

By: Robert Patterson – Head of Internal Audit

To: Governance and Audit Committee – 25<sup>th</sup> January 2018

Subject: **INTERNAL AUDIT AND COUNTER FRAUD  
PROGRESS REPORT**

Classification: Unrestricted

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**Summary:** This report summarises the outcomes of Internal Audit and Counter Fraud activity for the 2017/18 financial year to date including follow up work on previously agreed actions from audits.

**Recommendation: FOR ASSURANCE AND DECISION**

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## **Introduction**

1. This report summarises:

- The key findings from completed Internal Audit reviews (since November 17)
- The key outcomes from completed counter fraud investigations
- Progress against the 2017/18 Internal Audit Plan and any proposed revisions
- Achievement against the Internal Audit and Counter Fraud Key Performance Indicators
- Work in progress and future plans and improvements,
- Follow up on management progression of previously agreed audit actions
- Plans for progressing the 2018/19 internal audit and counter fraud plan

## **Overview of Progress**

2. Appendix 1 details the outcomes of Internal Audit and Counter Fraud work for the financial year to date. In total 27 audit reviews have been completed, including 24 substantive reviews. Significant fieldwork is in progress for a further 7 audits.
3. In relation to counter fraud work there have been 111 irregularities reported and investigated since the start of 2017/18 of which 68 have been concluded. At the point an irregularity is referred to Internal Audit we estimate the potential value. Based on the information available at the time, we have estimated the total value of all the irregularities reported to us in 2017/18 as £582,942.
4. In addition we have been undertaking a number of significant investigations outside pre planned audit activity including:

- Support to Social Care in investigating delivery of domiciliary care commissioned hours by a contractor. This is now nearing completion and is reported in the accompanying exempt item report.
  - Review of commissioning procedures relating to the winter pressures / 'discharge to assess' contract
  - Review of the management of the FM contracts by Gen2
5. Overall the unit has reviewed systems or activities with a combined spend of an estimated £99 million since the start of 2017/18. (Note - the above data excludes the increasing level of work we carry out for the Council's LATCo's which are reported to separate audit committees).
  6. Appendix 2 (the Internal Audit Progress Report) details the outcomes from this work against the more significant corporate risks where it is practical for internal audit work to provide assurance against the progression of the management and mitigation of such risks
  7. Progress against the Audit Plan for 2017/18 is broadly in line to achieve the Audit Plan key performance targets (KPI's) by 31<sup>st</sup> March 2018. The detailed KPI's are also shown in Appendix 2.

### **Implications for Governance**

8. Where audits completed in the year have identified areas for improvement, management action has been agreed. All audits are allocated one of five assurance levels together with four levels of prospects for further improvement representing a projected 'direction of travel'. Definitions are included within the attached report.
9. The outcomes from audits produced during this quarter have been very mixed and a contrast to those outcomes from audits at the start of 2017/18.
10. Strengths relate to :
  - 42% of systems and/or functions have been judged with a Substantial assurance or better
  - A continuing pattern of general robustness of key financial systems, in particular, in this period the payroll function has received a Substantial assurance opinion
  - Adequate ICT controls and project management over moves towards enhanced mobile working, together with adequate progress in preparations towards meeting revised data protection regulations (GDPR)
  - Substantive progress in implementing 98% of previous actions agreed from internal audits.
  - The potential to resolve LATCo issues by creating a Holding Company
11. Areas for development and improvement relate to:
  - 12% of audits completed to date have an opinion of limited or worse
  - The Council's processes for its property portfolio and collection of rental income (see exempt item, agenda item 17)

- Learning from the risks relating to the set-up of LATCO's (see exempt item, Agenda item 17)
- The continuing need to more effectively control elements of the grants process overseen by the Council

12. No incidences of significant fraud, irregularity or corruption have been reported or detected during this quarter.

13. As such, from our coverage to date we have concluded there is continuing evidence to substantiate that the County Council has adequate and effective controls and governance processes as well as systems to deter incidences of material fraud and irregularity.

## Follow Ups

14. Appendix 2 incorporates the results of follow up work on the progression of previously agreed actions by management. We have continued with a revised system introduced in 2015 which generates greater accountability through managers initially self-assessing the implementation of agreed actions, following which we test check the accuracy of such responses.

15. The overall results are particularly positive as per the table below:

<b>Priority</b>	<b>Actions</b>	<b>Completed</b>	<b>In progress</b>	<b>No action</b>
High	31	14 (45%)	17 (55%)	0
Medium	74	46 (62%)	26 (35%)	2
Total	105	60 (57%)	39 (41%)	2%

16. In summary of the totality of the 105 agreed actions due for implementation, 98% have been implemented by the scheduled date or are in progress. Only 2% of actions have made no substantive progress (by comparison this was 11% last year and 23% in 2015). Of the 2 areas of no action, one relates to an area which will be retested in an upcoming audit and the other relates to difficulties in gaining joint agreement to Better Care Funding issues with our CCG partners.

17. In the 2017/18 plan we also included a number of formal follow up audits whereby a service or function which received a 'limited' opinion the previous year was subject to further scrutiny. The outcomes from these audits have been incorporated into the table above, but the individual results have been:

<b>Area</b>	<b>Previous judgement</b>	<b>Revised judgement after follow up</b>	<b>Prospects for Improvement</b>
Safeguarding Framework – Adults	Limited	Substantial	Good
Deprivation of Liberty (DOL) Assessments	Limited	Adequate	Good
Grants Administration	Limited	Adequate	Adequate
Cloud Navigation Programme Governance	Limited	Substantial	Good

18. The Cloud Navigation programme governance follow-up was an immediate follow up on a 2017/18 audit following concerns over the standards of programme management. Good progress is now being made with all of the high risk issues being addressed.
19. Overall this picture shows improvements in a number of key areas., with positives in the advances being made in relation to Adult safeguarding systems and assessments and Cloud Navigation programme governance.

### **Counter Fraud Initiatives**

#### Kent Intelligence Network (KIN)

20. As a reminder, we are a significant partner in the 'KIN' – the DCLG part grant funded, Kent wide, cross local authority data analytics collaboration with the shared objective to detect, prevent and deter fraud and corruption. The network has been actively operating since October 2016.
21. To date the savings derived from this initiative are £290,000 mainly relating to council tax, business rates and social housing fraud and errors.
22. Since the autumn of 2017 management and governance of the project has been moved more towards the 'KIN Board' (made up of representatives from the constituent authorities) who are currently looking at different data matching software and different forms of project management.
23. The project is due for imminent independent review by CIPFA on behalf of the DCLG.

#### Council Tax Single Person Discount Fraud and Error

24. In tandem with the KIN project the County Council has been working with selected District Council's in Kent to use credit agencies and other data to detect potential fraud and error in local taxation systems. To date our investment of £560,000 has resulted in fraud and error of £965,000 being detected. Assuming these amounts are reflected in a larger collection fund(s) across the County, the County Council can expect to derive 80% benefit from such recoveries.

#### No Recourse to Public Funds (NRPF)

25. We are currently working in tandem with Social Care in assessing potentially fraudulent applications for NRPF assistance. From referrals received this year we have stopped 4 applications resulting in a saving of £51,000.

### **Revisions to the 2017/18 Audit and Counter Fraud plan**

26. We have been consulting with Corporate Directors over revisions to the current plan and in particular we have taken into account the positive assurances provided from the outcomes of the recent OFSTED inspection of Children's Services by deferring our audits on Foster Care and Early Help as these were covered in the inspection.
27. We have also confirmed with the two new Corporate Directors that we will undertake a top level governance and performance review of Adult Social Care rather than Children Young People and Education Services in 2017/18.

28. We have also agreed with CMT to defer our audit of Section 106 developer contributions to early 2018/19 because of delays in implementing the new tracking systems.

29. Other significant work planned for the next quarter includes:

- Economic Development governance
- Apprenticeship levy systems

30. Appendix 2 details these changes and this has provided capacity to complete the increasing number of special investigations that have been commissioned.

### **Plans for 2018/19**

31. We have commenced work and consultation on the audit plan for 2018/19 and have arranged meetings with Corporate Directors and Cabinet Members in the coming weeks as part of this process.

32. The 2018/19 Plan will be submitted to the April 2018 Governance and Audit Committee

### **Recommendations**

33. Members are asked to approve:

- Proposed amendments to the audit and counter fraud plan (see Appendix B)

34. Members are asked to note:

- Progress and outcomes against the 2017/18 Audit Plan
- Progress and outcomes in relation to Counter Fraud activity
- Management's performance in implementing agreed actions from previous audits
- Achievement against the Internal Audit and Counter Fraud Key Performance Indicators
- The overall assurance provided in relation to the Council's control and risk environment as a result of the outcome of Internal Audit and Counter Fraud work completed to date.

### **Appendices**

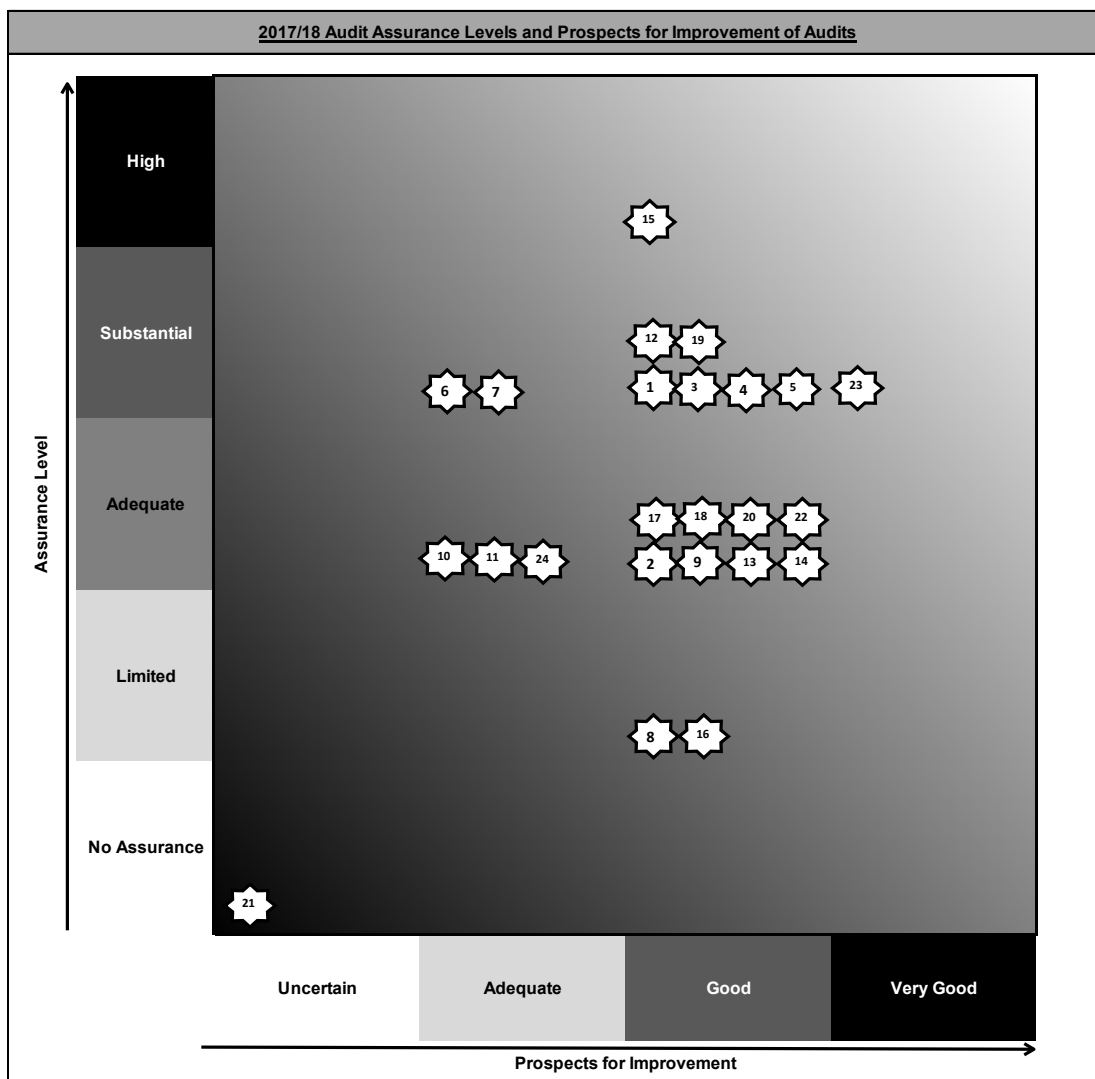
***Appendix 1 - Distribution of Internal Audit Judgements 2017/18 (to date)***

***Appendix 2 - Internal Audit Progress Report January 2018***

**Robert Patterson**  
**Head of Internal Audit**  
**(03000 416554)**

## APPENDIX 1

### Distribution of Internal Audit Judgements 2017/18 (to date)



**Audit Opinion October G&A Committee**

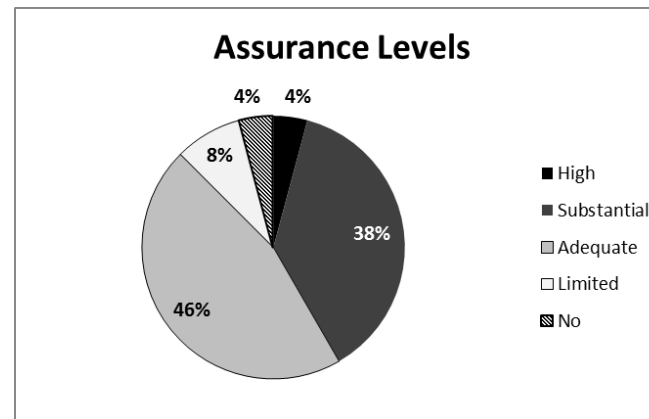
No	Audit	Judgement	Prospects for Improvement
1	Family Placment Payments	Substantial	Good
2	16-17 Staff Survey Actions	Adequate	Good
3	ICT Strategy and Governance	Substantial	Good
4	ICT Cloud Navigation Programme	Substantial	Good
5	Cashiers and Banking	Substantial	Good
6	GEN2 Governance - KKC Side	Substantial	Adequate
7	Children's Centres Follow Up for 2017/18	Substantial	Adequate
8	Financial Assessments	Limited	Good
9	No Resource to Public Funds	Adequate	Good
10	Members Training & Induction	Adequate	Adequate
11	Programme Management & Corporate Assurance	Adequate	Adequate
12	Safeguarding Framework Follow-up - Adults	Substantial	Good
13	17-18 DOLs	Adequate	Good
14	Establishments - Nurseries	Adequate	Good
15	Treasury Management	High	Good

**Audit Opinion January G&A Committee**

No	Audit	Judgement	Prospects for Improvement
16	Learning Lessons From LATCO's (Provisional) - Exepmt item see Note Below	Limited	Good
17	Data Protection - GDPR	Adequate	Good
18	ICT Mobile Working	Adequate	Good
19	Cloud Navigation Follow-up (Provisional)	Substantial	Good
20	Young Carers Contract Management	Adequate	Good
21	Property Income Management (Provisional) - Exepmt item see Note Below	No	Uncertain
22	IR35	Adequate	Good
23	KCC Payroll	Substantial	Very Good
24	Grants Follow-up	Adequate	Adequate

Note - Details of these audits can be found in the exepmt part of the report

Assurance Level	No	%
High	1	4%
Substantial	9	38%
Adequate	11	46%
Limited	2	8%
No	1	4%





# Kent County Council

## Internal Audit and Counter Fraud Progress Report

January 2018

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## **1 Introduction and Purpose**

- 1.1. This report details the cumulative internal audit and counter fraud outcomes for 2017/18 to date. It particularly focuses on the progress and delivery of internal audit and counter fraud work since November 2017. It highlights key issues and patterns in respect to internal control, risk and governance arising from our work.
- 1.2. To date we have completed 27 internal audits and 68 counter fraud investigations, the majority of which are resourced and driven from the internal audit plan (previously reviewed by this Committee) and are selected on the basis of providing an independent and objective opinion on the adequacy of the Council's control environment. Overall we have examined an estimated £99 million of KCC turnover to date.
- 1.3. A further 7 audits are currently in progress together with 22 audits of establishments which will form part of thematic reports around schools and day care provision, and a further 43 counter fraud investigations remain ongoing (including a number carried forward from the previous year).
- 1.4. In this report we have highlighted key outcomes arising from our work together with the associated assurance levels. In section 3 we also demonstrate where these findings provide appropriate assurance against key corporate risks or significant systems.
- 1.5. Internal audit also remains involved in three special investigations (including currently supporting Social Care on a domiciliary care review) and work as the appointed internal auditor to the Council's LATCO's where the outcomes are reported to separate audit committees.

## **2 Overview**

### **Internal Audit and Counter Fraud**

- 2.1 The covering paper to this progress report provides a graphical representation of the outcomes from the audits completed to date. In addition, to reprise our covering report , the following summary of strengths and areas for development emerge from the work to date:

2.2 Strengths include:

- 42 % of audits completed to date have resulted in a Substantial outcome or better
- A continuing pattern of a general robustness in key financial systems (payroll controls received a substantial assurance in this quarter)
- Adequate ICT controls and project management over moves towards enhanced mobile working together with adequate progress in preparations towards meeting revised (GDPR) data protection regulations
- Positive progress in implementing previously agreed audit actions

2.3 Areas for further improvement relate to :

- 12% of audits completed to date have an opinion of Limited or worse
- Our audit of the Council's processes for property portfolio and collection of rental income (see Exempt item on this Agenda)
- Learning from the risks relating to the set-up of LATCO's (see Exempt Item on this Agenda)
- The continuing need to more effectively control elements of the grants process overseen by the Council

2.4 The breadth of coverage and outcomes from our work to date have provided sufficient evidence to support an interim opinion that Kent County Council continues to have:

- Adequate and effective financial and non-financial controls
- Adequate and effective governance processes
- Adequate and effective processes to deter incidences of substantive fraud and irregularity

2.5 In general, management have developed appropriate action plans in response to all the high priority issues raised from our audits and counter fraud work.

### **3 Mapping Audit (and Counter Fraud) outcomes against corporate risks.**

- 3.1. Appendix A provides detailed summaries on the outcomes from internal audit work completed since November 2017, but it is important to provide an overview of audit and related counter fraud outcomes against corporate risks, mapping cumulative audit outcomes for the year to date. As such the following patterns of audits emerge against the County /Council's key risks :

### Management of demand – Children’s Services

- 3.2. During the year to date we have reviewed the following areas that have a theme related to management of demand for children’s services:

	Assurance Level	Prospects for Improvement	Issues Raised	
<b>No recourse to public funds</b>	Adequate	Good	High: 0 Medium:1	All accepted

- 3.3. No new work has been undertaken in this area during the current quarter and a number of planned projects postponed in the light of the positive OFSTED outcomes.

### Management of demand – Adult Social Care

- 3.4. We have undertaken special investigation work relating to a significant domicillary care provider and the emerging outcomes are reported separately in the exempt items on this agenda.

### Identification, planning and delivery of financial savings

- 3.5. Clearly associated with the above risk is the delivery of the Council’s transformation plans (including the creation of trading companies for selected services). Our work to date comprises:

	Assurance level	Prospects for Improvement	Issues Raised	
<b>Programme Management and Corporate Assurance</b>	Adequate	Adequate	High: 2 Medium:4	Final draft
<b>GEN2 Governance</b>	Substantial	Good	High: 0 Medium:3	All accepted

<b>Learning Lessons from LATCO's</b>	Limited (Provisional)	Good (Provisional)	High: 1 Medium:1	See exempt item
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- 3.6. As previously stated the learning lessons from LATCO's is reported separately as an exempt item on this agenda.
- 3.7. In the next quarter we are continuing the learning theme by examining knowledge transfer and capacity for change particularly emanating from the past transformation programmes progressed by the Council

### **Information Governance – including General Data Protection Regulations**

- 3.8. Assurance over the integrity and reliability of the Council's information systems has been provided by audits of :

	<b>Assurance level</b>	<b>Prospects for Improvement</b>	<b>Issues Raised</b>	
<b>ICT Strategy and Governance</b>	Substantial	Good	High: 0 Medium:1	Accepted
<b>ICT Cloud Navigation Programme</b>	Limited	Good	High: 2 Medium:3	Accepted
<b>Data Protection - GDPR</b>	Adequate	Good	High: 0 Medium:7	Accepted
<b>ICT Mobile Working</b>	Adequate	Good	High: 1 Medium 2	Accepted
<b>Cloud Navigation Follow Up</b>	Substantial (Provisional)	Good (Provisional)	No new issues raised.	No actions

- 3.9. In May 2018 the new General Data Protection Regulations (GDPR) will apply to the County Council. GDPR introduces new elements and enhancements to the way we process and control data. Overall we found the County Council has acted appropriately in preparing for the changes. In particular a satisfactory project plan has been put in place together with a dedicated resource and project team. Our analysis did show that there was some slippage in the progression of plans (although the May 2018 completion date is still feasible), there were some gaps in

plans and a number of key stakeholders were not represented on the project team. Management have accepted and agreed rectification actions from the audit.

- 3.10. The Council has embarked upon a programme of ICT initiatives to support services which will enable secure, easy and efficient mobile working for staff. This will clearly enable improvements in ways of working but an inherent risk is the potential exposure to information security breaches. Overall we found that there are defined procedures in place with appropriate restrictions and controls for securing mobile devices. Shortfalls related to staff awareness of such policies, accountability for promoting mobile working has not been assigned or methods to monitor utilisation of these technologies.
- 3.11. Our follow-up on the Cloud Navigation programme governance audit found that good progress has been made with the agreed action plans for all the issues – in particular the two High Risk issues are now complete. However, there has recently been a change of Programme Manager and a move away from PRINCE2 to the Agile project management methodology. Significant mid-programme changes such as these present their own risks and it is too early to establish the impact on the programme these changes.

### **Safeguarding – protecting vulnerable children**

- 3.12. During this period we undertook the following :

	<b>Assurance level</b>	<b>Prospects for Improvement</b>	<b>Issues Raised</b>	
<b>Nurseries – themed review</b>	Adequate	Good	28 issues raised across the 3 sites visited	All accepted
<b>Children’s Centres follow up</b>	Substantial	Good	High: 0 Medium:4	All accepted
<b>Young Carers Contract Management</b>	Adequate	Good	High: 1 Medium:3	All accepted

- 3.13. The Young Carers services has been contracted out to a third party at a cost of £964,000 over 3 years. Currently in terms of inputs the contract is ‘over performing’ with estimated utilisation of 7,000 young people against an

original target of 6,000. However the KPI's set to monitor the contract are not being consistently applied and outcomes at present consist of selected case studies supplied by the contractor.

### **Safeguarding – protecting vulnerable adults**

- 3.14. During this period no further adult safeguarding themed work has been undertaken, but as a reminder the following outcomes were derived from the follow ups undertaken in the first quarter.

	<b>Assurance Level</b>	<b>Prospects for Improvement</b>	<b>Issues Raised</b>	
<b>Safeguarding framework – Adults – Follow Up</b>	Substantial	Good	High: 1 Medium:4	4/5 actions implemented
<b>Deprivation of Liberty (DOL's) – Follow Up</b>	Adequate	Adequate	High: 4 Medium:1	3/4 high priority actions implemented 1 medium priority in progress

- 3.15. In the next quarter we will be examining systems relating to protection of property as well as quality in care frameworks.

## Financial and operating environments – critical systems and functions

- 3.16. As would be expected from an internal audit function, a considerable proportion of our work is centred on reviews of core critical financial and non-financial systems. We have audited a miscellany of topics during this period with the following outcomes:

	Assurance level	Prospects for Improvement	Issues Raised	
<b>Family Placement Payments</b>	Substantial	Good	High: 0 Medium:1	All accepted
<b>Financial Assessments</b>	Limited	Good	High: 2 Medium:5	All accepted
<b>Treasury Management</b>	High	Good	High: 0 Medium:0	N/A
<b>Cashiers and Banking</b>	Substantial	Good	High: 0 Medium:2	All accepted
<b>2016-17 Staff Survey Actions</b>	Adequate	Good	High: 1 Medium:0	All accepted
<b>Members Training and Induction</b>	Adequate	Adequate	High: 1 Medium:1	All accepted
<b>Property Income Management</b>	No (Provisional)	Uncertain (Provisional)	High: 3 Medium:0	See exempt item
<b>IR35</b>	Adequate	Good	High: 1 Medium:2	All accepted

<b>KCC Payroll</b>	Substantial	Very Good	High: 0 Medium:1	All accepted
<b>Grants Follow Up</b>	Adequate	Adequate	High: 3 Medium:2	TBC – report to CMT

- 3.17. As detailed previously the work we have undertaken on the management of the County Council's £1.9 billion property portfolio which generates £5.3 million income per annum is reported under the exempt items on this Agenda
- 3.18. From 1<sup>st</sup> April 2017 public sector organisations have had a liability to assess workers providing their services through an intermediary (such as a Personal Services Limited Company or an agency). HMRC considers such 'off payroll' labour as potentially 'disguised employees' and KCC now assumes more tax responsibility and liabilities with potential financial sanctions for non-adherence to the legislation. With KCC the situation is further complicated by the arrangement for the supply of the majority of such staff through the Commercial Services C2K agency. Our testing showed that satisfactory arrangements are in place with C2K contractor staff with comprehensive procedures and an accurate audit trail of information exchange. The audit did however identify gaps with the HMRC tests for compliance for consultants and contractors employed outside of the arrangement with C2K.
- 3.19. Our follow up of grants focused on both Voluntary and Community Sector (VCS) grants (£13 million per annum) and non VCS grants (totalling £730,000 per annum). Since our previous audit a VCS policy and framework has been put in place providing a consistent transparent approach for awarding and monitoring such grants. Unfortunately such controls have not been applied to non-VCS grants, resulting in considerable inconsistencies and indeed an inability to verify the number of such schemes in place.
- 3.20. Since our Grants Follow Up audit a system of 'Direct Awards' has also been implemented which by-passes a number of areas such as advertisement and competitive testing. Unfortunately testing showed there was a lack of a number of key controls in place with no formal record of top level consents which are required under the Corporate Grant Procedure.
- 3.21. Our review of the controls and procedures governing the payroll function to KCC's 13,000 staff determined they were strong and effective with only a few minor exemptions identified.

## **4 Other Audit Work including Grant Certification**

- 4.1 We continue to independently review Troubled Families grant claims as well as certifying other grants (where required by funders) relating to Transport, Highways and EU grants. During this period we also reviewed the County Council's Carbon Reduction Commitment return and found it to be compliant.
- 4.2 We continue to diversify our work by offering a proportion of our services to other public sector related or associated bodies, including
- A 'Group Audit' function for Kent Commercial Services, Gen2, Invicta Law and to the future Education and BSC companies
  - Appointed auditor to 12 Parish Councils
  - Internal audit of Kent and Essex Inshore Fisheries and Conservation Authority
  - Internal audit of Kent and Medway Fire and Rescue Service
  - Management of the audit and fraud service at Tonbridge and Malling Borough Council
  - Undertaking an independent quality assessment of the internal audit and counter fraud function of a London Borough

## **5 Counter Fraud and Corruption**

### Fraud and Irregularities

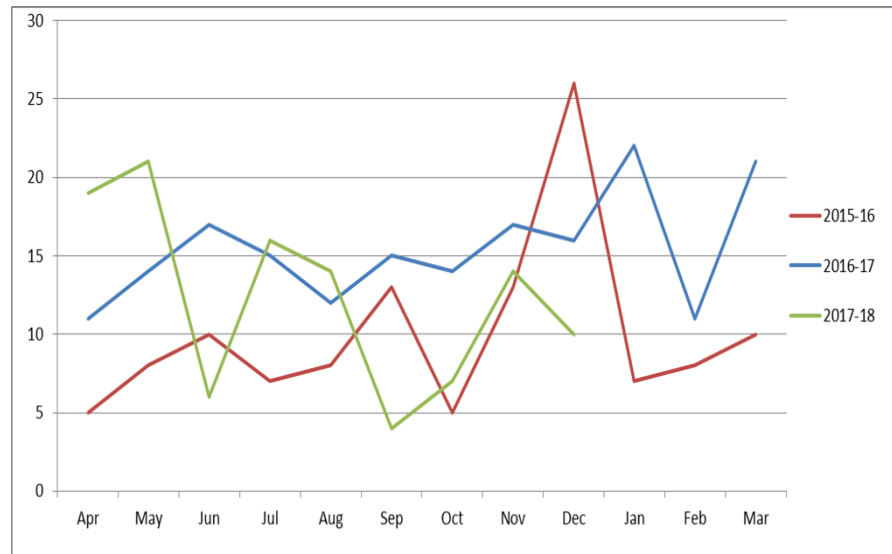
- 5.1 We have recorded 111 irregularities in 2017/18 of which 43 remain under investigation and 68 have been closed. In comparison, we recorded 131 between April and December in 2016/17 (see CF1).
- 5.2 At the point an irregularity is referred to Internal Audit we estimate the potential value. Based on the information available at the time we have estimated the total value of all the irregularities reported to us in 2017/18 to date as £582,942.
- 5.3 The potential value of fraud from referrals is high because of an attempted mandate fraud occurring in 2017. An unknown person attempted to hijack the identity of one of our suppliers and change the supplier's bank details to an account operated by someone else. The steps taken by the payments control team who verified the bank accounts details of the supplier prevented any changes being made to payment information. Failure to do this

could have cost the Council £336,490, which is the value of the invoice that was paid days after the attempted fraud.

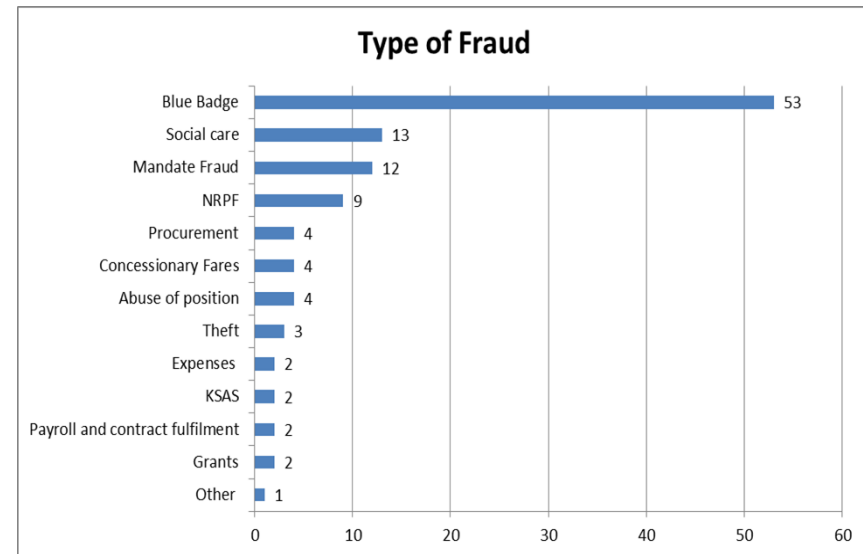
- 5.4 Kent's schools have also been targeted by mandate fraud in 2017-18. The counter fraud team continue to alert schools through KELSI in order to prevent other schools falling victim of this type of fraud.
- 5.5 From the 111 irregularities reported, 77 have been from the Social Care directorate (see CF3), although the majority (53) relate to misuse of the Blue Badge scheme. The most common type of referral reported to the counter fraud team remains misuse of the Blue Badge (see CF2). The most common source of referrals is from members of staff (see CF4).
- 5.6 The second highest irregularity reported is categorised as "Social Care Fraud". This category is made up of Direct Payment misuse, deprivation of capital, financial abuse by a third party and financial assessment fraud. Fraud awareness sessions have been completed with the Financial Assessment Teams to promote fraud prevention.

## Fraud and Irregularity tables:

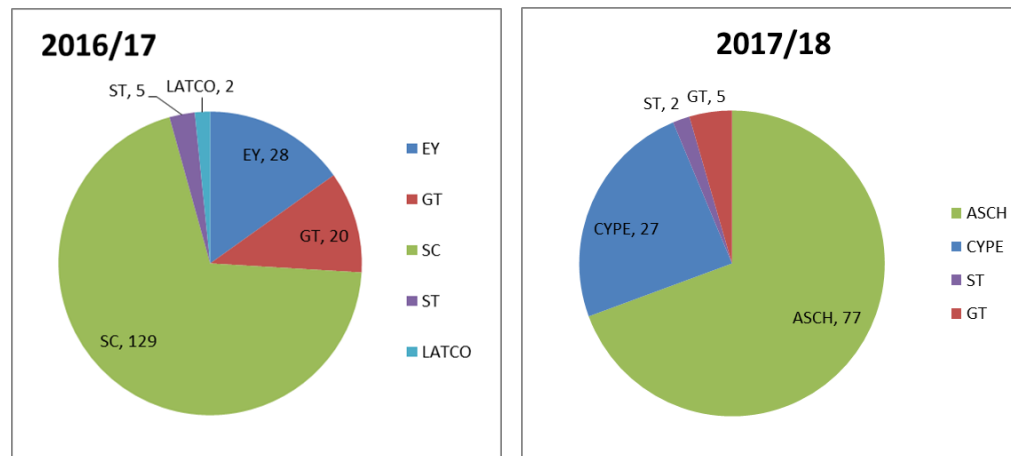
**Table CF1 - Number of Irregularities Reported by Month**



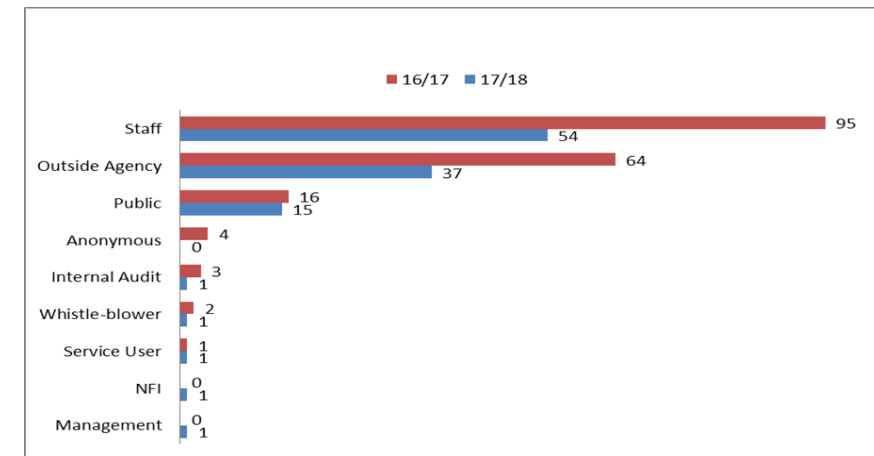
**Table CF2-Irregularities by Type - 2017/18**



**Table CF3 -Irregularities by Directorate**



**Table CF-4 Source of Irregularities**



### Kent Intelligence Network

- 5.7 The Kent Intelligence Network is a DCLG grant funded, Kent wide, cross local authority data analytics collaboration with the shared objective to detect, prevent and deter fraud and corruption. The Network has been actively operating since October 2016 and of the near £500k grant received just over half has been spent or committed. Since this date the Kent Intelligence Network has achieved savings of £292,000 to the general benefit of communities across the County.

## **6 Follow Ups**

- 6.1 During this period we have followed up on the implementation of previously agreed actions from audits and counter fraud work. Over the review period 105 actions were agreed with Directorates in the County Council. Through a system of self-assessment by these departments which is followed through by independent test checking, the following outcomes emerge:

<b>Priority</b>	<b>Actions</b>	<b>Completed</b>	<b>In progress</b>	<b>No action</b>
High	31	14 (45%)	17 (55%)	0
Medium	74	46 (62%)	26 (35%)	2
Total	105	60 (57%)	43 (41%)	2%

- 6.2 Appendix C provides the detail behind these summary findings
- 6.3 Overall these results are particularly positive with only 2% of actions either not completed or not making any substantive progress. This continues a positive trend from the past two years.

## 7 Internal Audit and Counter Fraud Performance

7.1 Performance against our targets to the end of September 2017 are shown below:

Performance Indicator	Target	Actual
<b>Outputs</b>		
90% of Priority 1 audits completed (by year end)	56%	47%
20% of Priority 2 audits completed	7%	5%
Draft audit reports issued within agreed date on the engagement plan	60%	68%
No of fraudulent incidents / irregularities recorded	N/A	111
<b>Outcomes</b>		
% of high priority / risk issues agreed	N/A	100%
% of high priority / risk issues implemented	N/A	50%
% of all other issues agreed	N/A	99%
% of all other issues implemented	N/A	63%
Client satisfaction	90%	97%
Value for money / efficiency savings identified		£200,000
Total number of occasions on which a) fraud and b) irregularity was identified	n/a n/a	51 17
Total monetary value of (a) fraud and (b) irregularity that was detected		£435,634* £7,891*
Total monetary value of (a) fraud and (b) irregularity that was recovered		£15,321 £0

\* These figures include unsuccessful attempted frauds that resulted in no loss and therefore do not require recovery.

- 7.2 In general the outputs are in line with our plans and the level of completion of audits is projected to deliver the audit and counter fraud plan outcomes and targets by the end of 2017/18.

## **8 Internal Audit and Counter Fraud Resources**

- 8.1 We have no current concerns with audit and counter fraud resources and staff turnover is currently low. It is likely we will be re-locating within County Hall in the next 3 months to more suitable office accommodation. As previously highlighted, an increasing proportion of resources are being focused on special investigations.

## **9 Work in progress and future planned coverage**

- 9.1 Appendix B updates progression against the agreed plan coverage and substantiates the estimation that we are on target to achieve our coverage. For the next quarter of the year we have a number of substantive audits to complete including:

Governance review of adult social care	Revenue Budget Monitoring
Children's Direct Payments	Economic Development
Children's Allowance Review Team	Apprenticeship Levy
Protection of Property	

- 9.2 As detailed in the covering report, we are currently consulting with Corporate Directors over the progression and updating of the 2017/18 plan to ensure it remains relevant to the risks facing the Council. For example, it is not unreasonable that the positive outcome and assurances received from OFSTED should impact on our children's services coverage for the remainder of the year.
- 9.3 We will also be reviewing coverage in light of the increased volume of special investigations and additional audits being commissioned.

## **10 In Conclusion**

- 10.1 We are satisfied that over the past 6 months sufficient internal audit and counter fraud work has been undertaken to allow us to draw a positive conclusion as to the overall adequacy and effectiveness of KCC's standards of control, governance and risk management.
- 10.2 In addition line management have taken, or have planned, appropriate action to implement our issues and recommendations.
- 10.3 We believe we continue to offer added value to the organisation as well as providing independent assurance during a time of considerable change.

## Appendix A – Summary of Individual 2017/18 Internal Audits issued from October 17 – mid January 2018

### Data Protection – Preparing for the General Data Protection Regulations

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

Overall KCC has acted appropriately in regards to preparing for GDPR. A dedicated resource is in place to project manage compliance to GDPR and there is also a project team in place with representatives from across the Council. A satisfactory GDPR project plan has been produced which identifies the key actions that need to be completed to meet the requirements of GDPR. There is currently some project slippage, although as the legislative changes do not come into effect until May 2018 there is still time to recover from this.

#### Key Strengths

- There is good communication of GDPR requirements to Members, Senior Management and DivMTs, with a communication plan in place to continue building awareness.
- There is a Project Manager and Project Team in place which meets fortnightly to progress the project.
- There is a robust process already in place for information security incidents to be reported to the IR&T Team and considered for escalation to the ICO.
- Revised E-learning has been developed and is due for release in December 2017.

#### Areas for Development

- The project plan needs to be updated to include assigning responsibility for actions to the appropriate person.
- There is project slippage within critical actions/ tasks of the project, but at present the completion date of May 2018 is still feasible.
- There is need to have a consistent approach to how privacy notices are approached across services.

- The Data Inventory template needs to be aligned with the data sharing agreement checklist..
- The use of Privacy Impact Assessments (PIAs) need to be embedded within the commissioning/procurement/project processes.
- Two divisions (Strategic Commissioning and Corporate Assurance) are not yet represented on the GDPR working group.
- Guidance and processes need to be developed to comply with the obligation to rectify incorrect data, erase or restrict processing.

#### Prospects for Improvement

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

- Management have accepted all issues and developed appropriate actions.
- Project management has been enhanced through the appointment of a solicitor and trainee graduate with project management skills.
- Working group now representing all directorates/ divisions in place and meeting on a regular basis to progress required actions.
- Good oversight and communication between Project Manager and Senior Management.

#### Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted and no action proposed
High Risk	0	0	0
Medium Risk	7	7	0
Low Risk	2	2	0

## ICT Mobile Working

Audit Opinion	<b>Adequate (Provisional)</b>
Prospects for Improvement	<b>TBC</b>

Our audit confirmed that there are appropriate policies and written procedures in place to support mobile working. The technical risks around data security and management of the devices which link to KCC's networks have been appropriately considered and robust controls are in place. However we found that there is limited awareness of the mobile working policies among managers and lack of promotion of the strategic decision to increasingly adopt mobile working arrangements in order to increase efficiencies and reduce costs.

As part of the audit, managers from across the Council were surveyed about how they view and approach mobile working and how they make use of the mobile working technology provided to them. The results of the questionnaire confirmed the findings outlined above.

### Key Strengths

- The Council's ICT strategy defines the expectations of the Council with regards to mobile working.
- The Council has two policies relating to mobile working, which define roles and responsibilities and identify risks associated with non-compliance.
- Software has been deployed which allows for updates to be pushed to the mobile devices as and when required.
- There are documented procedures in place for managing the system, covering setting up new devices, transferring or deleting accounts and remotely wiping devices that are lost, stolen or no longer in use.
- An appropriate standard for securing mobile devices is in place and is consistently applied.
- The Council has imposed adequate restrictions on mobile devices to

### Areas for Development

- Many of the staff we interviewed during the audit were not aware of them and how to access them on KNet.
- Responsibility for promoting mobile working arrangements across the Council has not been assigned and there is no procedure in place for engaging with stakeholders to promote mobile working.
- There are no arrangements in place to review the current mobile working technologies in order to monitor their use and effectiveness.

### Prospects for Improvement

- Good overall awareness within the Service Request and the Security & Infrastructure teams of the technical procedures for configuring, managing and securing devices provided to users for mobile working.
- The remit of the Business Change Programme (run by EODD) includes addressing the wider workforce cultural issues around mobile working, although this programme is currently at an early stage.
- Actions are planned to increase the visibility of the mobile working policies on KNet. Guidance on how to use mobile working technologies is readily available to staff.

### Summary of Management Responses

	<b>Number of issues raised in previous audit</b>	<b>Management Action Plan completed</b>	<b>Management Action in progress</b>
<b>High Risk</b>	0	0	0
<b>Medium Risk</b>	3	3	0
<b>Low Risk</b>	1	1	0

ensure that they are used only for authorised purposes.

## Cloud Navigation Programme Governance Follow-up

Audit Opinion	<b>Substantial (Provisional)</b>
Prospects for Improvement	<b>Good (Provisional)</b>

Good progress has been made with the agreed action plans for all the issues – in particular the two High Risk issues are now complete. Work is on-going regarding the three remaining Medium Risk issues and completion is expected soon.

However, there has recently been a change of Programme Manager and a move away from PRINCE2 to Agile project management methodology. We understand that these changes were made to address delivery risks, but significant mid-programme changes such as these present their own risks. It is too early to establish the impact on the programme these changes.

### Summary of progress with issues

	Number of issues raised in previous audit	Implemented and closed	Implementation in progress
High Risk	2	2	0
Medium Risk	3	0	3
Low Risk	0	0	0

Previous Issue	Conclusion from testing
Cost and Budget Monitoring <b>(High Risk)</b>	Resource costing has been undertaken and monitoring of budget against actual is taking place. Issue has been closed off.
Benefits Realisation <b>(Medium Risk)</b>	Work is on-going with a benefits tracker now completed but not fully operational or disseminated. Benefits are to be tracked and managed in consultation with the ICT Portfolio Assurance Manager. Revised date of implementation agreed.
Project Plans <b>(High Risk)</b>	A Programme Plan showing the Cloud Navigator projects has been created. A rolled up version showing the key milestones / dates is reported on a monthly basis. As soon as BSC have been commissioned to complete the Phase 2 projects a project plan for these will be created and added as a master Programme plan. Issue has been closed off.
Review of Programme Documentation <b>(Medium Risk)</b>	New processes are in place with regards to decisions and escalation yet the formal documentation of these, including an outline of the governance in place, has not been completed. Revised date of implementation agreed.
Internal Cloud Navigator Programme Board <b>(Medium Risk)</b>	An internal Board has not been established with issues are being raised in 1-1's. Revised date of implementation agreed.

Audit Opinion	<b>Adequate (Provisional)</b>
Prospects for Improvement	<b>Good (Provisional)</b>

The Young Carers contract is performing well with the service being provided to an increasing number of young carers proving to be good value for money for the Council. Teething issues identified have been addressed and resolved. The contract monitoring process has however identified that outcome based KPIs are difficult to measure in practice resulting in no performance information being provided; improved attendance at school and young carers identified as being NEET. Further, reliance is placed on the contractor in terms of the accuracy of the information provided. There is an apparent lack of joint working with Adults Young Carers and Early Help.

## Key Strengths

### Contract Monitoring Arrangements

- Contract monitoring information is received in accordance with the agreed timescales and performance measures.
- Regular contract review meetings are held whereby the data received from the contract provider for each district is reviewed and analysed.
- Case studies prepared by the contract provider demonstrate confirmation of positive outcomes being achieved by young carers.
- Payments are made to the provider in accordance with the agreed contract.

### Relationship Management

- The contract is performing well. There is an open and transparent relationship between the contract provider and KCC.
- Both the contract provider and KCC are striving for continuous quality improvement and an improved service for the young carer.
- The monitoring and review process encourages open and honest feedback to facilitate a consistent high quality service being provided.

### Reliance on Early Help Commissioned Services Monitoring Procedure

- A contract maturity report was prepared by the Commissioning Manager and reported to DivMT once the contract had been in place for 11 months. Issues identified with operational performance have been addressed.
- The Deep Dive process was evaluated as being a good contract monitoring tool, with key aspects of the service being reviewed.

## Areas for Development

### Contract Monitoring Arrangements

- There is inconsistent evidence of joined up working with the Adult Young Carer service.
- Whilst all KPIs reviewed were considered to be meaningful; some were considered by staff to be difficult to measure in practice. This demonstrates the need to move to a more outcome based contract.
- Parental consent is a barrier to the provision of the young carer service. There is no information as to the number of referrals for which parental consent was not provided.

### Prospects for Improvement

- It was evident that performance varies from district to district and that the overall performance of the contract was improving month on month.

## Summary of Management Responses

	Number of issues raised	Management Action developed	Risk accepted and no action proposed
High Risk	1	1	n/a
Medium Risk	3	3	n/a
Low Risk	0	0	n/a

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

The audit was able to confirm that satisfactory arrangements are in place to consider the impact of the changed IR35 legislation, in particularly around the mandated arrangements with Commercial Services, Connect2Kent (C2K). There are comprehensive policies and procedures in place and the exchange of information between KCC and C2K was accurate. A good audit trail of information around the decision process was in place.

The audit identified a potential gap in the process for identifying consultants/ contractors employed outside of the arrangement with C2K and the Procurement Team. The required HMRC tests for compliance may not have been carried out, with the possibility that consultants/ contractors may be treated incorrectly as being outside the HMRC IR35 arrangements.

#### Key Strengths

- Policies and procedures have been developed to provide information on the requirements of the HMRC IR35 legislation.
- Full information is available on KNET to supplement these policies and procedures.
- Good liaison and communication is in place between KCC and C2K to ensure that information is shared in a timely manner.
- The IR35 legislation is applied correctly on cases sourced by C2K with third party agencies.
- Finance work closely with Procurement to identify new suppliers who may need to be considered for IR35 status checks and moved onto the mandated agreement with C2K.

#### Areas for Development

- The audit identified nine consultants/ contractors employed outside of the mandated arrangements with C2K and paid direct by KCC. In these cases there may have been no assessment of the status of consultant/ contractor under IR35 as required by HMRC. There is therefore the potential for financial penalties on KCC from HMRC.
- A process is required to reconcile the information retained by KCC and C2K to ensure that data is complete and accurate. The audit confirmed that this process was under consideration but work had not yet been started. **See**
- There is no period set for the reassessment of consultant/ contractors status under IR35 to identify any changed circumstances.

#### Prospects for Improvement

- The officers in KCC and C2K are aware of the need to develop the processes to ensure that all consultants and contractors are captured for assessment against the IR35 regulations. Improvements have been discussed in regular liaison meetings and are planned to enhance the operation of the processes.
- There was a positive response to the audit findings within the teams responsible within KCC and C2K and good cooperation with the audit process

#### Summary of Management Responses

	<b>Number of issues raised in previous audit</b>	<b>Management Action Plan completed</b>	<b>Management Action in progress</b>
<b>High Risk</b>	1	1	n/a
<b>Medium Risk</b>	2	2	n/a
<b>Low Risk</b>	0	0	n/a

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

Overall the processes for managing the KCC Staff Payroll are effective, with only a few minor exceptions identified.

#### Key Strengths

- Supporting procedures are comprehensive and accessible for relevant staff.
- Access to the Oracle HR Payroll is well controlled, with only appropriate staff having relevant access according to duties undertaken.
- Staff training is well established, including personalised induction training for new staff, scheduled refresher training and team briefings on specific topics.
- Overall good records are maintained, although some minor exceptions were identified (see Areas for Development below).
- Officers and Members leaving KCC were processed promptly upon notification being received by the BSC.
- Payroll production processes are well established. A comprehensive checklist is in place and the whole cycle involves stages which are iterative to correct identified errors or changes required. Each step is signed off and verified by a senior member of staff and at critical stages by Operations Management.
- Amendments to pay e.g. maternity, prolonged sickness absence, change in hours and pay rises, were all processed timely and accurately by the BSC.

#### Areas for Development

- Quality assurance has been embedded since April 2015 and it would be prudent to revisit the process to establish if the current levels remain representative and the approach appropriate, based on previous results. In addition, some exceptions with the quality assurance were found.
- Some exceptions were found with arrangements for retaining supporting records in IDOX, however it is recognised that these represent a small percentage of the overall volume of the documents retained.
- One minor amendment is required to the Overpayments procedure.

#### Prospects for Improvement

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

- The receptiveness and track record of staff to continuously improve processes and the control framework surrounding these is of note, particularly in relation to the overpayments processes where established procedures and communications have reduced the volume of cases and increased the recovery rate.

#### Summary of Management Responses

	<b>Number of issues raised</b>	<b>Management Action Plan developed</b>	<b>Risk accepted and no action proposed</b>
<b>High Risk</b>	0	0	n/a
<b>Medium Risk</b>	1	1	n/a
<b>Low Risk</b>	2	2	n/a

## Grants Administration Follow-up

Audit Opinion	<b>Adequate (Provisional)</b>
Prospects for Improvement	<b>Adequate (Provisional)</b>

The follow up audit highlighted that the implementation of the Voluntary and Community Sector (VCS) policy and framework has provided a consistent approach within the authority to the application, awarding and monitoring of the grants paid to the voluntary and community sector organisations.

However, the administration of Non-VCS grants is inconsistent and a more structured framework needs to be implemented for applications, awards and monitoring. As a result we have concluded that only one of the recommendations in the 2015/16 Grant Administration audit has been fully implemented. The rest of the recommendations have been partially implemented. CMT are currently considering whether non-VCS grants should follow the VCS framework and the new issue we have raised into the Direct Award process.

### Key Strengths

- A standardised grants process, including an application form and grant agreement, has been implemented and adopted for VCS grants across the authority.
- A centralised register of VCS grants is held by the Chief Accounts team and is published in line with the Transparency Code.

### Areas for Development

- The processes followed for the administration of non-VCS grants (including the application, award, monitoring and reporting) remains inconsistent across the schemes.
- A standardised application form has been developed for each VCS grant, however, it does not ask for two of the minimum data requirements from 15/16 recommendations.
- There are varying practices of how non-VCS grants are awarded and there is inconsistency with the authorisation and/or recording of formal decisions for payments over £15,000; the required levels of authority do not align with the Council's scheme of delegation..
- There is no central record of grant agreements, contrary to the current Corporate Grant Procedure.
- The controls in place for the Direct Award process are absent and awards are not subject to scrutiny or challenge. Two of the Direct Award payments were over £15,000 but there was no formal record of Cabinet Member authorisation in line with the Corporate Grant Procedure.

### Prospects for Improvement

TBC

### Summary of Management Responses

	Number of issues raised in previous audit	Management Action Plan completed	Management Action in progress
High Risk	3	0	3
Medium Risk	2	1	1
Low Risk	0	n/a	n/a

## CRC Energy Efficiency Scheme

Audit Opinion	<b>Compliant</b>
Prospects for Improvement	

We selected a sample of electricity and gas consumption figures for KCC properties and confirmed that the usage data was accurate based on the information held in the energy database (SystemLink). We confirmed the data extracted from Systemlink and used for the annual return conformed with the requirements and methodology set out in the Environment Agency CRC Guidance. In addition we tested the data supporting the Feed-In-Tariff Scheme and found the information had also been accurately compiled and reported. The CRC return for 2016/17 was completed and submitted to the Environmental Agency via an on-line portal in 26<sup>th</sup> July 2017.

Our evaluation of data and supporting documents within the evidence pack confirmed that it adheres to the requirements of the Environmental Agency. Minor administrative errors and omissions within the checklist were identified and resolved during the audit. The Head of Energy Management is responsible for reviewing and signing off the evidence pack. We have seen evidence to demonstrate that this was completed before the commencement of this audit.

The most recent purchase of CRC allowances in the buy-to-comply sale was completed in September 2017. Our testing confirmed that the allowance costs were paid timely and to the correct bank account. Our assurance rating of XXXX is based upon the following strengths and areas for development in relation to 2016/17 CRC Energy Efficiency Annual Return.

### Key Strengths

- The energy consumption base data for the report is accurately and correctly collated in line with Environment Agency guidance;
- Responsibilities are clearly defined and followed, as evidenced in key documentation
- The CRC return was accurately produced, reflecting the energy base data;
- The evidence pack adheres to the requirements of the Environmental Agency;

### Areas for Development

- Minor administrative errors and omissions within the evidence checklist were identified and resolved during the audit.

### Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted and no action proposed
<b>High Risk</b>	0	n/a	n/a
<b>Medium Risk</b>	0	n/a	n/a
<b>Low Risk</b>	0	n/a	n/a

## Appendix B - Audit Plan 2017/18 Progress

Project	Progress at October 2017	Date to G&A	Overall Assessment	Project	Progress at October 2017	Date to G&A	Overall Assessment
<b>Core Assurance</b>							
Business Continuity	Q4			Transformation & Change – 0-25 follow up	Postponed to 2018/19		
Performance Management, KPI's/Data quality	Q4			Transformation and Change – Adults phase 3 - <b>Advisory</b>	In Progress		
Risk Management	Q4			Transformation & Change – Business Service Centre - <b>Advisory</b>	Q4		
Annual Governance Statement	Complete	July 2017	Adequate/ Good	Transformation & Change – Checkpoint Reviews - <b>Advisory</b>	As required		
Information Governance	Q4			Transformation & Change – Change capacity and knowledge transfer	Planning		
Learning the lessons of LATCO's - <b>Advisory</b>	Complete	January 2018	Limited/Good	Declarations of Interest <b>Priority 2</b>			
Bribery & Corruption (follow up)	Complete	July 2017	Adequate/ Good	Income generation/ Commercialisation v business as usual <b>Priority 2</b>			
KCC Corporate Governance	Q4			Data Protection (including General Data Protection Regulations) <b>GDPR element – Advisory Priority 2</b>	Complete	January 2018	Adequate/ Good
Directorate Governance Review – Children, Young People and Education	Postponed to 2018/19			Service User feedback & engagement (KCC-wide) <b>Priority 2</b>			
Strategic Commissioning – new arrangements - <b>Advisory</b>	Q4			Directorate Governance Review – Adults <b>Addition to plan in place of CY review</b>	Q4		

Project	Progress at October 2017	Date to G&A	Overall Assessment	Project	Progress at October 2017	Date to G&A	Overall Assessment
<b>Core Financial Assurance</b>							
Revenue Budget Monitoring	In progress			Cashiers & Bank Recs	Complete	November 2017	Substantial/ Good
Schools Financial Services	Q4			T.D.M. System (for domiciliary care payments)	Planning		
Treasury Management	Complete	November 2017	High/ Good	Accounts Receivable Follow-Up <b>Priority 2</b>			
Financial Assessments	Complete	November 2017	Limited/ Good	Client Financial Affairs (KCC as Appointee) <b>Priority 2</b>	Q4		
<b>Risk/Priority Based Audit</b>							
Members Induction and Training	Complete	November 2017	Adequate/ Adequate	Young carers - contract management <b>Priority 2</b>	Complete (draft report)	January 2018	Adequate/ Good
Apprenticeship Levy	In Progress			Adults and Children's Finance Processes - <b>Advisory</b> <b>Priority 2</b>	Cancelled		
Use of Agencies and IR35	Complete	January 2017	Adequate/ Good	Domiciliary Care <b>Priority 2</b>			
KCC Payroll	Complete	January 2018	Substantial / Very Good	Redesign of 26+ Service – consultancy - <b>Advisory</b> <b>Priority 2</b>	Cancelled		
Developer Contributions (section 106 & CIL payments)	Q4			DCALDMH Service Provision redesign - <b>Advisory</b> <b>Priority 2</b>			
TFM Follow-up	Planning			Direct payments analytical review – <b>Advisory</b> <b>Priority 2</b>	Q4		

Project	Progress at October 2017	Date to G&A	Overall Assessment	Project	Progress at October 2017	Date to G&A	Overall Assessment
Health & Safety	Planning			Residence Arrangements - IFA,& Residential – including placements and payments <b>Priority 2</b>	Deferred to 18/19		
Grants Administration Follow-up	Complete (draft report)	January 2018	Adequate/ TBC	Troubled Families Returns	In progress & ongoing		
Property Income Management <b>Priority 2</b>	Complete (draft report)	January 2018	No/ Uncertain	Education Services Company - <b>Advisory</b>	Ongoing		
KNet and Website – including online payments <b>Priority 2</b>				School Themed Review - additional funding and SEN HNF	In progress		
KCC Recruitment/ entry controls <b>Priority 2</b>				SEN Transport	Postponed to 2018/19		
Recruitment and retention incentives (Social Care) <b>Priority 2</b>				EY systems Post-implementation	Postponed to 2018/19		
Contract management of GEN2 (including capital projects and data control) <b>Priority 2</b>				EHU revised model and outcomes	Cancelled due to Ofsted outcome		
Quality of Care themed review	Planning			Childrens Centres themed review follow-up	Complete	November 2017	Substantial/ Good
LD Lifespan Pathway Post Implementation	Deferred to 18/19			Youth Justice <b>Priority 2</b>	Cancelled		
Adult Safeguarding Follow-up	Complete	November 2017	Substantial/ Good	Front door - CRU & Triage integrated model <b>Priority 2</b>	Cancelled		

Project	Progress at October 2017	Date to G&A	Overall Assessment	Project	Progress at October 2017	Date to G&A	Overall Assessment
MCA/DoLS Follow-up	Complete	November 2017	Adequate/ Adequate	Economic Development inc Regional Growth Fund	Planning		
Protection of Property	In progress			BDUK –watching brief - <b>Advisory</b>	In progress		
Swift replacement project – consultancy - <b>Advisory</b>	Ongoing			Carbon Reduction Commitment – annual review	Complete	January 2018	Compliant
Disabled children - direct payments and managed service	In Progress			Kent Resilience Team Follow-Up <b>Priority 2</b>			
Foster Care - dependent on outcomes of service review could inc recruitment of foster carers	Cancelled due to Ofsted outcome			Local Growth Fund –phase 3 inc Major Highways Project Management <b>Priority 2</b>	Q4		
No Recourse to Public Funds	Complete	November 2017	Adequate/ Good	Contract Management in Libraries, Registration and Archives <b>Priority 2</b>			
Residence Arrangements 16+ (SAIFE) including placements and payments	In progress			Street Work Income <b>Priority 2</b>			
Childrens' Allowance Review Team inc SGOs	In progress						
<b>ICT Audit</b>							
ICT Strategy and Governance	Complete	November 2017	Substantial/ Good	Mobile Working <b>Priority 2</b>	Completer	January 2018	Substantial/ Good
Cloud Navigation – Programme Governance	Complete	November 2017	Limited/ Good	Software Licensing <b>Priority 2</b>			
Cloud Navigation – Watching Brief and Project Milestone Deep Dive	In progress			ISO27001 – BSC Readiness Assessment <b>Priority 2</b>			

Project	Progress at October 2017	Date to G&A	Overall Assessment	Project	Progress at October 2017	Date to G&A	Overall Assessment
ICT Asset Management	In Progress			Cloud Navigation – Programme Governance Follow-up	Complete (draft report)	January 2018	Substantial/ Good


## Appendix C – Follow up of agreed audit actions



### Limited assurance reports

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Highways Safety/ Crash Remedial Measures	05/12/16	2	1	1 1*	1					Amber
PCI DSS	19/06/15		2		1 1*					Amber
Member & Officer Expenses	09/08/16	1	1	1*	1					Amber
Financial Assessments	05/09/17	1	3	1*	3					Amber





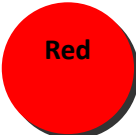
Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
The Old Rectory	18/08/16		1		1*					Amber
Cloud Navigation Programme Governance	03/08/17		1		1*					Amber
IT Disaster Recovery Planning	13/02/15	1		1						Green
Supervisions	07/07/15	1		1						Green
Optimisation	17/06/15	2		2						Green

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Contract Management Themed Review	25/04/16	1	1	1*	1					
Total Limited Audits		9	10	5 4*	7 3*	0	0	0		






## Adequate assurance reports

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Unaccompanied Asylum Seeking Children (UASC)	05/08/15	1		1*						Amber
Customer Feedback	21/07/15	1	2	1	2					Green
Bribery and Corruption Follow-up	03/07/17	1	1	1*	1					Amber
Public Health Governance	01/03/16	1		1*						Amber

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Transformation and Change – Delivery of Savings and Other Outcomes (Adults)	13/06/17		1		1					
Accounts Receivable	22/05/17	1	1	1	1					
Business Planning	17/01/17		1		1					
Financial Assessments Follow-up	11/04/16	1		1						
Schools Financial Services	09/06/15		1				1		<i>This will be followed-up during the upcoming audit of Schools Financial Services</i>	

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Members Induction and Training	09/10/17	1		1*						Amber
Software Lifecycle Management	08/11/16		2		2*					Amber
Better Care Fund	02/02/16		2		1		1		<i>Risk accepted by management</i>	Red
Contact Point - Agilisys	11/10/16	2		2						Green
Property – Statutory Compliance	19/12/13		1		1*					Amber
Property – Disposal of Assets	11/05/17		1		1*					Amber

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Carers Assessments	24/01/17	1	1	1*	1*					Amber
Enablement (KEaH) Service	28/07/15	1		1*						Amber
Central Purchasing Team	23/06/17	1	3	1	3					Green
OP Residential & Nursing Contract Re-Lets	16/12/15	1	1	1*	1*					Amber
UASC – Allocation of Accommodation	27/09/16	1	1	1	1					Green
Elective Home Education	21/08/17	2	4	2*	4*					Amber

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
National Driver Offender Retraining Scheme – Phase 2	04/04/17	2	3	2*	1 2*					
Risk Management	23/03/15		2		2				<i>Found as implemented as part of the 2016/17 Risk Management audit</i>	
Kent Resilience Team	19/07/16	2	3	2	3					
Total Adequate Audits		20	31	9 11*	17 12*	0	2	0		




## Substantial assurance reports

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Departmental Governance Review - GET	28/03/17		5		5					Green
Workforce Planning and Talent Management			2		2*					Amber
Community Learning and Skills	09/09/15		2		1 1*					Amber
Children Centres Themed Review Follow-up	05/09/17		4		4					Green
Cashiers and Bank Income	11/08/17		2		2					Green

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Schools Improvement Team	03/01/16		3		2 1*					Amber
Oracle Application Review	10/09/15		1		1					Green
VAT	11/10/16		2		2					Green
ICES and Telecare Contract Management	12/01/17		1		1*					Amber
Quality Assurance Framework - Safeguarding Children / Online Case file audit process / Missing Children	06/11/15		2		1 1*					Amber

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Early Help – Managing Step-up to Specialist Children’s Services	07/10/16		1		1*					Amber
Corporate Purchase Card	10/05/17		2		1 1*					Amber
Medium Term Financial Planning	03/01/17		1		1*					Amber
Family Placement Payments – Controcc Implementation Phase 2	05/07/17		1		1					Green
IT Strategy and Governance	26/07/17		1		1*					Amber

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
KCC/ KMPT Partnership Agreement & AMHP (Approved Mental Health Professional) Service	18/07/16		3		2 1*					 Amber
<b>Total Substantial Audits</b>		<b>0</b>	<b>33</b>	<b>0</b>	<b>22 11*</b>	<b>0</b>	<b>0</b>	<b>0</b>		

## Other types of engagement including consultancy

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded	Comments	Overall Opinion on Actions R.A.G.
		High	Medium	High	Medium	High	Medium			
Enablement Expenses	19/01/17	1		1*						Amber
Safety Camera Partnership and Speed Awareness	21/11/16	1		1*						Amber
Total Other Engagements		2	0	2*	0	0	0	0		

## Summary of all issues due:

	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded
	High	Medium	High	Medium	High	Medium	
Total All Audits	31	74	14 17*	46 26*	0	2	0

## Appendix D - Internal Audit Assurance Levels

Assurance opinion	Definition
High	There is a sound system of control operating effectively to achieve service/system objectives. Any issues identified are minor in nature and should not prevent system/service objectives being achieved.
Substantial	The system of control is adequate and controls are generally operating effectively. A few weaknesses in internal control and/or evidence of a level on non-compliance with some controls that may put system/service objectives at risk.
Adequate	The system of control is sufficiently sound to manage key risks. However there were weaknesses in internal control and/or evidence of a level of non-compliance with some controls that may put system/service objectives at risk.
Limited	Adequate 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 if unresolved they may result in system/service objectives not being achieved.
No assurance	The system of control is inadequate and controls in place are not operating effectively. The system/service is exposed to the risk of abuse, significant of error or loss and/or misappropriation. This means we are unable to form a view as to whether objectives will be achieved.
Not Applicable	Internal audit advice/guidance no overall opinion provided.

## 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.