By: Robert Patterson – Head of Internal Audit

To: Governance and Audit Committee – 23rd January 2019

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

Classification: Unrestricted

Summary: This report summarises the outcomes to date against the 2018/19 internal audit and counter fraud plan as well as tracking management's response to agreed actions from previous audits.

Recommendation: FOR ASSURANCE

Introduction

1. This report, and the enclosed Appendix A, summarises:

   - The key outcomes from completed Internal Audit reviews and counter fraud investigations since October 2018
   - Progress against the 2018/19 Internal Audit Plan, proposed revisions and key performance indicators
   - The results of follow up on actions agreed with management from previous audits
   - Future plans and improvements

Outcomes and opinion

2. From our coverage to date we have concluded that the County Council continues to have **adequate and effective controls and governance processes** as well as robust systems to deter incidences of material fraud and irregularity. We have based this opinion on the following:

3. Positives
   - 45% of systems or functions have been judged with a substantive assurance or better
   - A continuing pattern of general robustness of key financial systems, in this quarter relating to pension contributions and deferred payments
   - High assurance relating to risk management systems
   - Management have acted appropriately and promptly to issues we have raised
   - Good performance in relation to management progressing the implementation of previously agreed actions
   - There have been no incidences of significant fraud, irregularity or corruption

4. Areas for development
   - Inconsistencies in following purchasing procedures across the Council
   - Our review of the Special Educational Needs/Disability assessment and placement (SEND) service resulted in a disappointing outcome with observed difficulties in meeting demands and increasing backlogs not helped by a supporting IT system which is not yet fit for purpose

- A pattern of inaccurate and / or poor-quality data from both our SEND and Virtual Schools Kent audits
- Mixed outcomes from the post implementation review of the Lifespan Pathway project where the service despite being designed around sound and best practice principles is clearly under stress with high caseloads and has not escaped from legacy issues

5. In making our opinion we also considered the outcomes from our more recent work in previous quarters including the last financial year.

6. In relation to counter fraud work there have been 214 irregularities reported and investigated since the start of 2018/19 of which 145 have been concluded. The total value of all irregularities reported to us is £384,264 to the end of December 2018. Nearly half of this value relates to false applications for financial support from families claiming to be destitute with no recourse to public funds (NRPF). The other high-volume area is the misuse of Blue Badges where we have increased capacity to manage and resolve these referrals.

7. In relation to follow up work, a clear positive is that only 3 previously agreed actions (4%) has made no progress and one of these three has been superseded by system changes. A minor note of caution is that there is a greater proportion of actions still in progress rather than completed compared to previous years.

Member challenge

8. In reviewing this report, Members might consider whether:

- audit findings and outcomes correlate with the interim overall opinion being given
- the audit judgements against selected corporate risks provide assurance that these risks are being adequately managed
- management actions and responses are appropriate for the issues raised by audit
- any areas of poor performance which warrant further review/ call in or follow up by this Committee

Recommendations

9. Members are asked to note:

- Progress and outcomes against the 2018/19 audit and counter fraud plan
- Progress by management in implementing previously agreed actions from audits
- Amendments to the 2018/19 audit plan and future plans for 2019/20.

Appendices
   Appendix A - Internal Audit and Counter Fraud Progress Report January 2019

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Appendix A

Kent County Council

Internal Audit and Counter Fraud Progress Report

January 2019

Contents

1.Executive Summary and Opinion

1.1 This report details the cumulative internal audit and counter fraud outcomes for 2018/19 to date. It particularly focuses on the progress and delivery of internal audit and counter fraud work since October 2018. It highlights key issues and patterns in respect to internal control, risk and governance arising from our work.

1.2 From our work to date we have concluded that Kent County Council has:

- Adequate and effective financial and non-financial controls and governance processes including systems to deter incidences of material fraud and corruption

1.3 Figure 1 (right) maps the outcomes from the completed 2018/19 internal audits to date. Summaries of those audits completed since October are detailed in Annex 1.

1.4 Where audits have identified areas for improvement, management action is agreed. All audits are allocated one of five assurance levels together with four levels of prospects for further improvement, which represents a projected 'direction of travel'. Definitions are included in Annex 3.
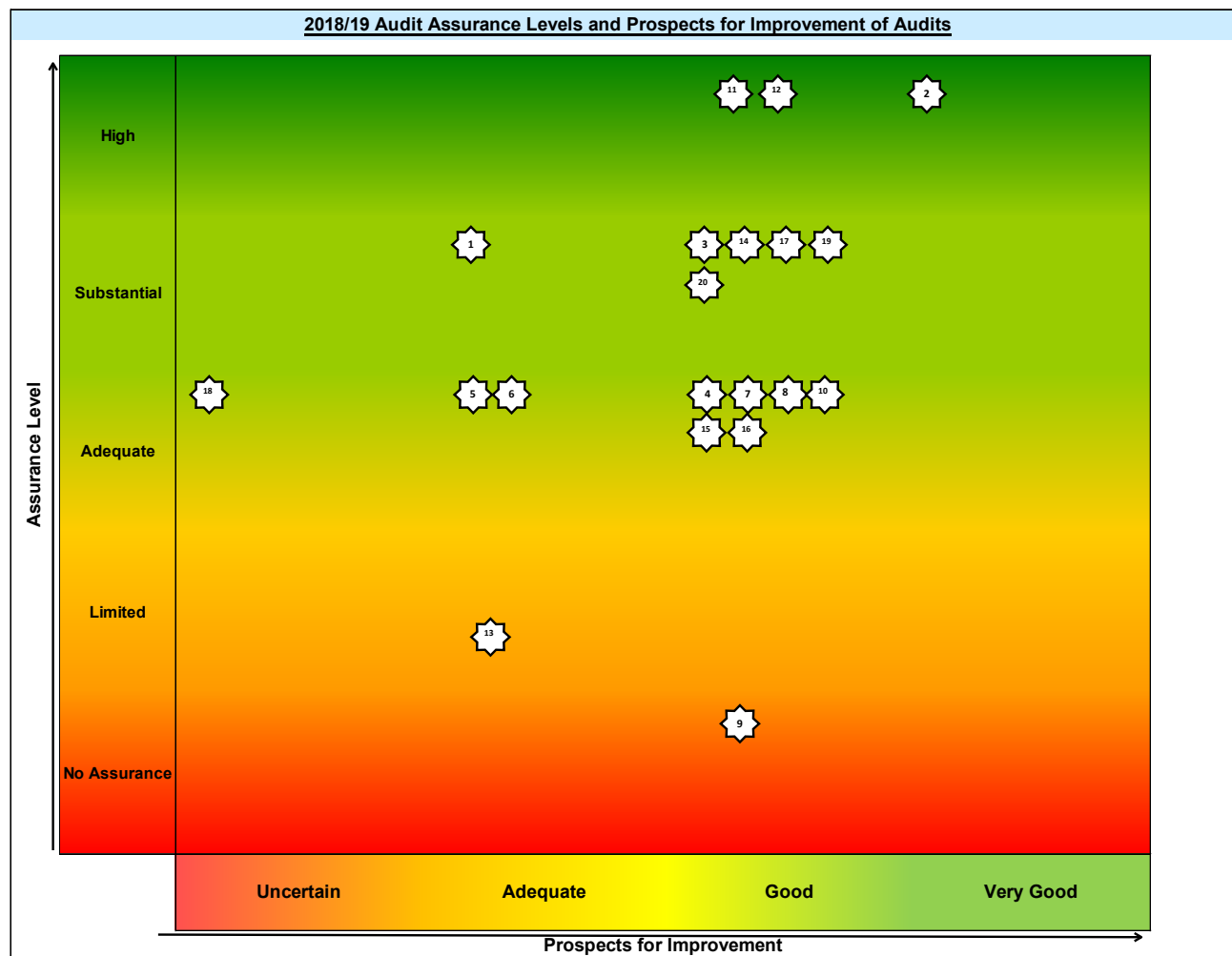

FIGURE 1

1.Executive Summary and Opinion

Audit Opinion October G&A Committee

No	Audit	Judgement	Prospects for Improvement
1	Financial Assessments Follow-up	Substantial	Adequate
2	CART Follow-up	High	Very Good
3	Client Financial Affairs	Substantial	Good
4	Recruitment and Pre-Employment Checks	Adequate	Good
5	Coroners Service Financial Controls	Adequate	Adequate
6	Direct Payments - Adults	Adequate	Adequate
7	Youth Services Commissioned Contracts	Adequate	Good
8	Direct Payments - Childrens	Adequate	Good
9	Oakwood	No	Good

Audit Opinion January G&A Committee

No	Audit	Judgement	Prospects for Improvement
10	Payments Process	Adequate	Good
11	Pension Contributions	High	Good
12	Risk Management	High	Good
13	SEND	Limited	Adequate
14	Deferred Payments	Substantial	Good
15	Lifespan Pathway Post Implementation	Adequate	Good
16	Virtual Schools	Adequate	Good
17	Concessionary Bus Fares	Substantial	Good
18	ICT Oracle Application	Adequate	Good
19	Troubled Families *	Substantial	Good
20	ICT SWIFT Replacement	Substantial	Good

* - Audits currently at Draft Report stage.

Assurance Levels 2018/19
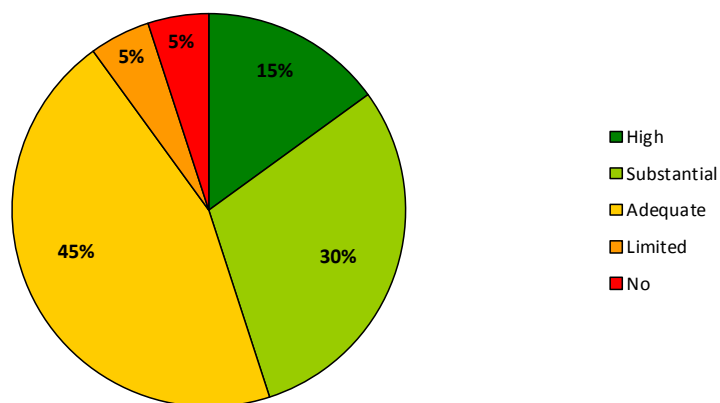
Assurance Level	No	%
High	3	15%
Substantial	6	30%
Adequate	9	45%
Limited	1	5%
No	1	5%

1.Executive Summary and Opinion

1.5 The overall outcomes to date have been generally satisfactory with several high-performance outcomes being partly offset by lower assurances in a few areas through inconsistent processes, poor-quality data support and increasing stress in two demand led services that were reviewed: This can be summarised by the following positives and areas for development:

Positives	Areas for Development
• 45% of systems or functions have been judged with a substantive assurance or better • A continuing pattern of general robustness of key financial systems, (in this quarter relating to pension contributions and deferred payments) • High assurance relating to risk management systems • Good performance in relating to management progressing the implementation of previously agreed actions	• Inconsistencies found from our payments processing audit in following purchasing procedures across the Council • Our review of the Special Educational Needs/Disability assessment and placement (SEND) service resulted in a disappointing outcome with observed difficulties in meeting demands and increasing backlogs not helped by a supporting system which is not yet fit for purpose • A pattern of inaccurate and / or poor-quality data in both our SEND and Virtual Schools Kent audits • Mixed outcomes from the post implementation review of the Lifespan Pathway project where the service despite being designed around sound and best practice principles is clearly under stress with high caseloads and has not escaped from legacy issues

1.6 In relation to counter fraud work there have been 214 irregularities reported and investigated since the start of 2018/19 of which 145 have been concluded. The total value of all irregularities reported to us is £384,264 to the end of December 2018.
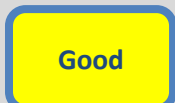
1.7 In addition to the 20 substantive audits that have been completed we have a further 10 audits where material fieldwork is in progress.

1.8 Overall the unit has reviewed systems or activities with a combined spend of an estimated **£844 million** since the start of 2018/19.

2. Mapping Internal Audit Assurance & Outcomes against Corporate Risks

2.1 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:
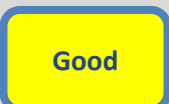
RISK: Safeguarding – Protecting Vulnerable Children

Audit	Assurance Level	Prospects for Improvement	Actions agreed		
			H	M	L
Special Educational Needs and Disability	Limited	Adequate	3	4	1
Virtual Schools Kent	Adequate	Good	1	7	2
Lifespan Pathway Post-Implementation	Adequate	Good	1	3	0
Troubled Families – Earned Autonomy (Final Draft) (also relates to adult risk below)	Substantial	Good	0	2 - TBC	0
Children's Allowance Review Team (follow up)	High	Very Good	1	3	0
Direct Payments – Disabled Children	Adequate	Good	1	2	1

2. Mapping Internal Audit Assurance & Outcomes against Corporate Risks

2.2 Our review of the Special Education Needs / Disability Assessment and Placement Service (SEND) resulted in a disappointing outcomes and assurance. We found a service facing difficulty in meeting increased demands and with continual overspending. There are backlogs in caseloads with our testing finding a high proportion of education, health and care plans were outside statutory timescales. The situation is exacerbated by the use of a new 'Synergy' system which is currently not fit for purpose, starting with inconsistent and unreliable data and ending with poor quality assessments. As a positive we found decisions were being made at appropriate levels and all High Needs Funding was appropriately authorised and, with one exception, accurately applied.

2.3 Our review of the Lifespan Pathway Service redesign (a project aimed to improve outcomes for young people transitioning to adult services) reflected similar issues. We concluded the redesign had been based on sound principles to achieve best outcomes for young people and that such outcomes have improved in selected areas. However, once again, we found a service under stress due to high caseloads and overspending. We found incomplete assessments for cases sampled (with potential statutory breaches) and a third of the plans reviewed were out of date. The absence of an embedded quality system is also not capturing these issues on a routine basis. Curiously, the departments own post implementation review did not examine whether expected benefits had been delivered.

2.4 Several similar issues also occurred in our review of Virtual Schools Kent, particularly in relation to the accuracy and integrity of individual plans. Overall, we found the service has the potential to translate into good educational outcomes for children in care. There were a number of positives ranging from effective attendance tracking through to innovative use of the pupil premium. However, the service needs to improve the quality, content and consistency of the electronic personal education plans (ePEPs). As such it was difficult to gauge outcomes from interventions and the accuracy of ePEP quality ratings were questionable.

2.5 In contrast to the above, the assurances received from the Troubled Families audit was positive. The management of the Change for Kent Children programme is good and is on track to deliver against the plan agreed with strategic partners and the relevant government department. Management information is reliable, and cases are subject to ongoing quality assurance. The one area to improve relates to target outcomes which are currently below set levels due to delays in obtaining schools data.

RISK: Safeguarding – Protecting Vulnerable Adults

Audit	Assurance Level	Prospects for Improvement	Actions agreed		
			H	**M**	**L**
Deferred Payments	Substantial	Good	0	3	2
Client Financial Affairs	Substantial	Good	0	2	3

2. Mapping Internal Audit Assurance & Outcomes against Corporate Risks

	Adequate	Adequate			
Direct Payments – Adults	🟡	**Adequate**	0	4	1

2.6 Deferred payments relate to the actions under the Care Act 2014 and related regulations whereby people in residential care can defer some of the costs of their care through a charge on their property or assets. The current accrued debt value is £5.6 million. We found there are robust controls in place, with appropriate monitoring. Sufficient authorisation, evidence and checks are obtained, and our testing of redemption figures found them to be accurate.

RISK: Evolution of KCC's Strategic Commissioning Approach

Audit	Assurance Level	Prospects for Improvement	Actions agreed		
			H	M	L
Youth Services Commissioned Contracts	Adequate 🟡	**Good**	0	5	4
Oakwood House	No 🔴	**Good**	5	4	0

2.7 We did not undertake any new audits for this risk area in the period under consideration.

Critical Financial and Corporate Support Systems

Audit	Assurance Level	Prospects for Improvement	Actions agreed		
			H	M	L
Payments Processing	Adequate 🟡	**Good**	1	4	2

2. Mapping Internal Audit Assurance & Outcomes against Corporate Risks

Audit	Assurance Level	Prospects for Improvement	H	M	L
Pensions Contributions	High (green)	Good	0	0	2
Recruitment and pre-employment checks	Adequate (amber)	Good	1	5	2
Financial assessments (Follow up)	Substantial (light green)	Adequate	1	1	0

2.8 The aim of our payments processing audit was to provide assurance over the adequacy and effectiveness of controls over the processing of payments made by the Council including the accounts payable and iProcurement systems. Overall, we found robust controls for the set up and amendment of commercial suppliers on the Oracle system and appropriate controls for new users and leavers, good processes to identify and investigate potential duplicate payments and automated recovery and monitoring of supplier credit balances. Unfortunately, there are inconsistencies across the Council in following set purchasing procedures. Our testing found issues in raising of retrospective orders, manual invoices being inappropriately authorised, large numbers of purchase orders left open and a significant proportion of invoices being paid more than 30 days after the invoice date.

2.9 Our review of pension contributions identified that there are robust controls governing employer contributions into the Kent Pension Fund. The automated processes were verified as being calculated correctly and align to the actuary valuation of the fund.

Audit of Other Activities

Audit	Assurance Level	Prospects for Improvement	Actions agreed		
			H	M	L
ICT Oracle Application	Adequate (amber)	Good	1	0	1

2. Mapping Internal Audit Assurance & Outcomes against Corporate Risks

SWIFT Application Replacement (Draft report)	Substantial 🟢	**Good**	0	2	0
Concessionary Bus Fares	Substantial 🟢	**Good**	0	0	2
Risk Management	High 🟢	**Good**	0	1*	0
CRC Energy Efficiency Scheme	Compliant	N/a	0	0	0
Coroners Service Financial Controls	Adequate 🟡	**Adequate**	0	4	0

* 2 additional 'Medium' issues raised were raised however no action is proposed as management have accepted the related risks

2.10 In relation to IT risks we reviewed the Oracle system which runs the main suite of business applications around finance, HR and payroll. Overall there are robust controls including user access controls, data processing and validation routines. The transfer to Cantium Business Solutions has been undertaken appropriately with clear responsibilities and governance for routine issues. For such a key system disaster recovery planning is obviously important but to date no testing has been carried out.

2.11 The Council is replacing the SWIFT adults integrated system which is used to record and monitor the social care services across the County, by a new system called 'Mosaic'. Clearly this is a critical system. The aim of our audit was to test the project governance arrangements. Overall the outcomes from the audit were positive with conformance to good practice governance arrangements, adequate data cleansing, testing and migration. Risk assessments are timely and delays in the system implementation and the impact on dependencies have been effectively mapped and assessed. However, a new implementation date has not yet been set.

2.12 Our review of the central risk management function was particularly positive. There are effective risk management processes in place and in our opinion continued reliance can be placed on the outcomes including the resultant corporate risks.

2.13 The review of concessionary bus pass systems was positive. Appropriate controls exist on the application process, which is user friendly, uncomplicated and provides a quick turnaround time for users. Bulk renewal of applications is well managed, and the fraud risk is lessened with full participation of data matches with the National Fraud Initiative.

2. Mapping Internal Audit Assurance & Outcomes against Corporate Risks

2.14   As above our annual independent audit of the carbon reduction commitment (CRC) return to the Environmental Agency was completed successfully with no issues or errors identified.

3. Counter Fraud and Corruption

Fraud and Irregularities

3.1 The distribution and characteristics of the 214 irregularities reported to date show that the highest areas of financial risk so far this year are from false applications for financial support from families claiming to be destitute with no recourse to public funds (NRPF) (around £167k) and from misuse of Blue Badges (around £73k).

3.2 We continue to actively support Social Care in both areas. For example, counter fraud staff are now regularly accompanying social workers during interviews with families that present as NRPF.

3.3 The majority of the 214 irregularities reported relate to the misuse of the Blue Badge (132) and concessionary fare schemes (19). These types of fraud are low value, high volume activity. We have recently increased our capacity to manage these referrals quickly which is reflected in the increased volume of activity during October and November 2018.

Number of Irregularities Reported by Month
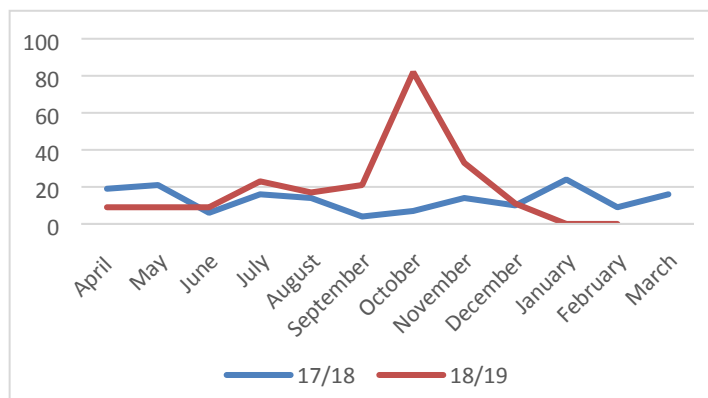
Irregularities by Type 2018/19
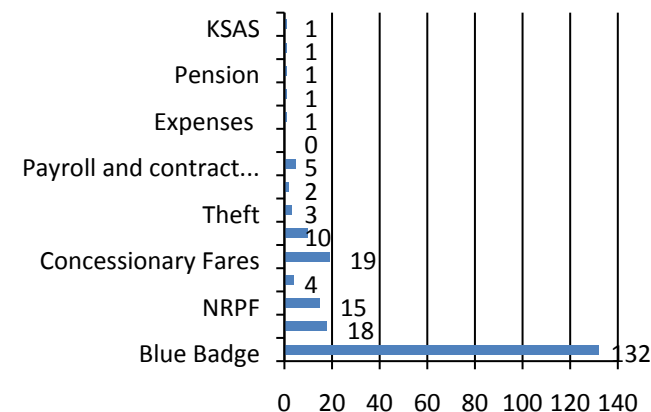
Split between Internal & External Fraud 2018/19
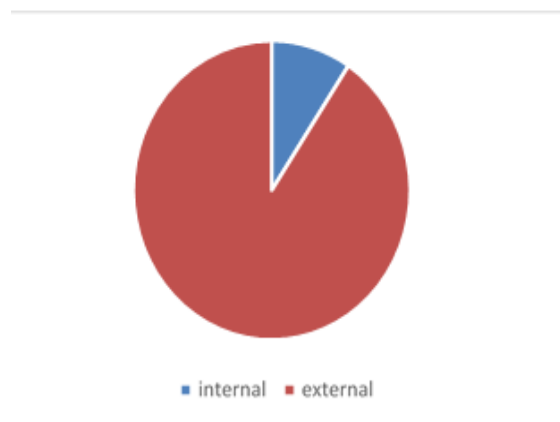
Source of Irregularities 2018/19
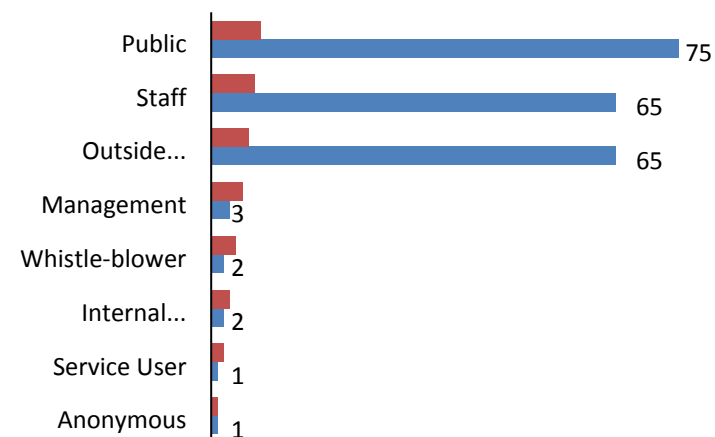
3. Counter Fraud and Corruption

Counter Fraud Partnerships with District Councils

Kent Intelligence Network (KIN)

3.4 As a reminder, the KIN is a DCLG grant funded Kent-wide cross local authority data analytics collaboration initiated by the Kent Finance Officers Group (KFOG) with the shared objective to detect, prevent and deter fraud and corruption. A grant of nearly £1/2 million was awarded in 2015. The network has been operating since October 2016 and in its initial operations recoveries of £1/4 million matched the grant spend to that date. KCC is the accountable body for these resources and directly project managed it until a board structure representing the Kent Local Authorities was formed last year.

3.5 As previously reported, for the past 12 months the project has stalled with the Board deciding against extending the contract with the previous software provider, instead preferring to procure a new system. This issue together with difficulties in recruiting a dedicated project manager has meant that very little data matching has taken place and with little or no benefit accruing to the County Council.

3.6 However, **a** dedicated Operations Manager is now in post and the software that enables data matching between the authorities is now in operation. The first sets of data have been imported from all authorities and data matching will commence and continue throughout 2019. A summary of the results will be reported to future meetings of this Committee.

4. Follow-ups

Follow Ups

4.1 For key follow up work we have continued with the system established several years ago whereby managers initially self-assess the implementation of agreed actions, following which we test check the accuracy of such responses.

4.2 The overall results are again positive as per the table below:

Priority	Actions	Completed	In progress	No action
High	23	6	16	1
Medium	46	24	20	2
Total	69	30 (44%)	36 (52%)	3 (4%)

4.3 The details behind the table are shown in Annex 4. A clear positive is that only 4% of actions have made no progress and one of these three has been superseded by system changes. The two outstanding issues relate to our audit on the use of agencies and IR 35 compliance where we found the engagement of contractors outside C2K mandated arrangements had not been assessed against IR35 and there had been no reconciliation between data sets held between KCC and C2K to ensure completeness and accuracy of deductions. No progress has been made on these issues and management has asked for revised timescales.

4.4 In addition, a minor note of caution should also be raised that there is a greater proportion of actions still in progress rather than completed compared to previous years.

4.5 We have also completed dedicated follow up testing on property income which received a 'no assurance' at the start of 2018; the results from testing have been positive and we have provided an interim report to the Infrastructure Directorate. (The full report will be considered by this Committee in April).

5. Internal Audit and Counter Fraud Enhancements and Resources

5.1 Performance against our targets to the end of August 2018 are shown below. Overall, the inputs, outputs and outcomes are in line with our plans for 2018/19

Performance Indicator	Target	Actual
Outputs		
90% of Priority 1 audits completed (by year end)	56%	40%
20% of Priority 2 audits completed	11%	11%
Draft audit reports issued within agreed date on the engagement plan	60%	46%
No of fraudulent incidents / irregularities recorded	N/A	58
Outcomes		
% of high priority / risk issues agreed	N/a	100%
% of high priority / risk issues implemented	N/a	96%
% of all other issues agreed	N/a	100%
% of all other issues implemented	N/a	96%
Client satisfaction	90%	100%
Value for money / efficiency savings identified	N/a	£1000

Total number of occasions on which
    a) fraud and
    b) irregularity was identified
	
	 N/a
	 N/a
		
		 150
		 69

Total monetary value of
    (a)fraud and
    (b)irregularity that was detected
	N/a	
		 £451,625*
		 £33,126

Total monetary value of
    (a)   fraud and
    (b)   irregularity that was recovered
	N/a	
		 £73,406
		 £25,320

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

6. Work in Progress and Future Planned Coverage

6.1 Annex 2 updates progress against the agreed plan coverage and substantiates the estimation that we are on target to achieve our coverage. The next period up to the April 2019 Governance and Audit Committee includes delivery of the following substantive audits:

- Corporate Values and Behaviours
- Safeguarding (children)
- Data protection including GDPR
- Youth Justice
- Intervention and enablement
- Developer Contributions
- Treasury Management
- Education psychology

6.2 At this time of year, it is appropriate to undertake a re-examination of the 2018/19 plan in relation to its continuing relevance to changing and emerging risks

6.3 One significant amendment has been the postponement of the post implementation audit of the 0-25 project as we understand the revised arrangements have not yet been fully completed. A business continuity planning audit has also been deferred due to the demands of Brexit on the relevant department. Finally, a review of the Agilisys contract has been deferred pending the completion of the current re-negotiations with the contractor.

6.4 As detailed previously, we also have significant workloads across the Council's LATCO's (which are reported to separate Audit Committees)

7. In Conclusion

7.1 We are satisfied that 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.

7.2 In addition, line management have taken, or have planned, appropriate action to implement our issues and recommendations.

7.3 We believe we continue to offer added value to the organisation as well as providing independent assurance during a time of considerable challenge and change.

Annex 1 – Summary of Individual 2018/19 Internal Audits Issued October – December 2018

Special Educational Needs and Disability

Audit Opinion	**Limited**
Prospects for Improvement	**Adequate**

Overall, we have concluded that improvements are required however there are several factors that have had a major impact, e.g. increased demand and pressure from parents due to increased legislative knowledge. It is anticipated that this demand will continue to increase.

Key Strengths
- There are several guidance documents held which are easily accessible detailing the processes associated with SEND.
- From sample testing all decisions made to complete a Statutory Assessment had been made at the appropriate level.
- The education heath and care (EHCP) plans examined had been completed on the standard templates.
- All High Needs Funding (HNF) sampled were approved appropriately.
- Most payments for High Needs Funding) had been accurately applied.
- Independent Placements decisions are now taken to a panel.
- Except for 1 case all cases of previous statemented children had an EHCP completed before the deadline of March 2018.
- A working group has been established to discuss emerging issues around SEN with an evolving action plan which in place.
- Recently a service review has been commissioned assessing what is going well and to identify opportunities for improvement.

Areas for Development
- Review of EHC assessment processes identified issues in data quality, document retention, timescales and completion and QA of Decision Sheets
- The data held within Synergy has not been cleansed sufficiently to ensure reliability.
- The use of Synergy is not consistent across the 4 areas.
- Reporting elements of Synergy is not fully utilised due to data quality.
- How EHCPs are recorded in Synergy is not always correct.
- Some timescales have not been achieved with regards to the issuing of a final EHC plan within the statutory 20-week timescales.

- There is a significant backlog of cases waiting to be allocated and assessed by the Educational Psychologists.
- There is a large backlog of annual reviews of EHC plans.
- Placement decisions for mainstream/special schools are inconsistent.
- Processes are not consistently carried out across the 4 districts.
- Some of the processes and forms required to be completed are time consuming and cumbersome.
- The storage of data in some areas is triplicated in the form of data held on Synergy, electronic file and a manual file.
- Independent placement panel meetings could be enhanced by ensuring that complete and robust information is provided.
- Budgets in relation to SEN including HNF are monitored regularly in terms of forecasting but this is not based on real time information.
- The checklist used by HNF Officers does not cover all required criteria we also found there to be inconsistency in the level of detail recorded.

Prospects for Improvement
Our overall opinion of adequate Prospects for Improvement is based on:
- Since the last audit controls have deteriorated, going from an 'adequate' to 'limited' opinion
- A service review has been initiated
- There is a national shortage of Educational Psychologists which is impacting on the timely completion of EHCPs.
- We found positive improvements to the independent placement process which allows for applications to be scrutinised.

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted, and no action proposed
High Risk	3	3	0
Medium Risk	4	4	0
Low Risk	1	1	0

Virtual School Kent

Audit Opinion	Adequate
Prospects for Improvement	Good

There are relevant and up to date policies and procedures that have the potential to translate into good outcomes for Children in Care (CiCs). There was effective attendance tracking, good local knowledge about strengths and weaknesses of schools and innovative use of pupil premium plus funding.

The service needs to improve the quality, content and consistency of the ePEPs (personal education plans) . The records are often inconsistent and very high level. We found omissions on educational progress. It was often difficult to gauge outcomes from interventions and the ePEP quality ratings were questionable.

Key Strengths
- The performance of Kent's CiCs has been in line or above national averages for looked-after children in many academic indicators.
- VSK keeps its list of enrolled children up to date.
- VSK has implemented closer monitoring of CiCs in Years 6 and 11.
- There is successful implementation of procedures and processes for close monitoring of attendance.
- The local knowledge about different education establishments that exists within the locality teams is beneficial when identifying the school that is right for CiCs with particular needs.
- VSK's proactive engagement that builds positive working relationships with schools in Kent.
- The regular engagement between the Virtual School Head and key Members and Senior Officers.
- An award programme that rewards the achievements of CiCs of all abilities.
- VSK's positive and proactive support to CiCs through interventions funded under Pupil Premium Plus.
- Participation & Engagement Team promotes a range of opportunities that encourage the active participation of CiCs their education and well-being.

Areas for Development
- Some ePEPs do not record progress against all the child's subjects so may deviate from relevant requirements in the statutory guidance.
- VSK does not ensure that each PEP is effective and high quality, as required in the statutory guidance.
- VSK's quality rating of the ePEPs is inconsistent.
- For a looked-after child attending a school rated 'Requiring Improvement' or 'Inadequate', the evidence that the school will enable the child to make maximum progress should continue to be reviewed to remain valid.
- There is no formal means of registering instances when a child expresses concern about his/her school.
- VSK does not use the information it has to encourage its partners to take prompt steps to initiate the PEP.
- The current PEP system does not have a section that documents discussions around long-term goals and high aspirations for the child.
- There is a lack evidence that interventions funded under Pupil Premium Plus have been monitored and the impacts measured.

Prospects for Improvement
- VSK has a well-developed Service Business Plan for 2018/19.
- The migration to the new ePEP on to Liberi means that all relevant information about a child in care is on one system.
- VSK is helping to formulate a new improved Strength and Difficulties Questionnaire (SDQ).
- Within the new ePEP there will be a field dedicated to recording when a child in care expresses concern about his/her school.

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted, and no action proposed
High Risk	1	1	0
Medium Risk	7	7	0
Low Risk	2	2	0

Lifespan Pathway Post-Implementation

Audit Opinion	Adequate
Prospects for Improvement	Good

Our review confirmed that the Lifespan Pathway service redesign had been based on sound principles and processes are structured around achieving best outcomes. In general outcomes for young people have improved. However, the service is clearly under stress due to high caseloads.

Key Strengths
- The Service had carried out a detailed post-implementation review to understand lessons learned, issues and unintended consequences.
- An action plan was created which has been regularly monitored
- Risks have been identified and recorded and mitigation is in place
- Several positive outcomes had been identified through the Service's own review, for example feedback from families and professionals
- Some benefits had been achieved for example a reduction in complaints due to Transition
- Processes in design are Care Act compliant, focused on outcomes and centred around the individual
- There had been improvements in achievement of the majority of 0-18 KPIs
- the Service issued a questionnaire to all Service Users and most of the responses were positive.
- It was clear in the majority of cases how the views of the young person had been incorporated into setting outcomes
- Most plans reviewed were focused on outcomes and there was evidence of progress towards achieving these outcomes
- Cases tested transferring from 0-15/16-25 teams had up to date reviews
- There is, in our view, a greater level of management oversight and scrutiny of cases in the 18-25 cohort

Areas for Development
- The Service's own post-implementation review did not cover whether expected benefits had been realised
- **Some benefits had not yet been fully realised or insufficient data available to establish achievement**

- The service is currently under strain, staff felt caseloads were too high to fulfil requirements. This was supported by service user feedback.
- There were significant gaps in assessments on file.
- One third of Plans reviewed were out of date.
- We could not find evidence that Plans had not been agreed or shared with the young person in all relevant cases. Both are statutory requirements.
- Although the Service is struggling with current caseloads, the staffing budget was overspent.
- Concerns were raised on potential skills gaps in 16-25 Teams.
- The questionnaire did identify some areas and issues that need to be addressed, e.g. in two teams only 63% stated that they felt listened to.
- Processes to ensure a smooth transition between the three teams in the Pathway are not fully working as intended.
- There was no formal quality assurance system for cases in the 18-25 age bracket at the time of the audit.

Prospects for Improvement
Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:
- The service is generally self-aware of its strengths, deficiencies and consequently what needs to improve.
- A comprehensive action plan in response to the issues has been devised
- Incomplete/missing Plans and Assessments could have been identified by robust QA mechanisms. A detailed case file audit tool has been designed
- The underlying issue of caseloads in the 16-25 Teams is being addressed.
- Issue of budget compared to perceived staff shortages needs resolving

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted, and no action proposed
High Risk	1	1	0
Medium Risk	3	3	0
Low Risk	0	0	0

Troubled Families – Earned Autonomy (Final Draft)

Audit Opinion	**Substantial**
Prospects for Improvement	**Good**

Key Strengths
- There is a programme plan in place to deliver the Change for Kent Children programme by April 2019 which aligns to the delivery plan that is set out in the memorandum of understanding (MoU) with partners.
- There is a steering group in place for the programme that is overseeing progress and delivery.
- The programme has analysed the 4 pilots that took place in Kent as well as learning from national data. The outcomes stated align with Troubled Families and Corporate objectives/outcomes
- There is a new Performance framework that links in wider area performance from partner organisations.
- Actions have been discussed and agreed with District Partnership Managers (DPMs) to address any poor performance.
- There is an abundance of performance and individual case information reported at operational level.
- There is a suite of data quality reports.
- Exception reports are at Hub/team/worker level making it is possible to target continual issues. Movement supports the fact that Operational team address issues where possible
- It is positive that the exception report in development has been bought forward due to delays in implementing PowerBI.
- The QA process is the same as the Payment By Results process although it is now an ongoing process and not just focused on claims

Areas for Development
- There are still targets set for Families that meet Troubled Families outcomes. Performance is currently well behind target although there is still Education data to receive which will go some way to addressing this shortfall.
- There is an ongoing Quality Assurance process but the completion of this process by DPMs is not consistent. Cases rated as gold are robust but there is little evidence, yet, that there is sufficient checking by DPMs, and there is not enough justification for cases that were previously not ready for claiming but now are.

Prospects for Improvement
- New data quality reports are being developed and there are plans to resurrect a checklist for DPMs for reviewing cases
- There are plans to further develop the performance framework to include other partner performance measures.
- At the time of the audit evaluation of each workstream has not yet been completed.

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	2	TBC	
Low Risk	0	0	0

Deferred Payments

Audit Opinion	**Substantial**
Prospects for Improvement	**Good**

Overall there are robust controls in place supporting the deferred payments process with some minor areas for development identified.

Key Strengths
- The eligibility criteria set by the 2014 Care Act are applied and sufficient guidance is available to clients to help them understand the process, although this could be enhanced further.
- Applications for deferred payments are reviewed against supporting documentation and eligibility criteria.
- Authorisation in principle is obtained by the Assistant Director prior to an application being progressed and the legal charge is not formally registered until client's financial representative and the Assistant Director have both signed the deferred payment agreement.
- The deferred payments database and Swift are correctly updated with care costs and the Cashiers team are informed of amendments to direct debits once the deferred payment application has been completed.
- Data quality checks are in place to ensure that adjustments have been made for periodic amendments.
- Redemption figures are calculated accurately with invoices issued to service users to collect the deferred payments. There is minimal delay of repayment by the service users.
- Interest automatically calculated in Swift is correct. Where a pre-Care Act client terminates their deferred payment agreement the interest calculations are accurately calculated outside of Swift.

Areas for Development
- It is not clear whether there are any performance indicators in place to ensure timely action occurs when placing charges on.
- The Deferred Payment fact sheet has not been updated to reflect the current charges. Guidance could also be enhanced.
- Staff procedures are in place but do not include the process for adjustments to contributions and the termination of deferred payment agreements.
- There is insufficient detail provided within the description field for invoices to link the legal charges to the relevant deferred payment clients.
- Although a cost analysis was completed to set the administration fee following the introduction of the Care Act, this has not been updated.

Prospects for Improvement
Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:
- The service has a proven track record for implementing management action plans.
- Following a restructure, more officers are being trained in the deferred payments process to provide increased resilience.
- Issues raised have been accepted and management action plans developed

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	3	3	0
Low Risk	2	2	0

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Payments Processing

Audit Opinion	Adequate
Prospects for Improvement	Good

Overall, we found several areas of good practice including robust controls however, we have also identified several areas for development, in particular where staff do not consistently follow purchasing procedures.

Key Strengths
- The set-up of new iProc users are checked for accuracy and access is not granted until staff have completed the necessary E-learning.
- Staff who leave the organisation have their access rights removed.
- There is a robust process in place for checking the authenticity of new commercial suppliers prior to them being set up in finance - Oracle
- Suppliers using the iSupplier portal have all signed KCC's iSupplier terms and conditions of use.
- There is a built-in system check in iProcurement before an invoice is released for payment.
- Changes to supplier bank details are verified as genuine prior to amendment.
- Potential duplicate payments are identified and inaccurate or duplicate payments monitored, there have been minimal instances of this.
- Supplier credit balances are monitored and offset against future payments where possible. Action is taken to recover funds where relevant.
- Payment wizards are appropriately authorised and can only be created and uploaded by designated licensees.
- The AP team completes checks on manual invoices over £50,000 to ensure they have been approved appropriately.

Areas for Development
- Suppliers could charge KCC interest on invoices not paid within 30 days. It is unclear whether these have been appropriately accrued.
- 13% of orders raised from April to August 2018 were retrospective.

- Testing of a sample of manual invoices valued at under £50,000 found 11 of 25 (44%) had been approved by staff who do not have authority.
- No reconciliation between the Oracle Flexfields and iProcurement since Jan '18, several staff members had incorrect authority to approve in iProc.
- There are no system controls in place to ensure iProc vacation rules are assigned to users with the same or higher authorisation limits.
- There are a significant number of purchase orders that are still open on iProc where the date of order was prior to the current financial year.
- Procedure notes relating to use of iProc are not consistently version controlled.

Prospects for Improvement
Our overall opinion of Good for Prospects for Improvement is based on the following factors:
- A task and finish group, including appropriate representatives, has been set up to drive change and streamline processes.
- A Management action plan has been developed to address the issues identified.
- Payments processing is split between KCC and Cantium, making it difficult to gain oversight of the processes however Cantium have been engaged to ensure delivery of the management action plan.
- The Strategic Commissioning Support team are undertaking discovery work to better understand what the Council is buying and who from.

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted, and no action proposed
High Risk	1	1	0
Medium Risk	4	4	0
Low Risk	2	2	0

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Pensions Contributions

Audit Opinion	**High**
Prospects for Improvement	**Good**

The audit identified that there are robust controls in place to manage the employer contributions to the Kent Pension Fund. There are minor improvements required regarding ensuring procedure documentation is reviewed and kept up to date and that year end reconciliations are completed and signed off for 2017/18.

Key Strengths

- Procedure notes are detailed and contain adequate information. They are kept centrally where they are accessible to relevant staff.
- Correct employers pension contributions are received on a monthly basis and coded correctly on the Councils financial systems. Any exceptions/differences in amounts received are picked up in a timely manner and addressed.
- The automated creation of contribution Journals each month means there is minimal risk of incorrect amounts or coding.
- Calculation of the KPI (percentage of contributions received by 19th of the month) is robust.
- The year-end debtor analysis effectively identifies any balances due from each employer. Outstanding balances are investigated, although a few smaller debts have not been addressed for some time.
- Bank reconciliations are carried out regularly during the year. Adequate evidence is retained, and each reconciliation is reviewed and authorised
- There is a reliable year end reconciliation process in place.
- The contributions data and spreadsheets maintained by the team are backed up.
- A risk register is maintained by the team - the risks it contains are appropriate and all have adequate mitigating actions against them.
- Quarterly reports are submitted to the Superannuation Fund committee which contain accurate and sufficient information.

Areas for Development

- The year-end contributions reconciliation for 2017/18 is not yet complete. Although the risk of inaccurate payments lies with the employer as this will affect future valuations and contribution levels
- The procedure notes for the collection and reconciliation of Employer Contributions are have not been reviewed and updated since 2014/15.
- There are capacity issues with the document library on Sharepoint. This has affected the storage of employer documentation.

Prospects for Improvement

Prospects for Improvement have been assessed as Good due to the following factors:

- There has been little turnover in the team and therefore there is a good level of knowledge and understanding of processes and they are open to way to improve.
- There is an awareness of weaknesses and consideration has been made to possible ways to address these.
- Issues raised have been accepted and management action plans developed

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	0	0	0
Low Risk	2	2	0

ICT Oracle Application

Audit Opinion	Adequate
Prospects for Improvement	Good

Overall, we have concluded that there are generally robust systems of controls within and surrounding the Oracle applications including governance, user access controls and data processing. The one area of key concern relates to disaster recovery planning and testing.

Key Strengths
- Following the conversion of Council's BSC into Cantium Business Solutions, appropriate governance responsibilities have been defined for the Oracle application. The Governance, Authorisation, and Risk Management Overview document details standards and procedures in use and has been updated with the responsibilities of Cantium Business Solutions.
- All new users of the Oracle application are provided with training as part of their induction and refresher training is provided to users as and when it is required.
- The process for authorising new users of the Oracle application has been documented and is appropriately controlled. Users are granted role-based access to the Oracle application, which was validated through our sample testing.
- For user access review on active accounts and their user roles, the Discoverer tool set for Oracle is used to generate regular exception reports and distributed to all the authorising officers to follow up on the exceptions.
- A report is run on a weekly basis to disable users from the system that have had their employment terminated in the HR module or who have not accessed their Oracle user account during the previous 90 days.
- Discoverer reports are run on a monthly basis to validate data input and output from the Oracle application and to reconcile the data processed.
- Backups for the Oracle application are taken on a routine basis and are validated.

- The Oracle application is updated by Cantium Business Solutions annually, with the last update performed in February 2018.
- In accordance with good practice, Oracle contracts are reviewed annually, and this was last carried out in April 2018.

Areas for Development
- There is scope to improve the disaster recovery (DR) plans for the Oracle applications and no testing of the disaster recovery plan has been undertaken. Therefore, the Council cannot be assured that the system could be recovered in the event of an incident or how long it would be before systems were operational again.
- Whilst the Council has backup arrangements in place for Oracle application, there are no documented procedures for these arrangements.

Prospects for Improvement
Our overall opinion of Uncertain for Prospects for Improvement is based on the following factors:
- Management have not yet responded to the issues raise in this report regarding DR testing and have not confirmed the proposed action plan.
- The ERP manager and his team have good knowledge of the configuration and functionality of the Oracle application.
- Good overall awareness of the respective service area Business managers on the usage of the Oracle application.
- All the procedure documents following the ICT team's transformation from the BSC have been reviewed and updated with the responsibilities of Cantium Business Solutions.

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted, and no action proposed
High Risk	1	TBC	TBC
Low Risk	1	1	0

ICT Swift Replacement (Draft)

Audit Opinion	Substantial
Prospects for Improvement	Good

As part of the 2018/19 Audit Plan it was agreed that Internal Audit would review the project governance arrangements in place for the project to replace the Swift AIS application. The aim of the audit is to provide assurance that there are appropriate controls and robust project management in place to manage the replacement of the Swift AIS application with Mosaic.

Key Strengths
- The project has robust governance arrangements in place and is closely monitored.
- Adequate data cleansing, testing and migration controls are in place.
- Systems requiring interface with Mosaic have been identified and included in testing.
- Project contingency planning has been followed and an exception report was presented to the Project Steering Group in November 2018 to raise issues and present remedial options. It was recommended that the project implementation date is moved to June/July 2019, demonstrating that the project management team have a good awareness of risks. The need for this was accepted by the Steering Group. The Programme Manager has documented the risks and dependencies causing the delay, however the revised implementation date has not yet been formally approved.
- A Mosaic support and recovery contract has been drafted and is currently being reviewed by the Programme Manager.

Areas for Development
- The project highlight reports should be reviewed to enable clearer communication of the position of project milestone achievements and performance against budget.
- Staff access security groups for Mosaic need to be established, configured and reconciled to Swift.

Prospects for Improvement
Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:
- Management have engaged with the audit team throughout to project and have a very good understanding of risks and issues.
- Adequate resources have been made available to this project.
- Once fully implemented, Mosaic will be used to drive all payments to care providers with payments triggered by Finestra and interfaced to Mosaic. The systems will always reconcile, and additional reconciliations will not be required as they currently are between Swift and TDM (due to Swift calculating expected payments rather than actual payments).

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	2	TBC	TBC
Low Risk	0	0	0

Concessionary Bus Passes

Audit Opinion	**Substantial**
Prospects for Improvement	**Good**

Overall, we found controls on the application process for concessionary bus passes within GET, the Contact Centre, Libraries and the pass issuing contractor, Euclid Ltd, were operating effectively. There are several methods for applications and the processes and information requirements are minimal in line with the legislation; information on the process is widely available.

It was not possible to obtain data from Euclid Ltd in the required format for analysis without substantial additional cost. However, this did not detract from the audit as the processes and procedures were examined in detail using current data. The introduction of the General Data Protection Regulations in April 2018 required several changes to public documents and the approach to data privacy, some further small changes can be made to these documents to ensure compliance with these regulations.

Key Strengths
- There is good co-operation between Public Transport (GET), Contact Centre, the participating Libraries and where required, the Internal Audit Fraud Section. The process for dealing with fraudulent applications is robust.
- Passes feature in the National Fraud Initiative where they are matched against DWP deaths. These are actioned within GET and removed from the system. The Internal Audit Section received 40 referrals for further investigation.
- There are several ways of applying for passes suitable for all applicants.
- The recent bulk renewal of applications was well managed and controlled.
- The application processes are uncomplicated providing a quick turn-round of applications.
- The issues identified at the previous audit of ENCTS in 2014 have been actioned and improved controls are operating.

Areas for Development
- The procedure manual and process maps have not been reviewed since 2014 and requires regular review to ensure the document is up-to-date.
- The application forms and on-line resources need to be updated to provide consistent information on data retention periods.

Prospects for Improvement
Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:
- The Public Transport department is currently working on a procurement for the on-line application portal, data management and printing and issue of cards. Any future contract should seek to improve the access currently available to data by KCC for analysis and review to assist in fraud detection.
- The Public Transport department is considering ways to improve access to the application process for people with disabilities.
- Management and staff were receptive to the issues raised and have developed appropriate action plans.
- Minor areas for improvement to procedures were addressed during the audit as they were identified.

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	0	0	0
Low Risk	2	2	0

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Risk Management

Audit Opinion	**High**
Prospects for Improvement	**Good**

Overall the Corporate Risk Team (CRT) continues to maintain adequate guidance to support risk management processes and effective processes to support the Corporate Risk Register (CRR). In our opinion, continued reliance can be placed on the outcomes from these processes, including the resulting corporate risks.

Key Strengths
- The CRT have effective processes in place to support CMT in maintaining the CRR. A formal annual review is undertaken of the CRR, with meetings held with each Cabinet and CMT member, before it is collectively discussed at CMT and Corporate Board. The output of this is a refreshed CRR, which is then reported to Cabinet and Governance & Audit Committee and is fed into the Medium-Term Financial Plan.
- The CRT provide quarterly updates to both CMT and Corporate Board covering any significant changes, and they also attend DMT meetings to help directorates identify, assess and manage their risks.
- Monthly corporate risk reporting is done throughout the year within the CRT to help them with their analysis of risks. These reports are also sent to the Head of Paid Service.
- The CRT have trialled thematic reporting to CMT and recently reported on Information Governance and GDPR risks. This enabled the General Counsel's team to work with a directorate and help them better manage their risks and ultimately reduce the risk ratings to reflect a more stable environment.
- CRT discuss progress with risk owners and update the CRR accordingly, when associated controls and actions are due for update.
- KNet has a dedicated page for risk management, which includes the Council's Risk Management Policy and Strategy and various guidance.
- Training and guidance supporting the Council's risk management system JCAD, is provided upon access being granted.

- Risk management e-learning was updated and relaunched in Spring 2018. This has resulted in increased take-up; however no further action is taken as this is not mandatory e-learning. Wider management training on risk is being considered for the Leadership framework.
- The CRT are coordinating Member and selected officer training from the Council's insurer Zurich Municipal on "current risk exposure and risk appetite for the future".
- The CRT look at the core risk to the Council through the commissioning of each LATCo and post set-up through client-side arrangements. Once a LATCo is set-up they are responsible for their own risk management arrangements.

Follow-up of Issues from the Risk Culture audit
CRT took a paper to CMT in October 2018 for decisions on the agreed actions. We have reviewed this paper and associated minute and can confirm that one of the three medium risk issues can be closed.

Areas for Development
- None identified

Prospects for Improvement
Our overall opinion of **Good** for Prospects for Improvement is based on the following factors:
- The CRT continue to maintain adequate and effective practices to support Council wide guidance and support for the CRR.

Summary of Management Responses

	Number of issues raised	Management Action Plan developed	Risk accepted, and no action proposed
High Risk	0	n/a	n/a
Medium Risk	3	1	2

Annex 2 – Audit Plan 2018/19 Progress

Audit	Progress at December 2018	Date to G&A	Overall Assessment
Complete			
Financial Assessments Follow up	Complete	October 2018	Substantial / Adequate
Client Financial Affairs	Complete	October 2018	Substantial/ Good
Direct Payments – Adults	Complete	October 2018	Substantial/ Good
Coroners Service – Financial Controls	Complete	October 2018	Adequate/ Adequate
Lifespan Pathway Post-Implementation	Complete	January 2019	Adequate/Good
Special Educational Needs and Disability	Complete	January 2019	Limited / Adequate
Pension Contributions	Complete	January 2019	High/Good
Concessionary Bus Passes	Complete	January 2019	Substantial/ Good
Complete by end January 2019			
Recruitment Controls and Pre-employment Checks	Final Draft	October 2018	Adequate/ Good
Troubled Families – Earned Autonomy	Final Draft	January 2019	Substantial/ Good
Draft Report			
Swift Replacement	Draft Report		
Property Income/K2 System	Draft Report		

Audit	Progress at December 2018	Date to G&A	Overall Assessment
Complete			
Children's Allowance Review Team (CART) Follow up	Complete	October 2018	High/ Very Good
Oakwood (Final to Gen² Client-Side Report)	Complete	October 2018	No Assurance/ Good
Youth Services – Commissioning and Contract Management	Complete	October 2018	Adequate/Good
Disabled Children – Direct Payments and Managed Services	Complete	October 2018	Adequate/Good
Deferred Payments	Complete	January 2019	Substantial/ Good
Risk Management	Complete	January 2019	High/Good
Payments Processing	Complete	January 2019	Adequate/Good
CRC Energy Efficiency Scheme	Complete	January 2019	Compliant
Complete by end January 2019			
Virtual Schools Kent – Priority 2	Final Draft	January 2019	Adequate/Good
Oracle Application	Final Draft	January 2019	Adequate/ Uncertain (Draft)
Draft Report			
Cloud Navigation – Project Milestone Deep Dive	Draft Report		
Residence Arrangements – IFA and Residential Placements	Draft Report		

Annex 2 – Audit Plan 2018/19 Progress

Audit	Progress at December 2018	Date to G&A	Overall Assessment
Property Statutory Compliance	Draft Report		
In Progress			
Ethical Framework – Values and Behaviours	In progress		
Data Quality – Liberi System	In progress		
Data Protection Act 2018 (incorporating GDPR)	In progress		
Developer Contributions – S106 and CIL	In progress		
Youth Justice – Priority 2	In progress		
Planning			
Strategic Commissioning	Planning		
Intervention and Enablement	Planning		
Education Psychology	Planning		
Ongoing			
Hold Co watching brief – **Advisory Priority 2**	Ongoing		
CQC/Quality Assurance - **Advisory**	Ongoing		

Audit	Progress at December 2018	Date to G&A	Overall Assessment
In Progress			
Directorate Governance Review – Children, Young People and Education	In progress		
Home Care	In progress		
Schools Themed Review	In progress		
Safeguarding Children	In progress		
Treasury Management	In progress		
Planning			
Public Health – Partnership with Kent Community Health Foundation Trust	Planning		
Home to School Transport Incl. SEND	Planning		
Commissioner/Provider Relationship - TEP	Planning		
Ongoing			
BDUK Watching Brief – **Advisory**	Ongoing		
Cloud Navigation – Audit Watching Brief - **Advisory**	Ongoing		

Annex 2 – Audit Plan 2018/19 Progress

Audit	Progress at December 2018	Date to G&A	Overall Assessment
Swift Replacement Watching Brief - **Advisory**	Ongoing		
KCC/KMPT Consultancy on review of S75 – **Advisory**	Ongoing		
Integration of Enablement and Intermediate Care (NHS) - **Advisory**	Ongoing		
Postponed to later in 2018/19			
Information Security	Postponed to Q4		
Agilisys Contract Management	Postponed new date TBC		
BDUK Voucher Scheme	Postponed to Q4		
Postponed to 2019/20			
Business Continuity Planning	Postponed to 2019/20 due to Brexit impact on resources		
Social Care Client Billing	Postponed to 2019/20 – Replaced by Deferred Payments		
Transformation and Change 0-25	Postponed to 2019/20 in line with implementation of new structure and operating model		
Kent Manager	Postponed to 2019/20 in line with implementation of new process		
Additional			

Audit	Progress at December 2018	Date to G&A	Overall Assessment
Principal Adult Social Worker – Watching Brief - **Advisory**	Ongoing		
Care Leavers Payments – **Advisory**	Ongoing		
Purchasing Finance Process – **Advisory**	Ongoing		
Postponed to later in 2018/19			
Key Decision Process	Postponed to Q4		
Social Care Recruitment Incentives – Follow up	Postponed to Q4		
Cancelled			
Declarations of Interest – superseded by NFI data matches			
Additional			

Annex 2 – Audit Plan 2018/19 Progress

Audit	Progress at December 2018	Date to G&A	Overall Assessment
Remainder of 2018/19 Audit Plan			
Corporate Governance	Q4		
Information Governance	Q4		
Learning the Lessons from LATCos Follow up	Q4		
Schools Financial Services – School Compliance Visits	Q4		
Fire Safety	Q4		
Business Service Centre – Service delivery during change	Q2		
Client-side Relationship Management of Gen²	Q4		
Libraries Contract Management	Q3		
Education Systems Replacement	Q3		
Software Licensing	Q4		
KCC/BSC Segregation of IT	Q3		

Audit	Progress at December 2018	Date to G&A	Overall Assessment
Remainder of 2018/19 Audit Plan			
Performance Management – **Priority 2**	TBC		
Strategic Partnerships – **Priority 2**	TBC		
Customer Feedback – **Priority 2**	TBC		
General Ledger – **Priority 2**	TBC		
Consultations – **Priority 2**	TBC		
Leadership Management Framework – **Priority 2**	TBC		
DELTA System (e-learning) – **Priority 2**	TBC		
Succession Planning – **Priority 2**	TBC		
TCP Revised Approach – **Priority 2**	Will be undertaken in 2019/20 when the first round of the new process is complete		
Public Health – Clinical Professional Development – **Priority 2**	TBC		
Infrastructure Commissioning and Contract Management – **Priority 2**	TBC		

Annex 2 – Audit Plan 2018/19 Progress

Audit	Progress at December 2018	Date to G&A	Overall Assessment
ICT Capacity Planning	Q2		
Quality of Adult Social Care	Q4		
Transformation/Modernising Adult Social Care Services	Q3		

Audit	Progress at December 2018	Date to G&A	Overall Assessment
Redesign 26+ - **Priority 2**	TBC		
Troubled Families Returns – **Priority 2**	No longer required		
Foster Care – **Priority 2**	TBC		
Adoption – **Priority 2**	TBC		
Care Leavers – **Priority 2**	TBC		
Highways Contract – Amey – **Priority 2**	TBC		
Open Plus System – **Priority 2**	TBC		

Annex 3 – Internal Audit Judgement Definitions

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.

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.

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.

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.

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.

Annex 3 – Internal Audit Judgement Definitions

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.

Annex 4 – Follow-ups

 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	1		1*						Amber
PCI DSS	19/06/15	1	1	1*	1*					Amber
Member & Officer Expenses	09/08/16	1		1*						Amber
Total Facilities Management – Contract Management	24/11/15		2		2					Green
Total Facilities Management – Help Desk	12/04/16	4		3 1*						Amber
Total Limited Audits		**7**	**3**	**3 4***	**2 1***	**0**	**0**	**0**		

Annex 4 – Follow-ups

⬤ **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			
Business Continuity	02/07/18		5		2 **3***					**Amber**
Bribery and Corruption Follow-up	03/07/17		1		1					**Green**
Staff Survey – Response and Actions	11/07/17	1		**1***						**Amber**
Nursery Themed Establishment Report	14/05/18		1		1					**Green**

Annex 4 – Follow-ups

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			
OPPD Day Services Themed Report	14/05/18	1	1	1*	1*					Amber
Mobile Working	29/01/18		2		2*					Amber
Members Induction and Training	09/10/17	1	1	1*	1*					Amber
Use of Agencies and IR35	15/01/18	1	1			1	1		Action has not been taken to address to date. A revised implementation date has been requested.	Red
Health and Safety	31/05/18	2		1 1*						Amber
Property – Disposal of Assets	11/05/17		3		3					Green

Annex 4 – Follow-ups

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
Protection of Property	01/05/18	2	4	1 1*	3 1*					Amber
Young Careers – Contract Management	16/02/18		2		2*					Amber
Elective Home Education	21/08/17	2	4	1 1*	3 1*				Action has been undertaken to address however the issues are now outside of officer control and therefore have been closed.	Amber
National Driver Offender Retraining Scheme – Phase	04/04/17	2	2	2*	2*					Amber

Annex 4 – Follow-ups

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			
2										
Economic Development including Regional Growth Fund	13/06/18	1	1	1*	1					Amber
Young Persons Transport including SEN	28/06/16		1		1*					Amber
Total Adequate Audits		**14**	**30**	**3 11***	**15 14***	**1**	**1**	**0**		

Annex 4 – Follow-ups

 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			
Workforce Planning and Talent Management	16/12/16		2		1 **1***					Amber
TCP Process	17/11/16		2		1		1			Green
Corporate Purchase Cards	10/05/17		1		**1***					Amber
Medium Term Financial Planning	03/01/17		1		1					Green
Apprenticeship Levy	20/03/18		1		1					Green

Annex 4 – Follow-ups

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 Payroll	14/11/17		1		1*					Amber
NEET Strategy	24/04/17		1		1					Green
ICES and Telecare Contract Management	12/01/17		1		1					Green
Schools Themed Review	10/05/17		1		1*					Amber
Children's Centres Themed Review F/up	07/10/16		1		1*					Amber
Integrated Community Safety Function	24/07/17		1		1					Green
Total Substantial Audits		**0**	**13**	**0**	**7 5***	**0**	**1**	**0**		

Annex 4 – Follow-ups

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						Green
Total Other Engagements		**2**	**0**	**1** **1***	**0**	**0**	**0**	**0**		

	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded
	High	Medium	High	Medium	High	Medium	
Total All Audits	**23**	**46**	**6** **16***	**24** **20***	**1**	**2**	**0**