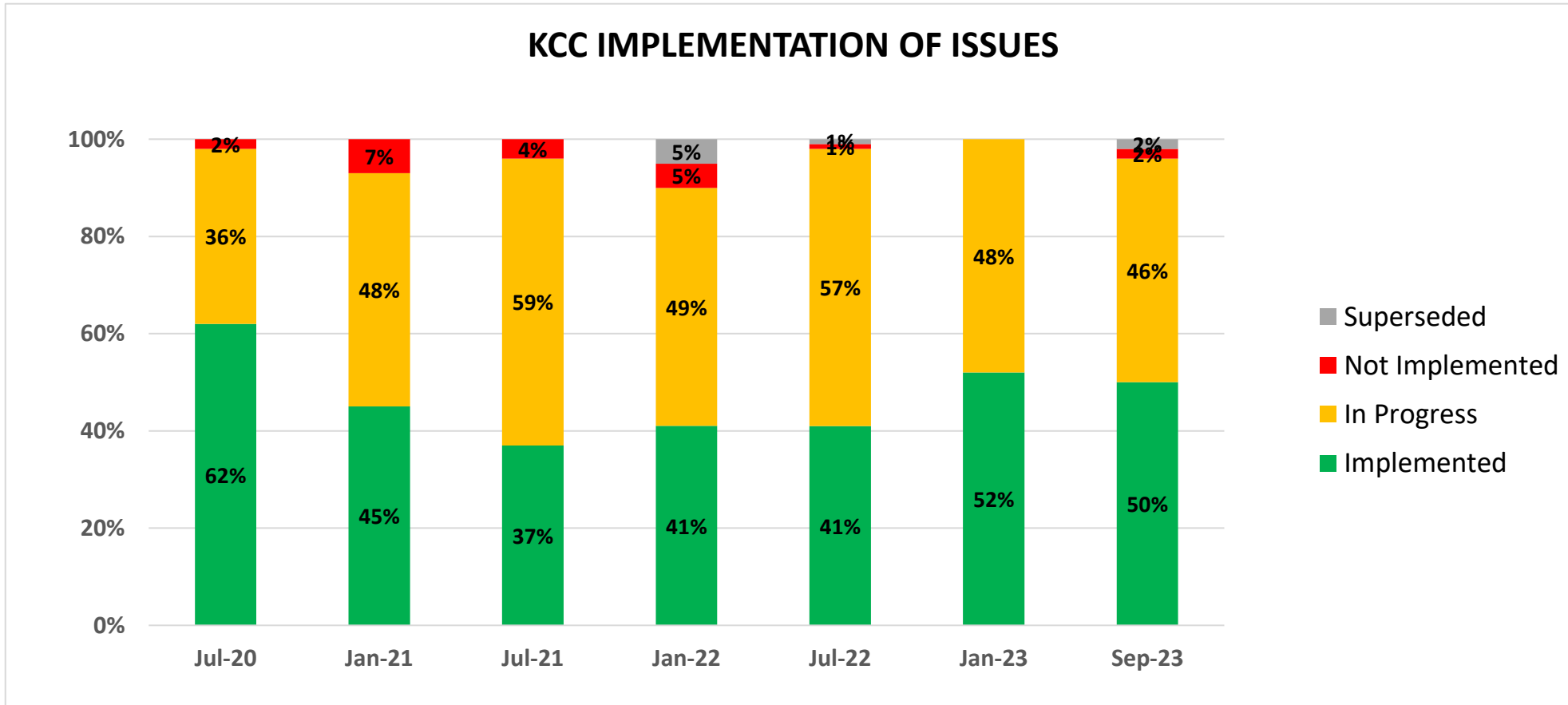
Table 6: Summary of Action Implementation

	Total Number due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
Total	14	50	5	27	7	23	1	0	1	0
Total %			36%	54%	50%	46%	7%	0%	7%	0%

Overall Implementation of Agreed Management Actions



- 4.3 The analysis of the implementation of actions to address internal control and risk management actions following Internal Audit reports, highlights an improved position from 2021-22 as shown in the graph from 41% to 50% full implementation.
- 4.4 The Implementation of issues rate has, however, reduced since January 2023 and the overall rate again leaves room for significant improvement. A dashboard of outstanding actions is available to Directorates and discussions on outstanding actions will be undertaken during relationship management meeting throughout the 2023-24 period.
- 4.5 It should be emphasised that the Annual External Audit Report for 2021-22, presented to GAC in March 2023, made an Improvement Recommendation to the Committee which referred to the level of "In Progress" actions and that "., it will be important that Issues from internal audit reports are taken seriously and addressed on a timely basis.



Programmed Follow Ups

4.5 Programmed Follow Ups undertaken as part of the 2022-23 Internal Audit Plan were reported to July GAC which included, three in depth follow ups were undertaken of areas where, mainly, in the previous year audit opinions had been Limited, with the following results:

Table 7: Programmed Follow Ups 2022-23

Audit	Previous Opinion	Number of Issues Previously Raised		Implemented		In Progress		Not Implemented / Superseded	
		High	Medium	High	Medium	High	Medium	High	Medium
Imprest Accounts (Follow-up)	No Assurance	4	3	2	0	2	3	0	0
Provider Invoicing (Follow-up)	Limited	3	3	2	1	1	2	0	0
Records Management (Follow-up)	Limited	3	4	0	0	3	4	0	0
Total		10	10	4	1	6	9	0	0

*Includes updated position following additional follow-up work undertaken and also awaiting evidence / evaluation at the time of this draft report.

4.6 The Imprest Accounts Follow Up audit highlighted that there had been good progress since the original audit and though 5 actions remain open there are a few facets that require to be addressed to be in a position to close these actions. These are being tracked closely by the work of the CYPE Cashless Project which Internal Audit are invited to attend to provide ongoing advice.

4.7 There has been some progress in the full implementation of agreed actions with 25% fully implemented. Revised audit opinions have not been given for these audits because of the limited scope of the follow-up, which focussed only on the areas where issues were raised in the previous report. Where action remains outstanding, revised dates for implementation have been agreed and these will be followed-up to their conclusion.

5. Other Audit Work including Grant Certification

5.1 Internal Audit perform a vital service for the Council in the auditing of grant claims to evidence spend is in accordance with grant terms and conditions. Thus, in 2022-23, Internal Audit audited / certified 56 grants to the value of €3.7m Euros and £69m.

The breakdown of the 56 grants was:

- 45 EU Interreg grant returns;
- 1 Department for Digital Culture, Media & Sport
- 1 Department of levelling up, Housing & Communities
- 1 Department for Environment, Food & Rural Affairs
- 3 Office for Health Improvement & Disparities
- 1 Sport England grant; and
- 4 Department for Transport grants.

5.2 The work undertaken in the grant certifications undertaken did not highlight any material inaccuracies or control weaknesses.

5.3 The increase in the volume of grant certification work undertaken by the Internal Audit service for the Council has continued to be challenging in respect of providing core assurance work and has utilised a greater proportion of Internal Audit resources.

5.4 The diversification of Internal Audit by offering a proportion of our services to other public sector related or associated bodies has continued throughout 2022-23, including:

- Commercial Services Group (CSG) – including Kent Commercial Services, Invicta Law, The Education People and Cantium Business Solutions;
- Appointed auditor to 10 Parish Councils;
- Internal audit of Kent and Essex Inshore Fisheries and Conservation Authority;
- Internal audit of Kent and Medway Fire and Rescue Service; and
- Management of the audit and fraud service at Tonbridge and Malling Borough Council.

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6. Conformance with Public Sector Internal Audit Standards (PSIAS)

- 6.1 All internal audit work completed during 2022-23 has been conducted in accordance with the Standards, the Internal Audit Manual and the Quality and Assurance Improvement Programme (QAIP).
- 6.2 The Standards require all public sector internal audit functions to be externally assessed on a five-yearly basis and undertake periodic self-assessments, to assess conformance with the Standards. In 2021, an independent assessor completed the External Quality Assessment (EQA) and assessed that the service “Generally Conforms with the Public Sector Internal Audit Standards”. This was the highest possible assessment available and reconciled with our own internal self-assessment.
- 6.3 A self-assessment has been undertaken for the current year which found that the Internal Audit service remains as “Generally Conforms with the Public Sector Internal Audit Standards”. Further details of the outcomes of the self-assessment can be found in Table 9.
- 6.4 Global Internal Audit Standards are currently being reviewed and it is anticipated that new standards will be in place in 2024. Therefore, Internal Audit compliance with the Standards will need re-assessment against these once they have been finalised. There are a number of significant changes to the Standards, including the expectations of an Audit Committee and Internal Audit will need to review these throughout the 2023/24 period to ensure any required changes to Audit practices are addressed to remain compliant.

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Table 9: Conformance with PSIAS

		Generally Conforms	Partially Conforms	Does Not Conform
Definition of Internal Auditing				
Reference	Code of Ethics			
1	Integrity	✓		
2	Objectivity	✓		
3	Confidentiality	✓		
4	Competence	✓		
Reference	Attribute Standards			
1000	Purpose, Authority and Responsibility	✓		
1010	Recognising Mandatory Guidance in Charter	✓		
1100	Independence and Objectivity	✓		
1110	Organisational Independence	✓		
1111	Direct Interaction with the Board	✓		
1112	Chief Audit Executive Roles Beyond Internal	✓		
1120	Individual Objectivity	✓		
1130	Impairments to Independence or Objectivity	✓		
1200	Proficiency and Due Professional Care	✓		
1210	Proficiency	✓		
1220	Due Professional Care	✓		
1230	Continuing Professional Development	✓		
1300	Quality Assurance and Improvement Programme	✓		
1310	Requirements of the Quality Assurance and	✓		
1311	Internal Assessments	✓		
1312	External Assessments	✓		
1320	Reporting on the QAIP	✓		
1321	Use of Conforms with the International Standards	✓		

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		Generally Conforms	Partially Conforms	Does Not Conform
Reference	Attribute Standards			
1322	Disclosure of Non-conformance	✓		
Reference	Performance Standards			
2000	Managing the Internal Audit Activity	✓		
2010	Planning	✓		
2020	Communication and Approval	✓		
2030	Resource Management	✓		
2040	Policies and Procedures	✓		
2050	Coordination and Reliance	✓		
2060	Reporting to Senior Management and the Board	✓		
2070	External Service Provider and Organisational Responsibility	✓		
2100	Nature of Work	✓		
2110	Governance	✓		
2120	Risk Management	✓		
2130	Control	✓		
2220	Engagement Scope	✓		
2230	Engagement Resource Allocation	✓		
2240	Engagement Planning	✓		
2300	Planning Considerations	✓		
2310	Engagement Objectives	✓		
2320	Engagement Scope	✓		
2330	Engagement Resource Allocation	✓		
2340	Engagement Work Programme	✓		
2400	Performing the Engagement	✓		
2410	Identifying Information	✓		

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		Generally Conforms	Partially Conforms	Does Not Conform
Reference	Performance Standards			
2420	Analysis and Evaluation	✓		
2421	Errors and Omissions	✓		
2430	Use of 'conducted in conformance with...	✓		
2431	Engagement Disclosure of Non-conformance	✓		
2440	Disseminating Results	✓		
2450	Overall Opinions	✓		
2500	Monitoring Progress	✓		
2600	Resolution of Senior Managements Acceptance of Risks	✓		

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7. Internal Audit Performance

7.1 The performance of the Internal Audit Team is measured and monitored throughout the year and the year-end position is shown in Table 10 below:

Table 10: Internal Audit Performance 2022-23

Performance Indicator	Target	18-19	19-20	20-21	21-22	22-23	Performance Against Previous Period
Outputs				Original Plan	Revised Plan	Original Plan	Revised Plan
90% of Audits Completed (by Year End)	90%	97%	93%	67%	96%	69%	100%
Outcomes							
% of High Priority Issues / Risks Issues Agreed	N/A	100%	100%	100%	100%	100%	
% of High Priority Issues / Risks Issues Implemented	N/A	56%	57%	34%	45%	44%	
% of All Other Issues Agreed	N/A	100%	100%	100%	98%	100%	
% of All Other Issues Implemented	N/A	55%	34%	46%	39%	50%	
Client Satisfaction	90%	91%	97%	98%	95%	98%	

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Plan Delivery

7.2 Table 10 highlights performance in respect of the Audit Plan (83%), reflecting a challenging year in respect of delivering the Audit Plan, which has been reported to the Committee at previous meetings. In conjunction with this a number of audits have been put on hold or removed from the plan due to changes in organisational priorities.

Client Satisfaction

7.3 At the end of each audit review, a client satisfaction questionnaire is sent to the auditee. The cumulative result for these surveys was 98% satisfaction, which is above target and shows similar position from 2021-22 performance.

7.4 The survey also requested any additional comments and comments received are replicated below:

- *“Good to have feedback conversations throughout, understanding emerging findings and discussing these.”*
- *“The Auditor clearly explained the scope of the audit and what my role would be in terms of assisting with the findings. The Auditor kept me briefed at all stages, particularly when changes occurred such as completing the field work ahead of the intended deadline. I was involved in reviewing the draft of the final report, and the Auditor invited my feedback with regards to its accuracy and clarity.”*
- *“Was clear on the approach from start to finish. Kept to agreed timescales. Kept up to date throughout. Was flexible during our busy periods.”*
- *“Auditor was collaborative and worked with us throughout the process.”*
- *“The audit was a helpful benchmark for us and helped to confirm our internal assessment of progress providing and confirming the focused areas for action to move us forward. The Auditor was very good in reviewing the whole end to end process for KCC to achieve Net Zero by 2030, from actions to carbon savings and modelling I believe the report offers the opportunity to review and understand current issues that face the delivery of Net Zero by 2030.”*

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Client Perception

7.5 In addition to the Client Satisfaction surveys, an annual Perception Survey has been completed requesting views of the Corporate Management Team and the Governance and Audit Committee on the quality of Internal Audit services. The questions are intentionally challenging for the service and the responses, with the comments received, will be utilised as part of the continuous improvement for the service. The results are detailed in Appendix 7 and the key responses were (with comparison to 2021-22):

- 92% (100% 22-23) strongly agree / agree that Internal Audit understands the Council, its needs and objectives;
- 92% (new question) strongly agree/ agree that Internal Audit covers the key risks facing the Council, at the right time.
- 92% (89%) strongly agree / agree that Internal Audit collaborates with the Council to assist in achieving its objectives and managing its risks;
- 92% (100%)strongly agree / agree that Internal Audit demonstrates competence and due professional care;
- 92% (89%) strongly agree / agree that Internal Audit adds value;
- 69% (88%) strongly agree / agree that Internal Audit is insightful, proactive and future focused;
- 85% (67%) strongly agree / agree that Internal Audit promotes and supports organisational change and transformational change;
- 85% (89%) strongly agree / agree that Internal Audit provides timely reports which are of a high standard and meet the readers' needs;
- 46% (45%) strongly agree / agree that Internal Audit enables benchmarking and the sharing of good practice;
- 92% (100%) strongly agree / agree that Internal Audit demonstrates quality and continuous improvement; and
- 92% (89%) strongly agree / agree that Internal Audit provided an effective service in 2022-23.

7.6 The survey also requested any additional comments and one of the two comments received is replicated below:

“I stand to be corrected but wonder how deeply Internal Audit have reviewed the drivers of overspending in Children's and Adults Services recently? Its more seeking an assurance about process, rather than anything more. Recommendations in Audit Reports are consistently constructive and focussed, although sometimes I wonder if Management have also identified the same points. The KCC Internal Audit Service is, to my mind, well aligned with the organisation - its needs and challenges, with good representation at the senior level and the clout to ensure things get done. I am so pleased that Head of Internal Audit's leadership has ensured a well-resourced and developed team, as this is such an important aspect of our assurance. “

7.7 Additionally, at a County Council meeting in July 2023, the Council's External Audit Partner commented: *“ Clearly, there is a strong Internal Audit function in the Council.”*

8. Internal Audit Resources

- 8.1 In accordance with the PSIAS, members of the Committee need to be appraised of relevant matters relating to the resourcing of the Internal Audit function.
- 8.2 In 2022-23, the service has been supported by the Corporate Director of Finance in ensuring there were sufficient resources to enable an annual Internal Audit opinion to be derived. This has included, when required, the enhancement of the in-house team by additional capacity from a contracted provider and agency recruitments.
- 8.3 It is also concluded that there have been no limitations of scope which adversely impacted upon the ability to provide an annual opinion.
- 8.4 Although there has been some staff turnover during the course of the year, the service has conducted successful recruitment exercises in a challenging market and excellent new colleagues have joined the team.
- 8.5 As reported in the 2021-22 Annual Report, the impact of undertaking the SEND Transport review in 2022 had a significant impact upon the ability to deliver as a shared service provider in 2022-23 with consequences of reduced coverage at Kent County Council.
- 8.6 Consequently, there has been a review of resources, taking into consideration the external income that the service derives for the Council, with support from the Corporate Statutory Officers, with the following key strategic objectives:
- (i) Maintain a “fit for purpose” structure, from which the service can develop and progress, providing the necessary wide level of assurance service to reflect current risks faced by the Council;
 - (ii) Ensure there is sufficient level of resources, with emphasis on increasing the level of qualified auditors, to meet demand for assurance and consultancy services within KCC and its external clients to continue to deliver assurance and income to support the maintenance of an experienced skills base;
 - (iii) Have a robust and resilient structure to prepare for potential opportunities for KCC Internal Audit;
 - (iv) Provide a development route for progression and succession; and
 - (v) Create posts to manage the risks of staff retention.
- 8.7 The review was presented to and approved by the Corporate Management Team in June 2023, which in due course should result in increased capacity and resilience of the service to deliver for the Council and across its external client base and decrease the reliance upon agency and bought—in resource.

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9. Disclosure on Impairment and Statement of Independence

- 9.1 Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, internal control and governance processes. (Source: Public Sector Internal Audit Standards and Local Government Application Note).
- 9.2 Internal Audit is a statutory requirement for local authorities. There are two key pieces of relevant legislation:
- Section 151 of the Local Government Act 1972 requires every local authority makes arrangements for the proper administration of its financial affairs and to ensure that one of the officers has responsibility for the administration of those affairs
 - The Accounts and Audit Regulations 2015 (England) states that "A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance"
- 9.3 Internal Audit independence is achieved by reporting lines which allow for unrestricted access to the Leader of the Council, Chief Executive, Senior Management Boards, which includes the s.151 Officer, and the Chair of the Governance and Audit Committee.
- 9.4 There has been no restriction on the scope of Internal Audit work findings during 2022-23. In any instance where there is a potential or perceived impairment to independence, for example when delivering critical reports within the Division where Internal Audit is within the Council structure, then such matters are addressed with management accordingly.
- 9.5 Consequently, although there are periodic challenging factors, it is confirmed that the independence of the Internal Audit and its ability to form an evidenced audit opinion has not been adversely affected in 2022-23.
- 9.6 Summaries of audit work completed have been provided to the Committee throughout the year and have identified areas that have required escalation.

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39	CS01-2022	CIPFA Financial Management Code (Part 2)	Final Report	SUBSTANTIAL	VERY GOOD	January 2023
6a	CA01-2023	Annual Governance Statement - Process	Final Report	ADEQUATE	ADEQUATE	January 2023
6b	CA01-2023	Annual Governance Statement - Returns	Final Report	LIMITED	ADEQUATE	January 2023
5	CA02-2023	Assurance Mapping - Simultaneous Response, Recovery & Resilience	Final Report	N/A	N/A	January 2023
-	CA03-2023	Informal Governance	On Hold			
23	CA04-2023	Decision Making	Final Report	N/A	N/A	September 2023
16	CA05-2023	Health & Safety	Final Report	ADEQUATE	GOOD	May 2023
11	CA06-2023	Information Governance – Role of the Information Asset Owner	Final Report	N/A	N/A	May 2023
24	CA07-2023	Procurement	Final Report	LIMITED	GOOD	September 2023
25	CA08-2023	Risk Management	Final Report	SUBSTANTIAL	GOOD	September 2023
26	CA09-2023	Assurance Mapping - Fraud & Error	Final Report	N/A	N/A	September 2023
27	CA10-2023	LATCO Governance Arrangements	Draft Report	ADEQUATE	TBC	September 2023
-	CR01-2023	Inflation	On Hold			
-	CR02-2023	Operating Standards	On Hold			
14	CR03-2023	Preparedness for CQC Inspection-ASCH	Final Report	N/A	N/A	May 2023
12	CR04-2023	Enterprise Business Capabilities (Oracle)	Final Report	N/A	N/A	May 2023
17	CS01-2023	Budget Savings	Final Report	LIMITED	ADEQUATE	May 2023
18	CS02-2023	Imprest Accounts Follow-up	Final Report	N/A	N/A	May 2023
19	CS03-2023	Purchase Cards	Final Report	ADEQUATE	GOOD	May 2023
20	CS04-2023	Pension Scheme Admin	Final Report	ADEQUATE	GOOD	May 2023
28	CS05-2023	Social Care Debt Recovery	Final Report	ADEQUATE	GOOD	September 2023

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7	RB01-2023	Data Mapping	Final Report	ADEQUATE	GOOD	January 2023	
3	RB02-2023	Talent Management	Final Report	SUBSTANTIAL	GOOD	January 2023	
15	RB03-2023	Individual Contracts with Care Providers	Final Report	LIMITED	GOOD	May 2023	
-	RB04-2023	Making a Difference Every Day (MADE)	Removed	N/A	N/A		
-	RB05-2023	Change for Kent Children	Removed	N/A	N/A		
9	RB06-2023	Recruitment & Retention of Social Care Workers (CYPE)	Final Report	SUBSTANTIAL	VERY GOOD	May 2023	
13	RB07-2023	Climate Change	Final Report	LIMITED	ADEQUATE	May 2023	
	RB08-2023	Highways Term Contract	Ongoing	N/A	N/A		
-	RB09-2023	Estate Management / Maintenance	On Hold				
4	RB10-2023	Modern Slavery	Final Report	N/A	N/A	January 2023	
29	RB14-2023	Provider Invoicing (Follow Up)	Final Report	N/A	N/A	September 2023	
30	RB15-2023	Engagement of Consultants	Final Report	N/A	N/A	September 2023	
31	RB16-2023	Data Quality - LAS system - Risk of Overpayments	Final Report	LIMITED	GOOD	September 2023	
32	RB17-2023	Compliance with Financial Regulations - ASCH and GET	Draft Report	LIMITED	TBC	September 2023	
10	RB19-2023	Estates Change Programme (Sessions House)	Final Report	N/A	N/A	May 2023	
33	RB21-2023	Contract Extensions	Final Report	LIMITED	VERY GOOD	September 2023	
34	RB22-2023	Records Management (Follow-up)	Draft Report	N/A	N/A	September 2023	
35	RB24-2023	Property Disposals	Final Report	ADEQUATE	GOOD	September 2023	
-	RB26-2023	United Kingdom Resettlement Scheme	On Hold				
-	RB29-2023	Unregulated Care Placements	On Hold				
22	RB32-2023	Data Security Toolkit	Final Report	SUBSTANTIAL	VERY GOOD	May 2023	
21	RB33-2023	Public Health Grants	Complete	N/A	N/A	May 2023	

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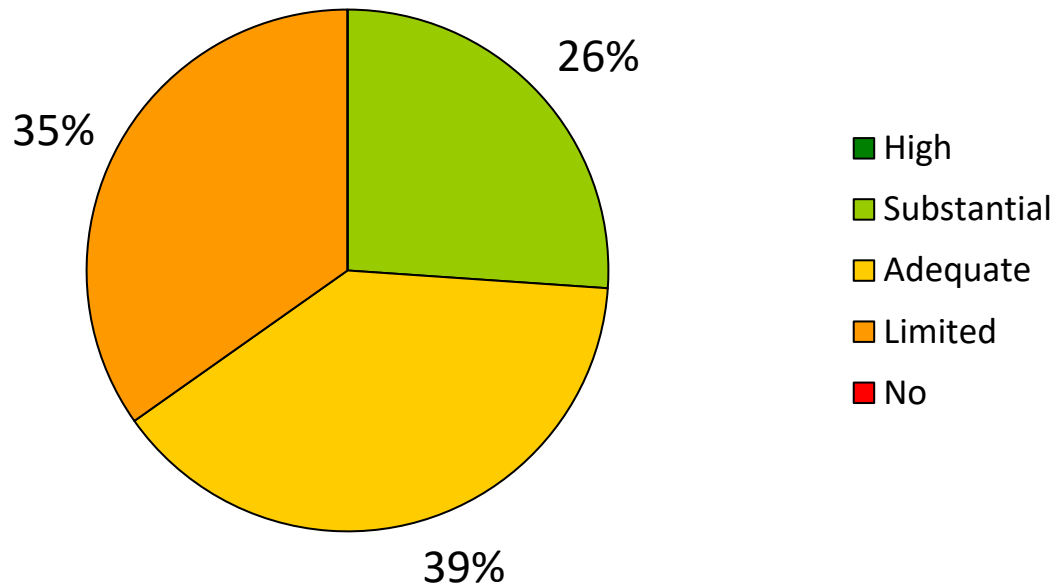
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36	ICT01-2023	Cyber Security Patch Management	Final Report	SUBSTANTIAL	VERY GOOD	September 2023
37	ICT02-2023	ICT Consolidated Action Plan	Final Report	N/A	N/A	September 2023
8	ICT03-2023	Information Technology Risk Management	Final Report	ADEQUATE	GOOD	May 2023
	ICT04-2023	Disaster Recovery	Fieldwork	TBC	TBC	
38	ICT05-2023	Payment Card Industry Data Security Standards (PCI DSS)	Draft Report	LIMITED	TBC	September 2023

Assurance Levels 2022/23



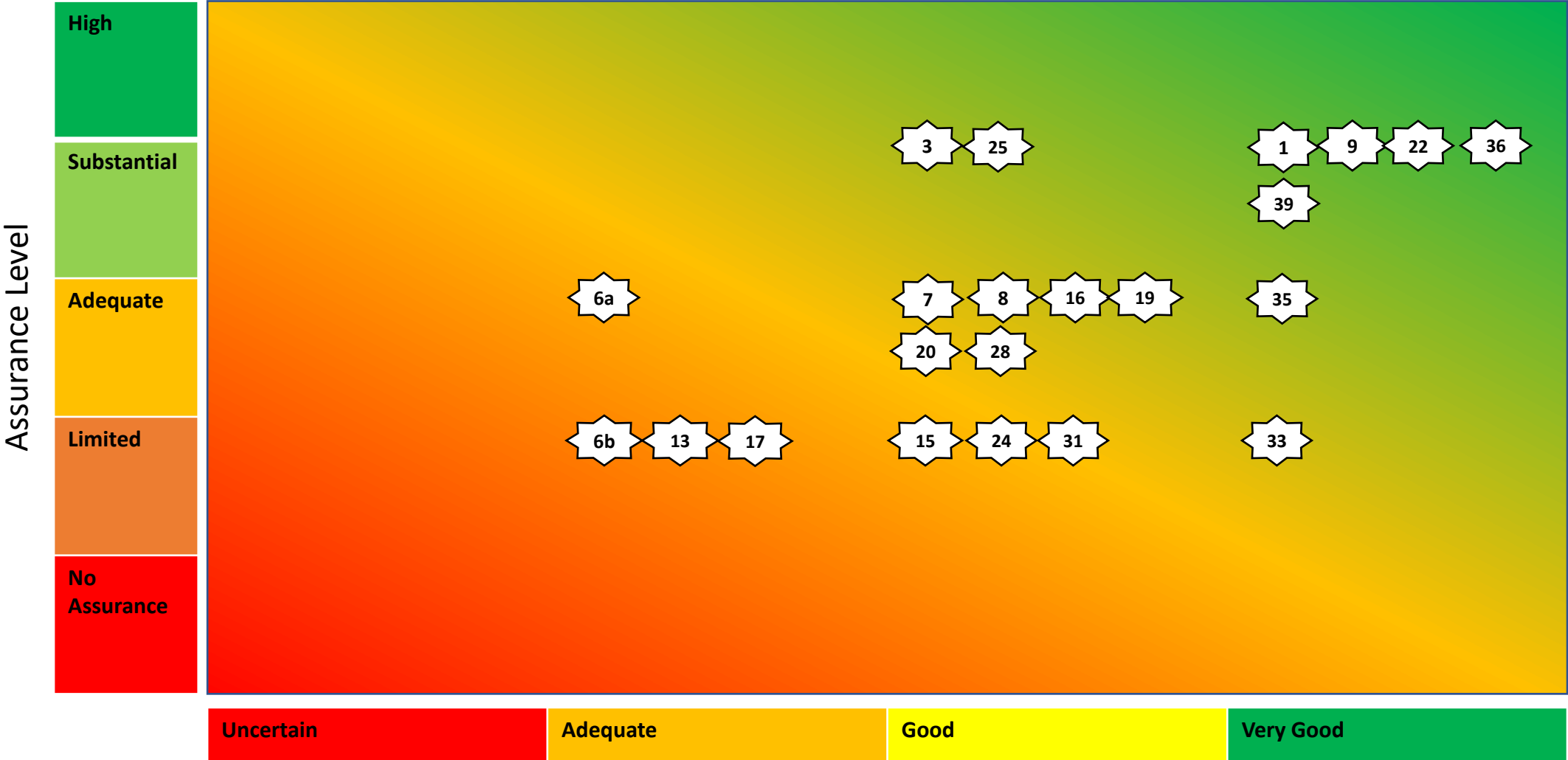
Assurance Level	No	%
High	0	0%
Substantial	6	26%
Adequate	9	39%
Limited	8	35%
No	0	0%

Prospects for Improvement	No	%
Very Good	5	24%
Good	12	57%
Adequate	4	19%
Uncertain	0	0%

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Assessment Criteria Other Sources of Assurance

Low Reliance

- Program commitment
- Broad expertise
- Assess and report risk

- Common purpose
- Process expertise
- Inspection discipline
- Point-in-time conclusion

- Common purpose
- Process expertise
- Repeatable testing
- Issue tracking
- Analytics

- Integral purpose/priority
- Technical expertise
- Rigorous practice
- Sustained remediation
- Continuous monitoring
- Communicate emerging risk

High Reliance

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The detail below shows Internal Audit projects against high risk areas from the Corporate Risk Register reported to May 2023 GAC

Risk No	Risk Title	Current Rating	Target Rating	Audit Ref	Title	Opinion	PFI
CRR0002	Safeguarding - Protecting Adults at Risk	High (20)	Medium (15)	CR03-2023	Preparedness for CQC Inspection (ASCH)	N/A	N/A
				RB03-2023	Individual Contracts with Care Providers	LIMITED	GOOD

Risk No	Risk Title	Current Rating	Target Rating	Audit Ref	Title	Opinion	PFI
CRR0003	Securing resources to aid economic recovery and enabling infrastructure	High (25)	Medium (16)				

Risk No	Risk Title	Current Rating	Target Rating	Audit Ref	Title	Opinion	PFI
CRR0009	Future financial and operating environment for local government	High (20)	High (16)	CS01-2023	Budget Savings	LIMITED	ADEQUATE
				RB17-2023	Compliance with Financial Regulations (ASCH & GET)	LIMITED	TBC
				CA07-2023	Procurement	LIMITED	GOOD
				RB21-2023	Contract Extensions	LIMITED	VERY GOOD
				CS05-2023	Social Care Debt Recovery	ADEQUATE	GOOD
				RB16-2023	Data Quality – LAS System – Risk of Overpayments	LIMITED	GOOD
				CS01-2022	CIPFA Financial Management Code (Part 2)	SUBSTANTIAL	VERY GOOD
				N/A	Grant Certifications	N/A but all positively certified	N/A

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Risk No	Risk Title	Current Rating	Target Rating	Audit Ref	Title	Opinion	PFI
CRR0014	Cyber and information security resilience	High (20)	High (20)	CA02-2023	Assurance Mapping – Simultaneous Response, Recovery & Resumption	N/A	N/A
				CA06-2023	Information Governance – Role of IAO	N/A	N/A
				RB22-2023	Records Management (Follow-up)	N/A	N/A
				RB32-2023	Data Security Protection Toolkit (DSPT)	SUBSTANTIAL	VERY GOOD
				ICT01-2023	Cyber Security Patch Management	SUBSTANTIAL	VERY GOOD
				ICT02-2023	Data Centre Outage Lessons Learned Review	N/A	N/A
				ICT03-2023	Information Technology Risk Management	ADEQUATE	GOOD
				ICT04-2023	Disaster Recovery	TBC	TBC
Risk No	Risk Title	Current Rating	Target Rating	Audit Ref	Title	Opinion	PFI
CRR0015	Managing and working with the social care market	High (20)	Medium (15)	RB03-2023	Individual Contracts with Care Providers	LIMITED	GOOD
				RB21-2023	Contract Extensions	LIMITED	VERY GOOD
				RB16-2023	Data Quality - LAS system - Risk of Overpayments	LIMITED	GOOD
				RB14-2023	Provider Invoicing (Follow-up)	N/A	N/A
Risk No	Risk Title	Current Rating	Target Rating	Audit Ref	Title	Opinion	PFI
CRR0042	Border fluidity, infrastructure and regulatory arrangements	High (20)	High (16)				

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Risk No	Risk Title	Current Rating	Target Rating	Audit Ref	Title	Opinion	PFI
CRR0052	Impacts of Climate Change on KCC Services	High (20)	High (16)	RB07-2023	Climate Change - KCC'S Net Zero Action Plan	LIMITED	ADEQUATE
CRR0053	Capital Programme affordability	High (25)	High (16)	RB19-2023	Estates Change Programme (Sessions House)	N/A	N/A
				RB24-2023	Property Disposals	ADEQUATE	GOOD
CRR0056	SEND Delivery Improvement and High Needs Funding shortfall	High (25)	High (16)				
CRR0057	Home To School Transport Pressures	High (16)	Medium (12)		Home to School Transport (Follow-up)	IN PROGRESS	
CRR0058	Recruitment and Retention of the workforce	High (25)	Medium (9)	RB02-2023	Talent Management	SUBSTANTIAL	GOOD
				RB06-2023	Recruitment & Retention of Experienced Social Care Workers (CYPE)	SUBSTANTIAL	VERY GOOD

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Appendix 4 – Quality Assurance & Improvement Programme (QAIP)

The Public Sector Internal Audit Standards (PSIAS) describe the QAIP as:

“A QAIP is designed to enable an evaluation of the internal audit activity’s conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.”

As acknowledged by the External Assessor in 2021, Internal Audit have a robust process for undertaking the QAIP, which includes the completion of the following reviews to confirm compliance with PSIAS:

- **Self- Assessment** - completed for each audit engagement, proactive fraud review and complex investigation.
- **Hot Reviews** - complete for each audit investigation and fraud investigation.
- **Cold Reviews**- carried out annually across all clients using a judgemental sample and least one per individual.
- **Internal Assessment** - competed annually against PSIAS.
- **External Assessment** - completed every 5 years for Audit and Counter Fraud.
- **Customer Feedback** - competed for each audit engagement and proactive counter fraud review.
- **Stakeholder Perception - completed annually.**

During 2022-23, the following Improvement areas were addressed:

Improvement Issue
Received Agile Audit Training and commenced implementation of a more efficient approach to auditing which increases engagement during the course of the audit.
Implemented a more effective approach to following up Cold Reviews.
Reviewed Audit reporting to Committee.
Refreshed the Performance Management system.
Increased the coverage of key risk facing the Council.
Increased income levels to assist the Council.
Improved use of data analytics.

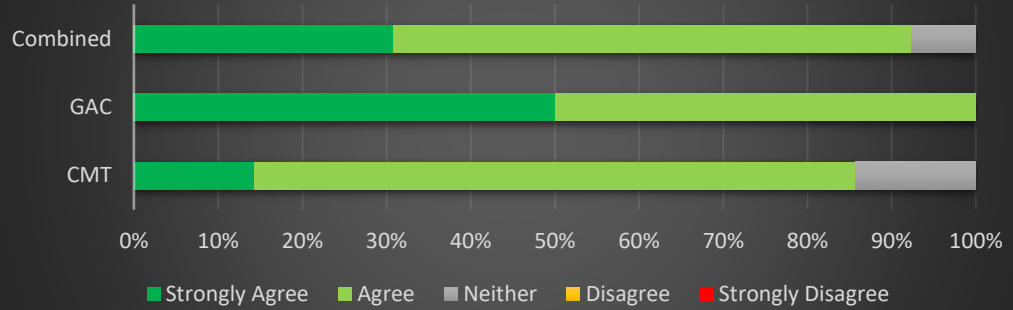
Improvements required for the service in 2023-24 include:

Improvement Issue
Identify and implement further improvements in the use of Data Analytics.
Define agile principles and methodology and extend the use of the agile auditing approach.
Continue reviewing report formats with the aim of reducing report length and increasing the use of visualisations.
Identify the audit opportunities to be implemented from the use of AI.
Ensure the greater effectiveness of non-assurance reporting such as Management Letters including the tracking of suggested improvements.
Prepare for the new Global Internal Audit Standards, including advising the GAC of its new requirements.
Review the Follow Up audit process.
Continue to develop wellbeing support and approaches for the team.

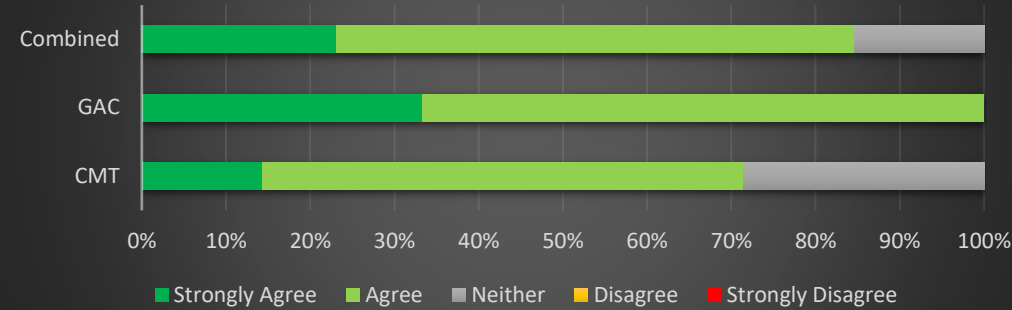
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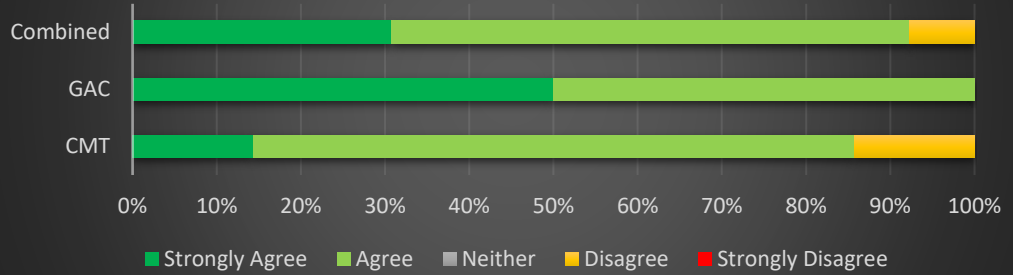
Understands the Council, its needs and objectives



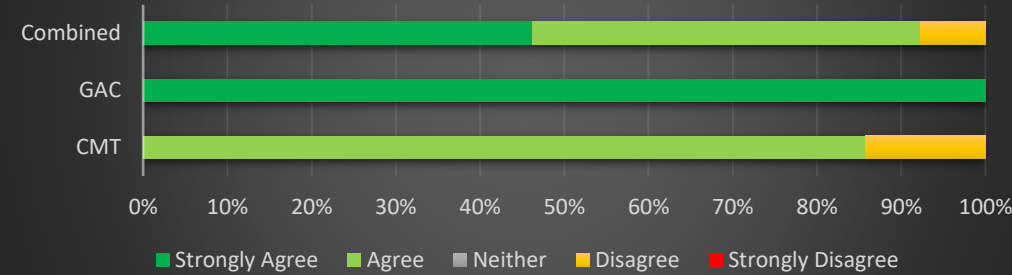
Covers key risks facing the Council, at the right time



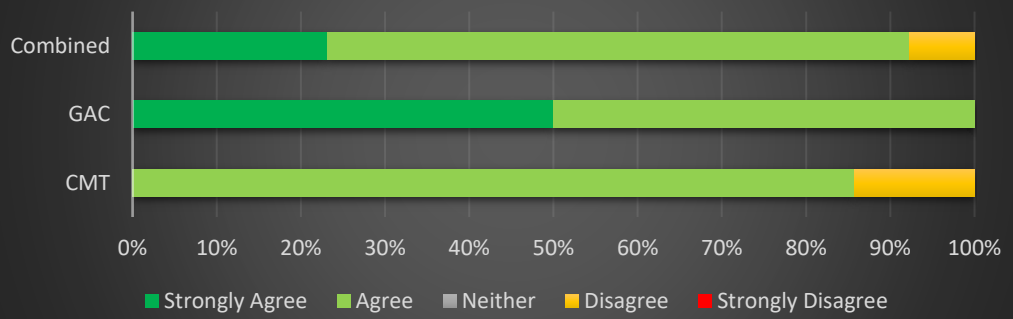
Collaborates with the Council to assist you in achieving your objectives and managing your risks.



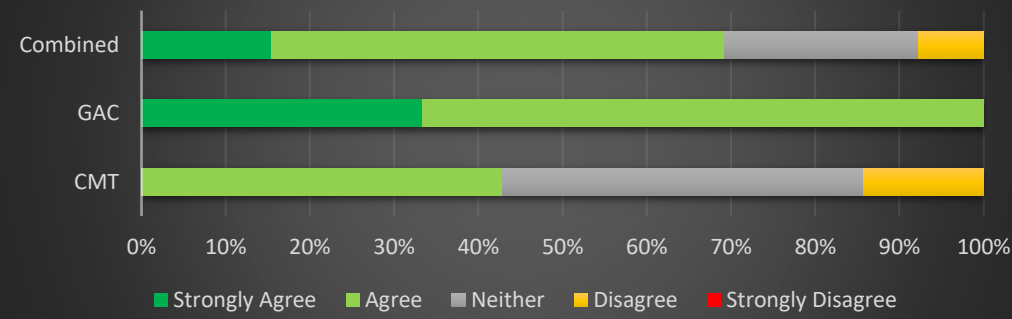
Consistently demonstrates competence and due professional care.



Adds value with the work delivered



Is insightful, proactive and future-focused.



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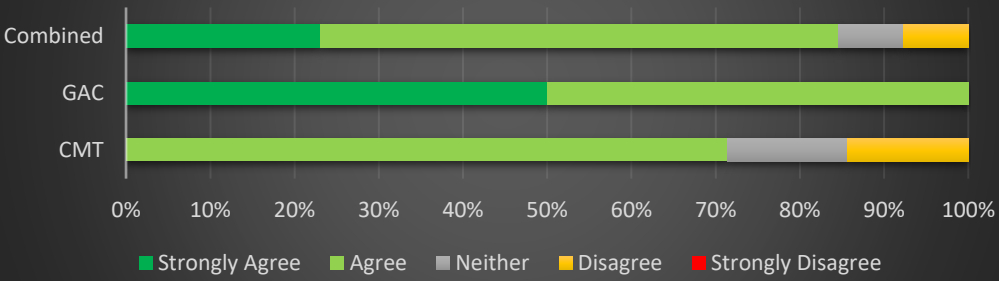
Appendix 3 - Extract of KCC Significant Risks

Appendix 4 - QAIP

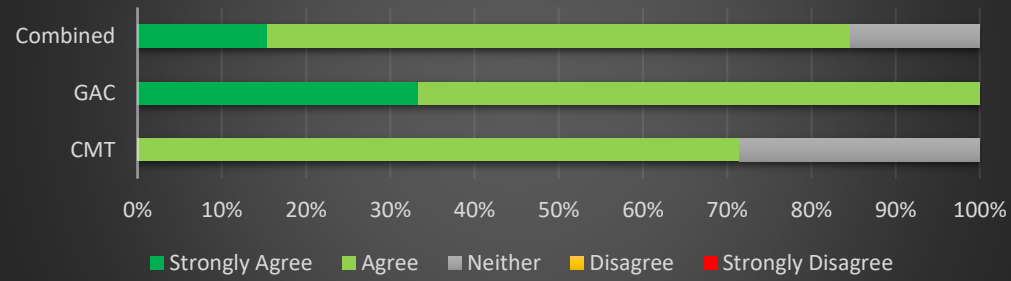
Appendix 5 – Senior Management Survey

Appendix 6 – Definitions

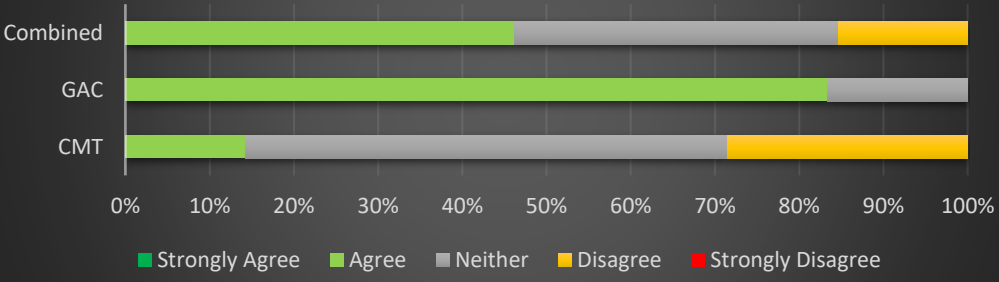
Promotes and supports organisational improvement and transformation.



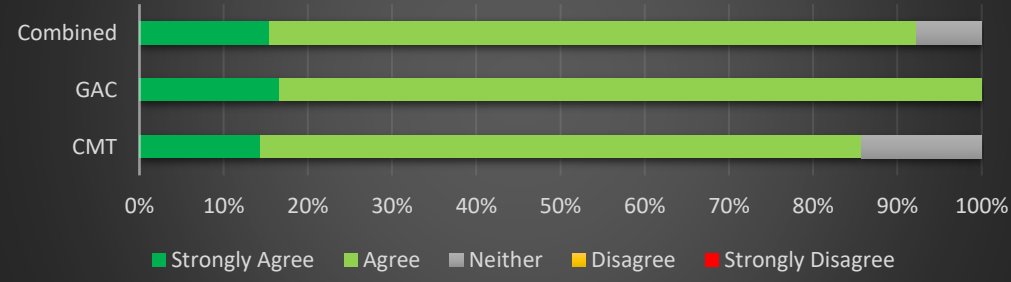
Provides timely reports which are of a high standard and meet your needs.



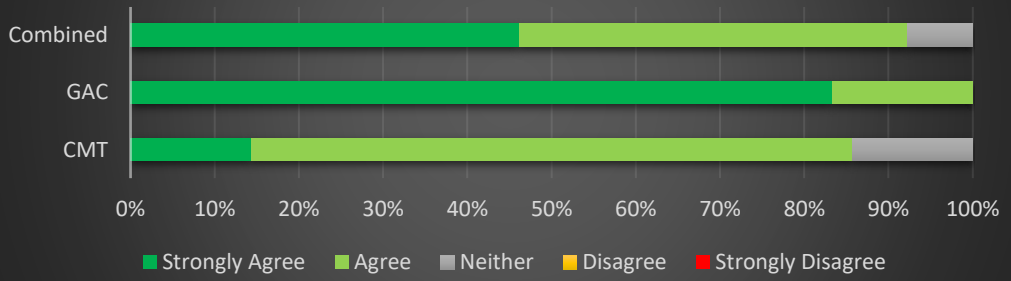
Enables benchmarking and the sharing of good practice, solutions and experience across Kent County Council.



Demonstrates quality and continuous improvement in the Audit Service.



Has provided an effective service for the Council in 2022/23.



Appendix D - Definitions

Audit Opinion

<p>High</p>	<p>Internal control, Governance and the management of risk are at a high standard. The arrangements to secure governance, risk management and internal controls are extremely well designed and applied effectively.</p> <p>Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.</p> <p>There are examples of best practice. No significant weaknesses have been identified.</p>	<p>Limited</p>	<p>Internal Control, Governance and the management of risk are inadequate and result in an unacceptable level of residual risk. Effective controls are not in place to meet all the system/service objectives and/or controls are not being consistently applied.</p> <p>Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.</p>
<p>Substantial</p>	<p>Internal Control, Governance and management of risk are sound overall. The arrangements to secure governance, risk management and internal controls are largely suitably designed and applied effectively.</p> <p>Whilst there is a largely sound system of controls there are few matters requiring attention. These do not have a significant impact on residual risk exposure but need to be addressed within a reasonable timescale.</p>	<p>No Assurance</p>	<p>Internal Control, Governance and management of risk is poor. For many risk areas there are significant gaps in the procedures and controls. Due to the absence of effective controls and procedures no reliance can be placed on their operation.</p> <p>Immediate action is required to address the whole control framework before serious issues are realised in this area with high impact on residual risk exposure until resolved</p>
<p>Adequate</p>	<p>Internal control, Governance and management of risk is adequate overall however, there were areas of concern identified where elements of residual risk or weakness with some of the controls may put some of the system objectives at risk.</p> <p>There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.</p>		

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Prospects for Improvement		Issue Risk Ratings	
Very Good	There are strong building blocks in place for future improvement with clear leadership, direction of travel and capacity. External factors, where relevant, support achievement of objectives.	High	There is a gap in the control framework or a failure of existing internal controls that results in a significant risk that service or system objectives will not be achieved.
Good	There are satisfactory building blocks in place for future improvement with reasonable leadership, direction of travel and capacity in place. External factors, where relevant, do not impede achievement of objectives.	Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system objectives.
Adequate	Building blocks for future improvement could be enhanced, with areas for improvement identified in leadership, direction of travel and/or capacity. External factors, where relevant, may not support achievement of objectives	Low	There is scope to improve the quality and/or efficiency of the control framework, although the risk to overall service or system objectives is low.
Uncertain	Building blocks for future improvement are unclear, with concerns identified during the audit around leadership, direction of travel and/or capacity. External factors, where relevant, impede achievement of objectives.		

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