INTERNAL AUDIT PROGRESS REPORT

GOVERNANCE AND AUDIT COMMITTEE

14 September 2023

1. Introduction

The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council's ability to achieve its objectives.

Upon completion of an audit, an assurance opinion is given on the effectiveness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.

This activity report provides Members of the Governance and Audit Committee and Management with 17 summaries of completed work between May and August 2023.

2. Key Messages

- 17 audits have been finalised in the period reported. **Appendix A**
- The summaries in Appendix A include the highest proportion of Limited Assurances in an Internal Audit Progress report since at least 2019.
- 39 of 47 audits from the 2022/23 6-month rolling Audit Plan are either in fieldwork or reporting stage with the remaining deferred or removed from the plan. **Appendix B**
- 1 high priority issue followed up management has accepted the risk. This appears reasonable based on upcoming legislative changes to Councils ability to charge for the disposal of non-household waste materials. **Appendix C**

3. 2022/23 Internal Audit Plan

This report also provides an update on the work completed between May and August 2023. The audit summaries are provided at **Appendix A**. A summary is provided on current progress against the 2022/23 Audit Plan.

Table 1- Audit Plan Status

Status	Number of Audits	%
Not yet started	0	0%
Planning	0	0%
Fieldwork	1	2%
Ongoing	1	2%
Draft Report	4	9%
Final Report	33	70%
On Hold	6	13%
Removed	2	4%
Total	47	

Appendix B sets out progress against the Rolling 2022-23 Audit Plan. The alignment of coverage against the **8 Pillars of Corporate Health** utilised for Annual Audit Opinion is reported within the separate agenda item.

Corporate Governance	Risk Management	Financial Control	Change Management & Programme / Projects
Commissioning, Procurement & Partnerships	Information Technology & Information Security	Asset Management	Counter Fraud

Table 2 – Summary of Audits - September Committee

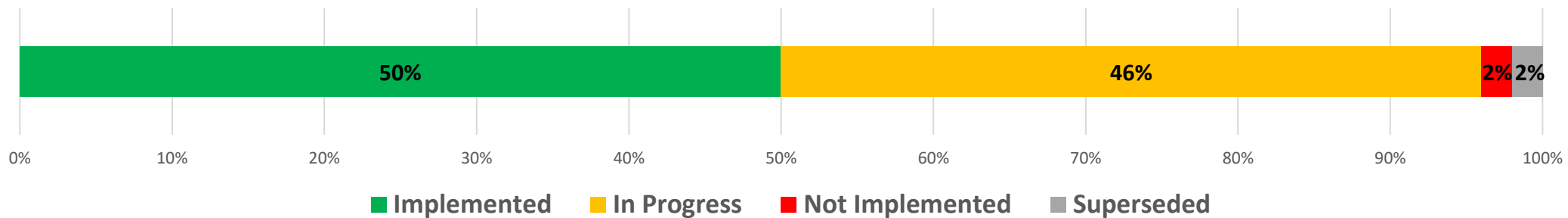|	Governance & Audit Committee – 14 September 2023		
23	CA04-2023 - Decision Making	N/A	N/A
24	CA07-2023 - Procurement	LIMITED	GOOD
25	CA08-2023 - Risk Management	SUBSTANTIAL	GOOD
26	CA09-2023 - Assurance Mapping – Fraud & Error *EXEMPT*	N/A	N/A
27	CA10-2023 - LATCO Governance Arrangements *(DRAFT)*	ADEQUATE	TBC
28	CS05-2023 - Social Care Debt Recovery	ADEQUATE	GOOD
29	RB14-2023 - Provider Invoicing (Follow-up)	N/A	N/A
30	RB15-2023 - Engagement of Consultants	N/A	N/A
31	RB16-2023 - Data Quality – LAS System – Risk of Overpayments	LIMITED	GOOD
32	RB17-2023 - Compliance with Financial Regulations *(DRAFT)*	LIMITED	TBC
33	RB21-2023 - Contract Extensions	LIMITED	VERY GOOD
34	RB22-2023 - Records Management (Follow-up) *(DRAFT)*	N/A	N/A
35	RB24-2023 - Property Disposals	ADEQUATE	VERY GOOD
36	ICT01-2023 - Cyber Security Patch Management *EXEMPT*	SUBSTANTIAL	VERY GOOD
37	ICT02-2023 - ICT Consolidated Action Plan	N/A	N/A
38	ICT05-2023 - Payment Card Industry Data Security Standards (PCI DSS) *(DRAFT) EXEMPT*	LIMITED	TBC

4. Issue Implementation

Details of the current position on the 'Implementation of Agreed Management Actions' is set out at **Appendix C**. This details the implementation status of 62 actions categorised by the assurance level assigned to the original report.

The status of implementation agreed actions is summarised below:

Summary of Issue 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

Legend: ■ Implemented ■ In Progress ■ Not Implemented ■ Superseded

	Total Number due for Implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
ASCH	0	3	0	1	0	2	0	0	0	0
CYPE	3	4	3	4	0	0	0	0	0	0
GET	2	3	1	0	0	3	1	0	0	0
CED	7	30	1	16	6	14	0	0	0	0
DCED	2	10	0	6	1	4	0	0	1	0
Total	14	50	5	27	7	23	1	0	1	0
Total %			36%	54%	50%	46%	7%	0%	7%	0%

ASCH Implementation of Agreed Management Actions

Implemented 33%	In Progress 67%	

Implemented   In Progress   Not Implemented   Superseded

CYPE Implementation of Agreed Management Actions

Implemented 100%

Implemented   In Progress   Not Implemented   Superseded

GET Implementation of Agreed Management Actions

Implemented 20%   In Progress 60%   Not Implemented 20%

Implemented   In Progress   Not Implemented   Superseded

CED Implementation of Agreed Management Actions

Implemented 46%   In Progress 54%

Implemented   In Progress   Not Implemented   Superseded

DCED Implementation of Agreed Management Actions

Implemented 50%   In Progress 42%   Superseded 8%

Implemented   In Progress   Not Implemented   Superseded

Progress on longstanding issues 30 issues remain "in progress" for the period. 2 issues (2 medium priority) are longstanding issues which have remained open past their original implementation date for over 3 years and updates and revised implementation dates are detailed below.

Issues in Progress

3+ Years	2-3 Years	1-2 Years	Less than a year
7%	20%	20%	53%
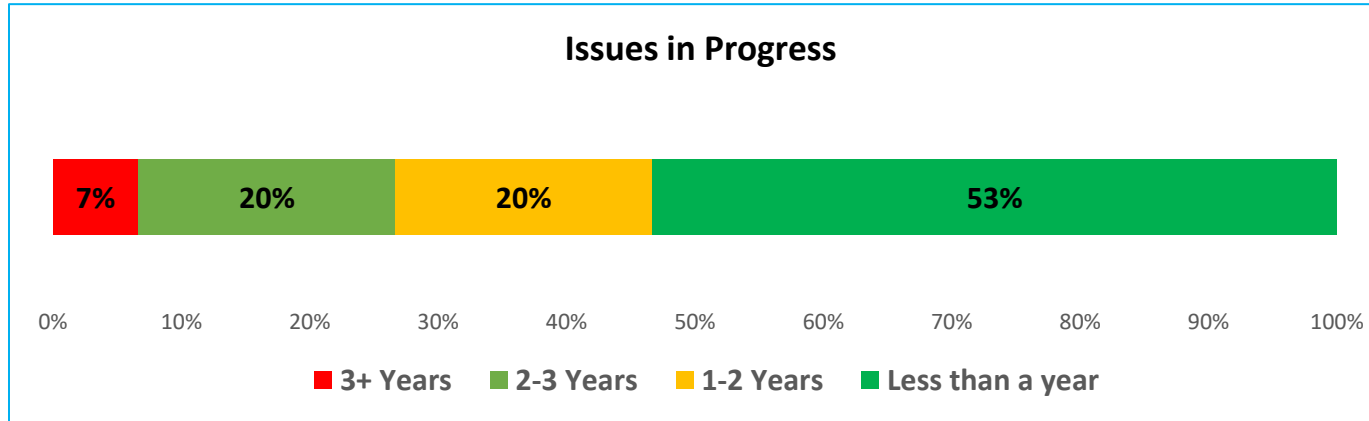
Ref	Audit	Priority	Original Date	Revised Date
CA09-2018	**Departmental Governance Review – Adult Social Care and Health** Issue 6 - Committee Terms of Reference	**Medium**	31/05/2019	31/03/2024
Update - Suggested revisions to the Terms of Reference for the G&A Committee were noted at G&A on 16 March 2023. The revised Terms of Reference and were subsequently agreed by County Council on 25 May. Continuing discussions with Leader regarding future role of Cabinet Committees and potential updates to Terms of References.				
RB01-2018	**Members Induction and Training** Issue 2 - Mandatory Training	**Medium**	31/12/2017	01/05/2024
Update - Mandatory training has been discussed at an informal meeting of the Member Development Sub-Committee and it was felt that it was difficult to determine which elements should be mandated. Certain committees such as Regulation, Governance and Audit, Planning Application Committee already require Members to be trained in order to participate. As part of the wider AGS actions and the work of the Member Development Sub Committee, a large piece of work is being undertaken to boost attendance rates to ensure that there is satisfactory substitute coverage, as well as core Committee Member training. As part of the Strategic Member Development Strategy and feedback from sessions held in the lead up to the new Member Induction programme for 2025, there is an opportunity for Members to assess training that should be classified as mandatory				

5. Under the Spotlight!

With each Progress report, Internal Audit turns the spotlight on the audit reviews, providing the Governance and Audit Committee with a summary of the objectives of the review, the key findings, conclusions and recommendations; thereby giving the Committee the opportunity to explore the areas further, should it wish to do so.

In this period, the following report summaries are provided at **Appendix A** for the Committee's information and discussion.

Audit Definitions are provided at **Appendix D**

(A) Adult Social Care and Health	(B) Children, Young People and Education
A1. CS05-2023 - Social Care Debt Recovery	B1. RB16-2023 - Data Quality – LAS System – Risk of Overpayments

(C) Growth, Environment and Transport Cross Directorate	(D) Chief Executive
	D1. CA04-2023 - Decision Making
	D2. RB22-2023 - Records Management (Follow-up)
	D3. CA10-2023 - LATCO Governance Arrangement
	D4. CA08-2023 - Risk Management

(E) Deputy Chief Executive	(F) Cross Directorate
E1. RB24-2023 - Property Disposals	F1. RB15-2023 - Engagement of Consultants
E2. ICT02-2023 - ICT Consolidated Action Plan	F2. RB17-2023 - Compliance with Financial Regulations
E3. ICT01-2023 - Cyber Security Patch Management *EXEMPT*	F3. CA07-2023 - Procurement
	F4. RB14-2023 - Provider Invoicing (Follow-up)
	F5. RB21-2023 - Contract Extensions
	F6. CA09-2023 - Assurance Mapping – Fraud & Error *EXEMPT*
	F7. ICT05-2023 - Payment Card Industry Security Standards (PCI DSS) *EXEMPT*

Appendix A - Summaries

A1. CS05-2023 – Social Care Debt Recovery

Audit Opinion	**ADEQUATE**
Prospects for Improvement	**GOOD**

Key Strengths

- There is a KCC Debt Management Policy and process documents accessible to staff.
- From a sample of 50 clients with a current social care outstanding debt, 37/50 had appropriate recovery action taken and 8 were subject to either backdated deferred payments or awaiting probate checks.
- There is an escalation process in place which allows additional action to be taken including applying for a legal charge against property. There are currently 10 deferred payment accounts with internal legal services awaiting the legal charge being registered.
- All write offs examined had been subject to appropriate recovery action taken in line with the Debt Management policy and Financial Regulations to ensure that all recovery avenues had been exhausted.
- Each of the sample examined had a supporting fully completed write off form which had been appropriately authorised.
- It was evident for each that appropriate value for money/cost-benefit considerations have been considered before writing off.
- The sample of write offs were approved in accordance with Financial Regulations. · Write offs had been accounted for against the relevant budget code.
- Regular reports are provided to senior management detailing the Council's outstanding debt position for those clients who receive a KentCare invoice for either residential or non-residential services.

Areas for Development

- Although there is a KCC Debt Management Policy, this is currently dated 2019 and although it is believed that this has been subject to an annual review there is no version control details. Low

- The Debt Management Policy does not detail potential referrals to fraud. Low
- Additionally, the process documents are also not version controlled. Low
- With regards to the sample of 50 clients with a current KentCare debt, 5/50 failed testing as to whether appropriate debt recovery action had been taken in a timely manner. As referenced within the rationale, this is due to a combination of an unsuitable manual system and lack of resources to ensure sufficient involvement on low value debts. Ongoing work is being done to address this, including procuring a system solution and therefore an issue has not been raised within this report.
- A further point to note that although not included within the audit scope, throughout the audit it was established that there was a suspense account with excess of £27m of payments received but at the time of the audit remained unallocated, including a specific grant funding of £18.5m which had been unallocated for over 2 months.. This is not specific to social care debt. This has been added to the Internal Audit Risk Register for consideration as an addition to the 2023/24 Internal Audit Plan.

Prospects for Improvement

- The overall opinion of **Good** for Prospects for Improvement is based on the following factors:
- Due to the increasing levels of debt, and the manual based system, a business case has been submitted to procure a system solution. To attract staff with the necessary skillset a proposal is underway to introduce specialised job descriptions.
- Issues raised have been accepted with management actions prepared.

S	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	0	NA
Medium Risk	0	0	NA
Low Risk	1	1	NA

B1. RB16-2023 – Data Quality – LAS System – Risk of Overpayments

Audit Opinion	LIMITED
Prospects for Improvement	GOOD

Key Strengths

- An Oracle LAS Controcc payment report is used to identify and check the accuracy of payments over £30k before the pay run.
- Checking the £30k+ payments before they are made should also pick up on credits that require invoices for high-risk cases.
- Officers have just started receiving the KCC monthly credit report which highlights the LAS (overpayments) credits that have not yet been recovered.
- Officers started to check the Manual Payment reports from April 2023 to identify payments that should be made via LAS Controcc.
- There is a downward trend in the percentage of manual payments without a purchase order.
- When clients turn 26 years old, most cases are ended promptly or there is a legitimate reason why they have remained open longer and journal transfers are put in place to ensure the correct team is charged.

Areas for Development
Records for agreed decisions not setup in the LAS

- There is no pro-active monitoring of LAS decisions to track and make sure that records are setup on the LAS in time for the first payment to the provider. **High**
- Audit testing identified 26% (50/194) of decisions made between 1st January and 4th July 2023 did not have a record on the LAS within 3 months of their decision, increasing the likelihood of manual payments. **High**

Percentage of payments made outside of LAS Controcc

- The percentage of payments made outside of LAS Controcc was low between 3% and 10% during 22/23 to 23/24 to June 2023, but the trend shows that the percentage has slightly increased over this period. **High**
- Officers should specify what percentage of LAS manual payments is acceptable and monitor the trend of manual payments to ensure they meet these expectations. **High**
- Strengthening Independence Service Team Support Officers are not tracking why cases are not being loaded or paid via the LAS system, so they cannot identify lessons learned, to inform improvements to increase the efficiency of the LAS processes and systems. **High**

Percentage of payments made outside of LAS Controcc without a Purchase Order

- It is expected that all manual payments should have a Purchase Order. During 22/23 to 23/24 to June, the percentage of manual payments that did not have a Purchase Order has fluctuated between 93% and 23% (see appendix C for specific monthly percentages). **High**
- Sample testing found one case where an invoice had been approved via an email, instead of a Purchase Order, by a Team Manager who did not have sufficient authority. **High**

Note: Checking the operation of Purchase Orders was beyond the scope of this audit, as it is an Accounts Payable process. Although, Internal Audit have observed that Purchase Orders are being raised upon receipt of the invoice rather than in advance. Also, the authoriser does not confirm that the Purchase Order has been raised for the correct amount. It therefore appears that the Purchase Order process is not being operated as intended, so the use of a Purchase Order as a control is compromised. Internal Audit will communicate this issue to the Exchequer team separately and consider adding an audit of Accounts Payable to the Audit Plan.

- The service is not monitoring the percentage of manual payments without a Purchase Order, nor are they monitoring the Cost Centres (teams) not raising Purchase Orders. **High**
- The Subjective Code Book updated in June 2023 contains a different definition for code 523, to that being applied for LAS payments. **High**

B1. RB16-2023 – Data Quality – LAS System – Risk of Overpayments

Lack of end of service dates and verification of actual hours
- Only 7% of the open cases on the LAS system at the beginning of July 2023 have the planned end date field populated. **High**
- Scheduled residential payments are paid automatically every month and there are risks of considerable overpayments if changing circumstances are not updated promptly. **High**
- Payments are not verified against business records to confirm actual hours have been delivered, so there is a risk that payments are more than the service provided. **High**
- Relying on notification from Social Workers and the Provider is not sufficient to prevent overpayments and prompt update of service records. **High**

Identifying, tracking and monitoring the extent of overpayments
- A complete record of overpayments identified, offset, invoiced, and recovered is unknown because a central record has not been kept. **Medium**
- Checking the £30k+ payments before they are made identifies credits that require invoices, although no record of these checks is retained and the role of the officer undertaking these checks is due to end in 2024. **Medium**
- The service does not monitor whether overpayment invoices are being raised promptly, to track repayments or whether overpayments are increasing or decreasing. **Medium**
- This means the service is unable to identify trends in why overpayments occur, to learn lessons and implement changes to the process to prevent overpayments happening in the future. **Medium**

Reporting errors and overpayments to Internal Audit and Counter Fraud (IACF)
- Officers need to agree criteria for what errors and overpayments should be reported to the Counter Fraud Team. **Medium**

Discrepancies between agreed rates and those setup on the LAS
- Audit sample testing found a couple of cases where the service amount agreed is different to the correct service rate setup on the LAS. **Low**
- The discrepancies found were small, but there is no formal procedure or thresholds to acknowledge and confirm that minor discrepancies are within an acceptable margin of error. **Low**

- A payment to a KCC provider was inaccurate as the rate uplift hadn't been applied in the system. This equates to a £340 underpayment in this case, but the error is likely to be more widespread. **Low**

Decisions unclear as the Outcome field is not always completed
- A Team Manager is not completing the decision field on the panel outcome form, so the decision made for the young person's support package is unclear, which could lead to payment for services that have not been agreed. **Low**

Prospects for Improvement
Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:
- A Management Action Plan has been developed for each of the issues raised.
- The Assistant Director has provided clear leadership and direction with the formulation of the actions.
- The Support Officers understand the issues, they are motivated and capable, and will ensure that the mitigating actions are promptly embedded into business as usual.
- Successful implementation of some of the actions requires effective co-operation with the relevant Commissioning team.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	3	3	NA
Medium Risk	1	1	NA
Low Risk	2	2	NA

D1. CA05-2023 – Decision Making

Audit Opinion	N/A
Prospects for Improvement	N/A

Introduction

Decision making is a form of governance at Kent County Council (KCC) that ensure the spending of public money is transparent and lawful. The authority for KCC to make decisions derives from Parliament and is informed by legislation including the Local Government Act 1972 and the Local Government Act 2000.

KCC identifies four categories of formal decision making:

Standing Delegations	Delegated Decisions	Executive Decisions	Non-Executive Decisions

Executive and Non-Executive decisions can be taken as Standing Delegations or Delegated Decisions.

Executive decisions can be key decisions if they involve over £1m spend or saving of Council money; concern more than two electoral divisions; or are otherwise significant in nature. All decision- making activity must be in line with KCC's Constitution and policy framework.

KCC's intranet page of decision making defines four Directorate Officers across the Directorates, who are available to provide advice on when a decision should be made formally.

The process for identifying key decisions is currently under review by the General Counsel to ensure that there are appropriate controls in place to identify when an executive decision is a key decision. The purpose of this internal audit activity was to inform the change in process by investigating the awareness and behaviours of decision making.

D1. CA05-2023 – Decision Making

Summary of Findings

Interviews with the Directorate Officers were held between 13th – 18th April 2023. These interviews found that the roles of the Directorate officers are designed to focus on following the key decision process to approval once they have already been identified as key decisions, rather than spotting upcoming key decisions, the responsibility of which lies with project officers. Directorate Officers do provide ad-hoc advice on identifying key decisions to project officers who reach out.

The interviews confirmed that the Directorate Officers' role in regard to the identification of key decisions is to provide guidance when requested, and this is a small part of their overall roles. The responsibility of seeking the advice lies with the project and commissioning officers. The Directorate Officers have appropriate knowledge and experience to provide guidance, and find the process outlined in the Constitution comprehensible however, appreciate the upcoming revamp.

The interviews did find there are varying approaches to key decisions across the Directorates. The ASCH and GET Directorate Officers provide self-written guidance documents, which are in line with the Constitution, to clearly lay out the process for officers in their Directorate. However, this may lead to a potential risk that guidance becomes out of alignment with key decision guidelines especially in light of the planned changes to the Constitution. The Directorate Officer for CYPE only shares documents created by Democratic Service to ensure consistency with the Council rules on key decisions.

The interviews outlined multiple ways key decisions may be recognised that are not practical to minute, potentially leading to gaps in identification. These methods include forums and one to one meetings with Directorate officers, though one officer noted that a move to fully formal meetings for identification may limit open discussions of upcoming projects.

Conclusion

Due to the significant work to be undertaken with the Constitution review and testing of AGS responses, the assurance that this audit aimed to give will be provided from alternative planned audit resources.

The Directorate Officer interviews that did take place as part of the audit fieldwork, found that there are varying approaches to identifying key decisions which can potentially lead to gaps in identification. The answers from the AGS and T200 surveys were not available at the time of audit which were required to conclude on the consistency between the Directorate Officer's findings compared to practice.

D2. RB22-2023 – Records Management Follow-up

Audit Opinion	N/A
Prospects for Improvement	N/A

As part of the 2021/22 Audit Plan, Internal Audit undertook a review of Records Management.

The aim of the audit was to provide assurance that adequate progress has been made against issues raised from the previous audit undertaken in October 2021 where it received "Limited Assurance".

	No. of Issues Raised from Original Report	Implemented	Issue Open and Agreed Actions	Risk Accepted
High	3	0	3	0
Medium	4	0	4	0
Low	0	NA	NA	NA

Key Findings From Follow-up

The follow-up work has identified that of the seven previous issues being reviewed, none have been implemented and therefore remain open. Though issues remain open, good progress has been made to address and a few resulting actions are required to be in a position to mark these as implemented. The issues which have been considered to be in progress and followed up in six months' time:

- Issue 1 – Training
- Issue 2 – Information Asset Register
- Issue 3 – Data Retention Schedule
- Issue 4 – Paper Records
- Issue 5 – Loss of Records
- Issue 6 – Record Cleansing
- Issue 7 – Implementation of the Share Point

Issue Status

Issue	Risk Rating	Status
1 - Training	High	In Progress
2 – Information Asset Register	High	In Progress
3 – Data Retention Schedule	Medium	In Progress
4 – Paper Records	Medium	In Progress
5 – Loss of Records	Medium	In Progress
6 – Record Cleansing	High	In Progress
7 – Implementation of the Share Point	Medium	In Progress

D3. CA10-2023 – LATCO Governance Arrangements

Audit Opinion	**ADEQUATE**
Prospects for Improvement	**TBC**

Key Strengths
- Business case to set up trading company that is going to be wholly owned by the Council were submitted to the Cabinet for scrutiny and approval .
- There is a designated Council Shareholder Board to represent the Council's ownership of the LATCos.
- The decisions that can only be made by the Shareholder Board (reserved matters) have been established and agreed with the LATCos.
- Internal Audit's sample testing found the LATCos are escalating decisions that meet the reserved matters criteria to the Council's Shareholder Board for approval as required.
- Members holding a Council role which involves potential oversight and scrutiny of the LATCo do not hold a position within any KCC LATCo Board.
- KCC Elected Members do not hold a position within any of the KCC LATCo Board .
- The Council's Shareholder Board reviews and approves the LATCo's annual business plans and budgets.

Areas for Development
- The Council has not established a new trading company since 2018, but the policies and procedures that staff are expected to adopt when setting up a LATCo have not been reviewed since 2016. **Low**
- The role and responsibilities, and the delegated powers (if any) of the Shareholder Board is unclear. **Medium**

- The Shareholder Board has not decided what/which non-financial or operational performance information it will challenge and scrutinise on a regular basis. **Medium**
- The Governance and Audit Committee is responsible for reviewing the arrangements in place for managing the commercial opportunities and risks presented through the ownership of LATCos, but the Committee does not receive regular (at least annual) report on the commercial risks and opportunities relating to the LATCos. **Medium**
- The Governance and Audit Committee is yet to receive a lessons learned report on the Gen2 experience as requested. **Medium**

Prospects for Improvement

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

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0		
Medium Risk	5		
Low Risk	1		

D4. CA08-2023 – Risk Management

Audit Opinion	SUBSTANTIAL
Prospects for Improvement	GOOD

Key Strengths
- An approved Risk Management Strategy and Policy document is in place. It sets out how officers / teams across the Council are expected to identify, assess, and manage risks.
- The scope of the Council's risk management process is in line with good practice standards (ISO 31000).
- Key roles and responsibilities for managing risks and controls have been clearly defined.
- Risk identification is undertaken at different management levels across the Council.
- Risk registers are maintained at divisional, directorate, and at corporate level for recording new and existing risks on the Council's risk management system (JCAD).
- The Corporate Risk Management team carry out external benchmarking, knowledge sharing, and horizon scanning for new and emerging risks and threats in local government.
- The likelihood and impact of risks occurring is assessed consistently using the risk scoring matrix set out in the Council's risk management policy.
- There is a balanced approach to treating risks. Management is not planning to take material / significant actions to treat risks with a very low inherent risk score.
- Elected Members are kept informed about key risks and how Management is responding to those risks on a regular basis.
- Following the recent corporate restructure, work is currently underway to create a new Directorate risk register on JCAD for the Chief Executive's Directorate

Areas for Development
- Heads of Services are not using JCAD in a consistent manner, some service risk registers are held on JCAD, but some are held locally and outside of JCAD on MS word or excel documents. **Low**
- There is no evidence that a programme risk register is maintained for 4 out of the 11 Strategic Reset Programmes. **Medium**
- 108 risks on JCAD are overdue for review (more than 30 days), and 92 controls / action are overdue for review (more than 30 days). The majority of overdue risks and actions relate service level risks. **Medium**
- There is an agreed threshold for escalating risks to the next management level for review. However, a small number of risks on JCAD which meet the escalation threshold have not yet been escalated or linked to a risk in the next management level. **Low**

Other Matters for Consideration
The audit has identified that there is a sound process in place to identify, review, manage and monitor the key risks facing the Council. However, it was noted that for some of the most significant corporate risks (see below), the risk ratings remain High despite reasonable management actions / controls being in place. A formal management action is not proposed on this, but Senior Management and Members will need to continue to satisfy themselves that all feasible and practical actions have been undertaken to reduce these corporate risks to a more tolerable level and / or keep the target risk levels under review.
- CRR0003- Securing resources to aid economic growth and enabling infrastructure.
- CRR0009- Future financial and operating environment for Local Government.
- CRR0014- Cyber & Information Security Resilience.
- CRR0042- Border Fluidity, infrastructure and regulatory arrangements
- CRR0052- Impact of Climate Change on KCC services.
- CRR0053- Capital Programme Affordability (impacts on performance and statutory duties).
- CRR0056- SEND Delivery Improvement and High Needs Funding shortfall.

D4. CA08-2023 – Risk Management

Prospects for Improvement

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

- No significant issues or risks were identified as a result of this review.
- Management has agreed to ensure that individual programme risk register is maintained for all priority change programmes.
- Maintaining more risk registers on JCAD will improve visibility of risks and improve the Council's ability to monitor risk reviews and the implementation of the mitigating actions.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	0	0	NA
Medium Risk	2	2	NA
Low Risk	2	2	NA

E1. RB24-2023 – Property Disposals

Audit Opinion	ADEQUATE
Prospects for Improvement	VERY GOOD

Key Strengths

- There is a Freehold Asset Disposal Policy in place which is in-line with legislation and includes clear objectives. The Policy was reviewed and approved by the relevant Cabinet Member in 2022 following a consultation at the Policy & Resources Committee and is next due for review in 2024. The Policy is underpinned by supporting Disposal Process Document; however, it is noted that this document requires some additions.

- There is a clear training programme in place to ensure all staff within the disposal team are inducted adequately.

- An Asset Review Board (ARB) is in place, which receives bi-monthly asset disposal proposals for consideration. The ARB makes a recommendation to the Director of Infrastructure and the Cabinet Member for Finance, Corporate and Traded Services for a decision to declare any assets surplus in line with the Council's Constitution.

- There is adequate monitoring and reporting in place and KPI's are regularly monitored.

- Sample testing found that the key steps within the Policy were being implemented appropriately with peer review and quality control checks in place.

- Sample testing found that systems are appropriately updated with the income from property disposals.

- There is regular budget monitoring in place ensuring that variances are picked up timely, with reasons for variances clearly captured.

Areas for Development

- Overall, the process for property disposal is implemented as per for documented process from the Policy. However, there were additional steps happening in practice which were not reflected in the process, such as:

  - During stage 1, following the surplus declaration process, properties for disposal are presented to the ARB, who make a recommendation to the Director of Infrastructure and Cabinet Member for Finance, Corporate and Traded Services before a decision to dispose of the property is formally taken. Currently, the ARB meetings are not mentioned in the Property Disposal Process. **Medium**

  - Key documents, Property Information Procedure form (PIP12) and Approval To Terms (ATT), used to capture key information are not mentioned within the Policy or Process documents. **Medium**

- For two out of six of the property disposals sampled, the PIP12 form was not signed by the Cabinet Member for Finance, Corporate and Traded Services. According to the Constitution, the Cabinet Member for Finance, Corporate and Traded Services should make a decision to determine whether they or the Director of Infrastructure would be making the disposal decision. Officers explained that a monthly meeting takes place between the Director and Cabinet Member to discuss the disposal pipeline and review any disposals including those that will be subject to a key decision and those that will be progressed under delegations, however, those discussions are not minuted, and therefore the decision was not always captured. It should be made clear if the PIP12 needs to be signed by both the Cabinet Member for Finance, Corporate and Traded Services and the Director of Infrastructure or whether the Cabinet Member has approved for the Director to make the decision. **High**

- For three of the sampled property disposals, there was no evidence that the peer review had taken place. One of the ATT's predated the requirement for the peer review. Officers explained that the peer review is generally done via email and in the two samples, officers had forgotten to copy the information into the ATT. This appears to be an administrative error; however, we advise that all peer reviews are included on the ATT. **High**

E1. RB24-2023 – Property Disposals

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

- Currently the disposals team is resourced using consultants, however, there is a recruitment plan in place to bring those roles in house and stagger the recruitment to ensure service continuity.
- Internal Audit are satisfied that the findings and actions highlighted by this report will be addressed appropriately by management.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	1	1	0
Medium Risk	1	1	0
Low Risk	0	NA	NA

E2. ICT02-2023 – ICT Consolidated Action Plan

Audit Opinion	N/A
Prospects for Improvement	N/A

Introduction

Following the Session House Data Centre Major Incident (MI) that took place between 31st January and 1st February 2021, KCC ICT conducted a review to establish the facts of the incident, and subsequent recovery of services.

The MI review carried out by KCC ICT, determined what went well, and where there was room for improvement in the provision of the service and subsequent recovery capability, and considered the operational risks taken and the effectiveness of Business Continuity Plans. The review's final output consisted of a Consolidated Action Plan which included agreed actions which at the time of the MI were being progressed; the ICT Consolidated Action Plan consisted of 124 total actions from various reports and were consolidated to 95 actions within 39 workstreams.

Conclusion

The Project workstreams within the Data Centre Exit Programme had covered off many of the ICT risks that the Council were carrying at the time of the MI relating to availability of core applications and systems, and in doing so also addressed many of the strategic and technical actions within the ICT Consolidated Action Plan. 70% of the actions within the ICT Consolidated Action Plan were now complete; the remaining 30% of actions are being monitored, and updates are being provided by CBS.

Examples of key technical and strategic actions completed:

> All core Council applications and systems are hosted through third parties, residing within the Cloud and external data centres, which reduces the risk of lack of availability to the Council's systems and data.

> Backups of Council Data now reside securely in the Cloud, which protects them from ransomware infection.

> The Storage Area Network (SAN), damaged at the time of the MI, has since been replaced and the data migrated.

The issue surrounding resourcing of Projects, that KCC demanded of CBS, was raised as part of Internal Audit ICT03-2022 and remains open; Internal Audit are tracking progress as part of the Audit follow-up process, and KCC ICT are continually monitoring the risks and impact to their projects.

Some actions within the ICT Consolidated Action Plan were no longer relevant as they related to the on-premises data centres; the processes and responsibilities to be followed by CBS and KCC ICT staff in the event of a MI will have subtly changed. Fieldwork has commenced, by Internal Audit, to review the Council's arrangements for Disaster Recovery whereby Policies, Procedures and Plans will be an area for review.

F1. RB15-2023 – Engagement of Consultants

Audit Opinion	N/A
Prospects for Improvement	N/A

Introduction

As part of the 2022-23 Audit Plan, it was agreed that Internal Audit would undertake a review of the *Engagement of Consultants*. This review was originally scheduled to take place as part of a previous Audit Plan but was postponed due to the prioritisation of other high-profile work. The aim of the audit is to review the controls over procurement decisions and the selection of consultants, financial commitment within authority limits, management of performance and termination of contracts.

Consultants may be funded from revenue, capital, or a grant stream. At KCC, '*a consultant is defined as a <u>named individual</u> (i.e. the Council states it wants individual x) taken on to perform a particular, temporary, and defined task'*.

Internal Audit Observations

a)   <u>**Awareness of the definition of a consultant and corporate policy/guidance in place for the engagement of consultants**</u>
*   Guidance on consultants is contained in the **Buying Common Goods and Services** and **Procurement Policy (Spending the Council's Money)** pages on KNet. This guidance is not prescriptive and does not include clarification on the usage of Oracle subjective codes which may confuse staff and may result in interchangeable use of different subjective codes.
*   Internal Audit interviewed staff from the various directorates to assess whether staff could define what a consultant is at KCC. Five out of 12 (42%) staff could not articulate what a consultant is at KCC.
*   In addition, 6 out of 12 (50%) staff could not articulate the difference between consultants, agency staff and professional services. There are separate subjective codes for these three categories on Oracle **(see *Appendix A*).**
*   Three out of 12 (25%) staff interviewed from the various directorates were not aware if there is a corporate policy in place for the engagement of consultants. Two further staff of the 12 (17%) interviewed were not sure if there is a corporate policy in place for the engagement of consultants but thought it could be found on KNet if there was one.

F1. RB15-2023 – Engagement of Consultants

b) **Misallocations**

* KCC has a *Subjective Code Book (December 2022 version)* which sets out, *'The Service Reporting Code of Practice (SeRCOP) for Local Authorities is the recommended standard for consistent financial reporting under the Local Government Act 2003. There are standard subjective analysis headings relevant to ALL local authorities in England, Scotland, and Wales. By using standard subjective analysis ensures consistency with the requirements for completion of Whole Government Account (WGA) returns. A subjective code is a three-character code that identifies the type of expenditure or income incurred. They are standard throughout Kent County Council (KCC) i.e., they do not vary from Directorate to Directorate. There are separate subjective codes that identify Revenue and Capital expenditure or income'*.

* There are separate subjective codes for consultants, agency staff, professional fees and commissioned services with limited narrative set out in the *Subjective Code Book (December 2022 version)* and staff may be unclear which subjective code should be used.

* Internal Audit identified that:

   o Twelve out of 40 transactions selected (30%) with a value of £412,429 had been misallocated to subjective code *402 Consultants* and should have been posted to different subjective codes. This represents 11% of the total amount of £3,882,022 recoded on subjective code *402 Consultants* as at 31 March 2023. Of these 12 transactions, 11 transactions with a value of £391,385 related to the GET directorate which should have been posted to subjective code *401 Professional services* (3 transactions) and subjective code *530 Commissioned Services – Other* (8 transactions). One transaction with a value of £21,044 related to a secondment from an external body in the CYPE directorate. The 2022/23 accounts are now closed on Oracle and adjustments cannot be made.

   o Internal Audit reviewed the transactions recorded against subjective code *402 Consultants* and identified invoices totalling £81,093 relating to recruitment agencies that should have been posted to subjective code *044 Agency Staff*: (i) £75,854 of the amount related to ASCH and was identified as an error during the financial year and corrected via journal entries; and (ii) £5,239 of the amount related to CYPE agency staff. Internal Audit did not review transactions on subjective code *044 Agency staff* as this was out of scope.

c) **Involving Cabinet Members prior to engaging consultants**

• There is differing guidance on KNet regarding involving Cabinet Members prior to engaging consultants:

   o The **Buying Common Goods and Services** page on KNet sets out that '*...Where a contract for a Consultant or individual contractor is estimated to cost £20,000 or more the Award Report must be forwarded to the relevant Cabinet Member prior to the appropriate officer approving the report*'.

   o The procurement policy page, **Procurement Policy (Spending the Council's Money)**, sets out that '*Where a contract for a consultant is estimated to cost £50,000.00 or more, details of the proposed award must be forwarded to the relevant Cabinet Member prior to the appropriate officer making the award.*

   The two pages on KNet are not dated so it is not clear which is the more recent guidance.

• Nine of the 12 (75%) staff interviewed from the various directorates either did not know (i) that a Cabinet Member had to be involved prior to engaging a consultant; or (ii) the circumstances in which Cabinet Members were to be involved before engaging a consultant.

F2. RB17-2023 – Compliance with Financial Regulations

Audit Opinion	LIMITED
Prospects for Improvement	TBC

Scope Limitations
As part of planned fieldwork, expenditure across both GET and ASCH was requested for Audit to undertake further data analysis. This analysis would help inform sample selection, where testing would be undertaken to determine whether working practices complied with the Council's Financial Regulations D10ii – x (the use of iProcurement for raising orders).

However, no evidence was provided to Audit within the fieldwork timescales and therefore, it was not possible to undertake testing within this area.

Consequently, no assurances can be provided that the Council's expenditure is processed in accordance with the Financial Regulations D10ii – x.

Key Strengths
- There is a suite of documentation available on K-net to support financial management across the Council. This includes the Financial Regulations, Constitution, Scheme of Delegation Matrix, Commissioning Handbook and Procurement Guidance – Spending the Council's Money.
- The Strategic Procurement, Commissioning Team and the Finance Business Partners and their Teams often assist Services to ensure compliance with Financial Regulations and procurement processes.
- Financial Management training is delivered via Delta, the Council's training platform, face-to-face workshops and 1:1 training. This demonstrates a variety of methods being used to support officers. The training available includes budget manager basics, adult's activity budgets basics, introduction to finance, and introduction to finance in Health and Social Care. However, it was clear that this training wasn't always being utilised effectively and regularly.
- The Learning & Development (L&D) Team help support and increase the likelihood of staff complying with the Financial Regulations by providing a variety of training across the Council.

- The ASCH financial system (Mosaic) is firmly embedded within the Directorate, including use of the system and staff training.
- There was sufficient rationale documentation for all those Single Source Justifications, Direct Awards and Contract Extensions examined. In addition, they were all signed and approved in accordance with the Scheme of Delegation Matrix. However, it was noted that VEAT (Voluntary Ex-Ante Transparency Notice) /Transparency Notices were not always published for the samples examined.

Areas for Development
- The general awareness and application of the Council's Financial Regulations requires improvement. Consistent messages and working practices are not effectively communicated to all staff. As part of fieldwork a survey was undertaken with GET and ASCH Service Managers, Heads of Service and Assistant Directors. 26 responses were received, and the following audit conclusions were noted:
  - 12 responders stated they have not or are not sure if they have read the most recent copy of the Council's Financial Regulations. It was noted that 5 staff utilised outdated copies of the Regulations including the version from 2018, 2020 and 2021. **High**
  - 7 responders confirmed they were not completely sure of the overall purpose of the Financial Regulations. The officers ranged from Service Manager to Assistant Director level. **High**
  - 2 responders confirmed that compliance with the Council's Financial Regulations is 'somewhere in-between optional and compulsory'. This was for a Service Manager and an Assistant Director. Further examination confirmed this may be due to the purchasing process for ASCH not being reflected in the Financial Regulations, which means ASCH staff are not following the Financial Regulations as stated. For example, ASCH are utilising Mosaic rather than iProcurement system. **High**
  - 1 responder stated they were unsure of where to find the Financial Regulations. **High**
  - 13 responders stated they were unsure of any financial management training offered via induction or on an ongoing basis. **High**

F2. RB17-2023 – Compliance with Financial Regulations

- There is currently misalignment between the requirements of the Financial Regulations and the working practices within ASCH. This includes ASCH utilising Mosaic rather than the iProcurement system to procure care packages. **Medium**
- Financial Management training across the Council requires formal ownership and monitoring. This will help ensure appropriate and consistent training is delivered across the Council officers. **Medium**
- Staff with financial management responsibility should familiarise themselves and undertake financial management training available through Knet (where appropriate). **Medium**
- At the time of testing, there was no Corporate Director training regarding their roles and responsibilities for ensuring compliance with Financial Regulations within their Directorate. Since testing, the L&D Team are looking to deliver a set of bespoke management training sessions to Corporate Directors to cover such areas. **Medium**
- The Single Source Justifications examined established Voluntary Ex-Ante Transparency Notices (VEAT) were not always obtained. Therefore, this process wasn't always undertaken in accordance with the Commissioning Handbook or the Public Contracts Regulations. In addition, the Council's Commissioning Handbook requires updating to reflect that Transparency Notices are now published instead of VEAT Notices. **Medium**

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

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	1		
Medium Risk	3		
Low Risk	0		

F3. CA07-2023 – Procurement

Audit Opinion	LIMITED
Prospects for Improvement	GOOD

Key Strengths

- Policy documents are appropriately detailed and make clear the mandatory principles and regulations on spending the Councils money to which all staff must adhere.
- Guidance documents under the banner of "how to buy anything" set out in sufficient detail the complete process for procuring at various spend levels including what needs to be done by whom, approvals process, and how to request for support from the appropriate team within Strategic Commissioning. There are also additional supporting documents available to staff to provide further advice on matters that may impact procurement activity.
- Proposed revisions to the Council's Contract Standing Orders "Spending the Council's Money" have been presented at and approved by Governance and Audit Committee and County Council.
- Use of the Kent Portal for procurements over £25k enables a view of all current procurement activity in progress.
- A Contract Management System (CMS) is in use and is capable of recording key information regarding awarded contracts.
- The Procurement and Commercial team have undertaken activity to review the CMS for records completeness and communicate with departments where information is found to be missing or out of date.
- Management Information packs are produced for Corporate Management Team (CMT) providing information regarding current procurement activity by Directorate.
- Cantium accounts payable procedures require that Invoices are not paid without a valid associated Purchase Order.
- The £25k plus purchase requisition procedure includes checks to ensure that Purchase Orders are linked to contracts and that notices of contracts awarded have been published.

Areas for Development

- At the time of audit, some services have direct access to the CMS system to add contract records themselves whilst others will have records added by the Commercial Team on their behalf. Perceptions across departments as to what constitutes a contract is likely to be impacting on what is being added to the CMS and assurance cannot be provided that all contracts are being added or that records being input are accurate. **Medium**
- The CMS system can store related contract information documents however, this functionality is not currently used. Individual teams store tender, scoring and contract documents in their own areas. **Medium**
- Sample testing identified that, for some procurements, not all documents had been retained and stored consistently in one central location. **Medium**
- There are currently no monitored central KPI's in relation to adherence to procurement procedures, the recording of contracts or storage of associated documents. **High**
- Ongoing contract management including operational and commercial performance is the responsibility of the assigned contract manager or team, each contract is therefore managed on an individual basis. There are no universal KPI's in relation to performance. **High**
- Oracle system does not have capacity to record contract numbers or values, subsequently automated tracking of spend against contracts as PO's are raised and invoices processed is not possible. Reliance is placed on individual contract owners monitoring of PO's being raised against contracts. **High**
- The £25k plus procedure for raising Purchase Orders does include the Commercial and Procurement Team verifying that procurement procedures have been followed, and that the Purchase Requisition is linked to a contract, however the procedure for generating Purchase Orders for less than £25k is less robust and assurance cannot be provided that all Purchase Orders raised are linked to current or valid contracts. **High**
- Internal Audit have identified from other areas of activity, procurements that have not been compliant with documented procurement procedures, either through the failure to go out to tender or failure to obtain relevant sign off for a single source tender. This has not been raised as an issue in this report as it has been covered separately in other audit engagements.

F3. CA07-2023 –Procurement

Prospects for Improvement

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

- Appropriate management responses and action plans have been developed in response to the issues raised.
- The new Commercial and Procurement Division, and the revised rules for procurement and contracting enable a greater emphasis to be placed on record keeping and contract management activities.
- Consideration is being given to the automation of some processes as part of the planned implementation of the new Enterprise Business Capabilities (EBC) system.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	2	2	NA
Medium Risk	2	2	NA
Low Risk	0	0	NA

F4. RB14-2023 – Provider Invoicing Follow-up

Audit Opinion	N/A
Prospects for Improvement	N/A

As part of the 2022/23 Audit Plan, Internal Audit undertook a review of Provider Invoicing.

The aim of the audit was to provide assurance that adequate progress has been made against issues raised from the previous audit undertaken in January 2022 where it received "Limited Assurance".

	No. of Issues Raised from Original Report	Implemented	Issue Open and Agreed Actions	Risk Accepted
High	3	2	1	0
Medium	3	1	2	0
Low	0	NA	NA	NA

Key Findings From Follow-up

The follow-up work has identified that of the six previous issues being reviewed, three are now considered closed and three remain open. Though several issues remain open, good progress has been made to address the issues and the remaining actions will be implemented in the near future. The issues which have been agreed to close are as follows:
- Issue 1 – Provider invoice and reconciliation process
- Issue 2 – Performance reporting
- Issue 4 – Provider Contracts

The following issues are in progress and will be followed up in six months' time:
- **Issue 3 - Contract Management of Service Providers**
- **Issue 5 - Financial Health Checks**
- **Issue 6 - Clarity of Roles and Responsibilities in KCC/Cantium**

Issue Status

Issue	Risk Rating	Status
1 - Provider invoice and reconciliation process	High	Implemented
2 - Performance reporting	High	Implemented
3 - Contract Management of Service Providers	Medium	In Progress
4 - Provider Contracts	Medium	Implemented
5 - Financial Health Checks	High	In Progress
6 - Clarity of Roles and Responsibilities in KCC/Cantium	Medium	In Progress

F5. RB21-2023 – Contract Extensions

Audit Opinion	**LIMITED**
Prospects for Improvement	**VERY GOOD**

Key Strengths
- Financial Regulations and Contract and Tendering Standing Orders include the strategic roles and responsibilities for managing and signing contracts.
- There is a Commissioning Handbook in place, which includes guidance on managing contracts including contract variations/extensions and was approved by the Corporate Management Team.
- There is contract management training, including contract variations/extensions, for those involved in managing contracts.
- There is an approved Scheme of Delegation for approving contract variations, including contract extensions.

Areas for Development
- Testing found that 60% of contract extensions had been approved in accordance with the Scheme of Delegation Matrix however the remaining 40% had not been approved in accordance with the Matrix (approved by Directors however, this should have been undertaken by Corporate Directors). **High**
- Testing found that the contract extensions risk assessment template was not routinely completed. For the 40% of the contracts (contract values £120m and £3.3m) where the template had not been completed, the contract extension risks were not identified, documented, and reviewed prior to the approval of contract extensions. **High**
- The information contained in the contracts register was not always up-to-date and key information was not documented. **High**
- Testing found that for 80% of contract extensions the Contract Extension Change Control "CCN" template to approve a contract extension was not completed. **Medium**
- There is no monitoring and reporting of which staff have completed and not completed the Commissioning Standard Team's contract management training. **Medium**

- Sample testing established that contract extensions' review and decision dates to extend the original contracts were between 2 and 6 months in advance of the contracts' end date. This did not allow sufficient time to enable a full re-procurement to be undertaken if this was required. **Medium**

Prospects for Improvement
Our overall opinion of **Very Good** for Prospects for Improvement is based on the following factors:
- Management have agreed with all the issues identified in this audit review and provided very detailed and comprehensive actions to strengthen the controls in managing contract extensions. Internal Audit are satisfied that these actions will be addressed appropriately by management.

- Management have provided realistic timescales to implement the actions required to control the risks identified.

Summary of Management Responses

	No. of Issues Raised	Mgt Action Plan Developed	Risk Accepted & No Action Proposed
High Risk	3	3	NA
Medium Risk	3	3	NA
Low Risk	0	0	NA

Appendix B - 2022/23 Internal Audit Plan Status

Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
CA01-2023	Annual Governance Statement - Process	Final Report	ADEQUATE	ADEQUATE	January 2023
CA01-2023	Annual Governance Statement - Returns	Final Report	LIMITED	ADEQUATE	January 2023
CA02-2023	Assurance Mapping - Simultaneous Response, Recovery & Resilience	Final Report	N/A	N/A	January 2023
CA03-2023	Informal Governance	On Hold			
CA04-2023	Decision Making	Final Report	N/A	N/A	September 2023
CA05-2023	Health & Safety	Final Report	ADEQUATE	GOOD	May 2023
CA06-2023	Information Governance	Final Report	N/A	N/A	May 2023
CA07-2023	Procurement	Final Report	LIMITED	GOOD	September 2023
CA08-2023	Risk Management	Final Report	SUBSTANTIAL	GOOD	September 2023
CA09-2023	Assurance Mapping - Fraud & Error	Final Report	N/A	N/A	September 2023
CA10-2023	LATCO Governance Arrangements	Draft Report	ADEQUATE	TBC	September 2023
CR01-2023	Inflation	On Hold			
CR02-2023	Operating Standards	On Hold			
CR03-2023	Preparedness for CQC Inspection-ASCH	Final Report	N/A	N/A	May 2023
CR04-2023	Enterprise Business Capabilities (Oracle)	Final Report	N/A	N/A	May 2023
CS01-2023	Budget Savings	Final Report	LIMITED	ADEQUATE	May 2023
CS02-2023	Imprest Accounts Follow-up	Final Report	N/A	N/A	May 2023
CS03-2023	Purchase Cards	Final Report	ADEQUATE	GOOD	May 2023
CS04-2023	Pension Scheme Admin	Final Report	ADEQUATE	GOOD	May 2023
CS05-2023	Social Care Debt Recovery	Final Report	ADEQUATE	GOOD	September 2023

Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
RB01-2023	Data Mapping	Final Report	ADEQUATE	GOOD	January 2023
RB02-2023	Talent Management	Final Report	SUBSTANTIAL	GOOD	January 2023
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	
RB06-2023	Recruitment & Retention of Social Care Workers (CYPE)	Final Report	SUBSTANTIAL	VERY GOOD	May 2023
RB07-2023	Climate Change – KCC's Net Zero Action Plan	Final Report	LIMITED	ADEQUATE	May 2023
RB08-2023	Highways Term Contract	Ongoing	N/A	N/A	
RB09-2023	Estate Management / Maintenance	On Hold			
RB10-2023	Modern Slavery	Final Report	N/A	N/A	January 2023
RB14-2023	Provider Invoicing (Follow Up)	Final Report	N/A	N/A	September 2023
RB15-2023	Engagement of Consultants	Final Report	N/A	N/A	September 2023
RB16-2023	Data Quality - LAS system - Risk of Overpayments	Final Report	LIMITED	GOOD	September 2023
RB17-2023	Compliance with Financial Regulations - ASCH and GET	Draft Report	LIMITED	TBC	September 2023
RB19-2023	Estates Change Programme (Sessions House)	Final Report	N/A	N/A	May 2023
RB21-2023	Contract Extensions	Final Report	LIMITED	VERY GOOD	September 2023
RB22-2023	Records Management (Follow-up)	Draft Report	N/A	N/A	September 2023
RB24-2023	Property Disposals	Final Report	LIMITED	GOOD	September 2023
RB26-2023	United Kingdom Resettlement Scheme	On Hold			
RB29-2023	Unregulated Care Placements	On Hold			
RB32-2023	Data Security Toolkit	Final Report	SUBSTANTIAL	VERY GOOD	May 2023

Ref	Audit	Status	Assurance	Prospects for Improvement	Committee
ICT01-2023	Cyber Security Patch Management	Final Report	SUBSTNATIAL	VERY GOOD	May 2023
ICT02-2023	ICT Consolidated Action Plan	Final Report	N/A	N/A	September 2023
ICT03-2023	Information Technology Risk Management	Final Report	ADEQUATE	GOOD	May 2023
ICT04-2023	Disaster Recovery	Fieldwork	TBC	TBC	
ICT05-2023	Payment Card Industry Data Security Standards (PCI DSS)	Draft Report	LIMITED	TBC	September 2023
AD01-2023	SEND Transport (NB- included within2-22 Opinion)	Final Report	N/A	N/A	September 2022

Appendix C – Implementation of Agreed Management Actions

3+ Years

Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
CA07-2019	Data Protection	Adequate	Issue 2 - Data Protection Impact Assessments - Project & Programme Management and Commissioning	Medium	CED	Implemented
CA09-2018	Departmental Governance Review – Adult Social Care and Health	Adequate	Issue 6 - Committee Terms of Reference	Medium	CED	In Progress
ICT05-2020	Members ICT	Adequate	Issue 1 - ICT Support for Members	Medium	CED	In Progress
RB01-2018	Members Induction and Training	Adequate	Issue 2 - Mandatory Training	Medium	CED	Implemented
RB20-2019	LD Lifespan Pathway Post Implementation	Adequate	Issue 1 - Pathway Plans and Assessments	High	CYPE	Implemented

2-3 Years

Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
CA01-2021	Annual Governance Statement	Adequate	Issue 1 - Progress Against 2017/18 & 2018/19 Issues	Medium	CED	Implemented
CA01-2021	Annual Governance Statement	Adequate	Issue 3 - Making AGS a Living Process	Medium	CED	Implemented
CA01-2021	Annual Governance Statement	Adequate	Issue 4 - Learnt Lessons from the 2019/20 AGS Process	Medium	CED	Implemented
CA06-2020	Data Protection Deep Dive	Adequate	Issue 1 - Record of Processing Activity (ROPA)	High	CED	In Progress
CA06-2020	Data Protection Deep Dive	Adequate	Issue 2 - Data Breaches	Medium	CED	Implemented
CA07-2021	Information Governance - Remote Working	Adequate	Issue 1 - Policies & Procedures	Medium	CED	In Progress
CA07-2021	Information Governance - Remote Working	Adequate	Issue 2 - Staff Awareness	Medium	CED	Implemented
CA07-2021	Information Governance - Remote Working	Adequate	Issue 3 - Data Protection Training	Medium	CED	Implemented
CA07-2021	Information Governance - Remote Working	Adequate	Issue 4 - Risk Assessment	Medium	CED	In Progress
CS04-2020	Imprest Accounts	No Assurance	Issue 1 - Central log and Imprest Holder Oversight	High	CED	In Progress
CS04-2020	Imprest Accounts	No Assurance	Issue 3 - Security	High	CED	In Progress
CS04-2020	Imprest Accounts	No Assurance	Issue 5 - Imprest Training	Medium	CED	Implemented
CS04-2020	Imprest Accounts	No Assurance	Issue 6 - Cash Counts and Reconciliations	Medium	CED	In Progress
CS04-2020	Imprest Accounts	No Assurance	Issue 7 - Imprest Limits	Medium	CED	Implemented
RB45-2020	Non-domestic Waste Charging	Adequate	Issue 4 - Reconciliation of iPad downloads and Worldpay Data	High	GET	Management Accepts Risk

1-2 Years

Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
AD01-2022	Provider Complaint	N/A	Issue 3 - Due Diligence	High	CED	In Progress
CA01-2022	Annual Governance Statement	Adequate	Issue 2 - Confirmation of Compliance with CIPFA Code of Financial Management	Medium	CED	In Progress
CS02-2022	General Ledger	Substantial	Issue 2 - Miscoding of Asylum Seeking Young People Accommodation Costs	Medium	CED	In Progress
ICT03-2021	Cyber Security - Management of Backups for Applications, Data and active Network Devices.	Adequate	Issue 2 - Business Continuity Plan (BCP) Recovery Time Objectives (RTO)	High	DCED	Superseded
ICT03-2022	IT Cloud Strategy, Security and Data migration	Adequate	Issue 2 - Resources	High	DCED	In Progress
RB06-2022	New Grant Funding	Substantial	Issue 1 - Fraud Risk Assessments	Medium	CED	In Progress
RB13-2022	Data Protection (ASCH)	Adequate	Issue 1 - Improving Uptake of Mandatory Data Protection Training	Medium	ASCH	In Progress
RB16-2021	Workforce – Recruitment & Retention of AMHPs	Substantial	Issue 2 - Gathering, monitoring, analysing and reporting of AMHP recruitment and retention data	Medium	ASCH	In Progress
RB23-2021	Accommodation for Young People/Care Leavers	Limited	Issue 3 - Housing Costs (Housing Benefit)	High	CYPE	Implemented

	Less Than a Year					
Engagement Reference	**Engagement Name**	**Audit Opinion**	**Title**	**Risk Rating**	**Directorate**	**Status**
CA05-2023	Health & Safety	Adequate	Issue 2 - Remedial Safety Works– Facilities Management	Medium	DCED	Implemented
CS01-2022	CIPFA Financial Management Code	Substantial	Issue 1 - Completeness of Self-Assessment	Medium	CED	In Progress
CS01-2022	CIPFA Financial Management Code	Substantial	Issue 2 - Managing Key Financial Resilience Risks	Medium	CED	Implemented
CS03-2023	Purchase Cards	Adequate	Issue 1 - Card Holder signed compliance	Medium	CED	In Progress
CS03-2023	Purchase Cards	Adequate	Issue 4 - Card Holder Register	Medium	CED	Implemented
ICT03-2022	IT Cloud Strategy, Security and Data migration	Adequate	Issue 3 - Programme / Project Management Systems	Medium	DCED	In Progress
ICT03-2022	IT Cloud Strategy, Security and Data migration	Adequate	Issue 4 - Programme and Project Status Reporting	Medium	DCED	In Progress
ICT03-2023	Information Technology Risk Management	Adequate	Issue 2 - Escalating IT Risks to Management Team in a Timely Manner	Medium	DCED	Implemented
ICT03-2023	Information Technology Risk Management	Adequate	Issue 3 - Defined IT Division's Risk Appetite	Medium	DCED	Implemented
ICT04-2022	IT Data Security Audit for DSP Toolkit	Adequate	Issue 1 - Software Asset Register	Medium	DCED	In Progress
ICT04-2022	IT Data Security Audit for DSP Toolkit	Adequate	Issue 2 - Movers and Leavers	Medium	DCED	In Progress
ICT04-2022	IT Data Security Audit for DSP Toolkit	Adequate	Issue 3 - Patching Compliance	Medium	DCED	Implemented
ICT04-2022	IT Data Security Audit for DSP Toolkit	Adequate	Issue 4 - Backups	Medium	DCED	Implemented

Less Than a Year						
Engagement Reference	**Engagement Name**	**Audit Opinion**	**Title**	**Risk Rating**	**Directorate**	**Status**
RB01-2022	Declaration of Interests - Members	Adequate	Issue 1 - Register of Interests	High	CED	In Progress
RB01-2022	Declaration of Interests - Members	Adequate	Issue 2 - Centralised Register of Members Interests	High	CED	In Progress
RB01-2022	Declaration of Interests - Members	Adequate	Issue 3 - Key Decisions	Medium	CED	In Progress
RB01-2023	Data Mapping	Adequate	Issue 1 - Guidance for Data Mapping including Process For Updating Data Maps	Medium	CED	In Progress
RB01-2023	Data Mapping	Adequate	Issue 2 - Responsibility for Data Mapping	Medium	CED	In Progress
RB01-2023	Data Mapping	Adequate	Issue 3 - Data Mapping incomplete across the Council	Medium	CED	In Progress
RB02-2023	Talent Management	Substantial	Issue 1 - Connection of The Six Talent Management Elements Under One Umbrella	Medium	DCED	Implemented
RB06-2023	Recruitment & Retention of Social Workers (CYPE)	Substantial	Issue 1 - Health & Wellbeing	Medium	CYPE	Implemented
RB12-2022	Contract Management (ASCH)	Adequate	Issue 2 - Key Performance Indicators	Medium	CED	Implemented
RB12-2022	Contract Management (ASCH)	Adequate	Issue 5 - Reporting High Risk Provider Issues to Senior Management	Medium	CED	Implemented
RB12-2022	Contract Management (ASCH)	Adequate	Issue 6 - Resolving Known System Issues with Mosaic Provider Portal	Medium	ASCH	Implemented
RB25-2022	School Themed Review	Adequate	Issue 1: Model School Finance Policy, Kelsi guidance and Financial Control expectations require review	High	CYPE	Implemented
RB25-2022	School Themed Review	Adequate	Issue 2: Security	Medium	CYPE	Implemented

Less Than a Year

Engagement Reference	Engagement Name	Audit Opinion	Title	Risk Rating	Directorate	Status
RB30-2022	Kent & Medway Business Fund	Adequate	Issue 1 - Scrutiny, Challenge and Approval of Debt Write Offs	High	GET	Implemented
RB30-2022	Kent & Medway Business Fund	Adequate	Issue 2 - Under-utilisation of KMBF	Medium	GET	In Progress
RB30-2022	Kent & Medway Business Fund	Adequate	Issue 3 - Assessing Environmental Impact of KMBF Schemes	Medium	GET	In Progress
RB30-2022	Kent & Medway Business Fund	Adequate	Issue 4 - Repayment Holiday Contract Variation	Medium	GET	In Progress
	Direct Payment Misuse - Carers Contract	N/A	Issue 1 - Escalation Process	Medium	CED	Implemented
	Direct Payment Misuse - Carers Contract	N/A	Issue 2 - Policies and Procedures	Medium	CED	Implemented
	Direct Payment Misuse - Carers Contract	N/A	Issue 3 - Recovery Process	High	CED	Implemented
	Overpayment Investigation	N/A	Issue 1 – ControCC	Medium	CYPE	Implemented
	Overpayment Investigation	N/A	Issue 2 – Financial Regulations	High	CYPE	Implemented

Appendix D - Definitions

Audit Opinion

High

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.

Processes are robust and well-established. There is a sound system of control operating effectively and consistently applied to achieve service/system objectives.

There are examples of best practice. No significant weaknesses have been identified.

Limited

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.

Certain weaknesses require immediate management attention as there is a high risk that objectives are not achieved.

Substantial

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.

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.

No Assurance

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.

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

Adequate

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.

There are some significant matters that require management attention with moderate impact on residual risk exposure until resolved.

Prospects for Improvement

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.
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.
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
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.

Issue Risk Ratings

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.
Medium	There are weaknesses in internal control arrangements which lead to a moderate risk of non-achievement of service or system 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.