

By: Robert Patterson – Head of Internal Audit

To: Governance and Audit Committee – 24th April 2019

Subject: **INTERNAL AUDIT AND COUNTER FRAUD PLAN
2019-20**

Classification: Unrestricted

Summary: This report details the proposed Internal Audit and Counter Fraud Plan for 2019-20 as well as the Audit Charter and Anti-Fraud and Corruption Strategy, both of which underpin the plans and practice of the KCC audit team.

Recommendation: FOR DECISION

Introduction

1. This paper sets out the proposed plan for 2019/20 detailing a breakdown of audit and counter fraud areas of work together with resources. It includes the Internal Audit Charter, a required document under Public Sector Internal Audit Standards that sets out our purpose, authority and responsibility and an updated definition of the assurance levels we provide. In addition, the Anti-Fraud and Corruption Strategy has been revised for 2019/20 following independent review and is included for the Committee's review and agreement.

Audit and Counter Fraud Plan for 2019/20

2. As a reminder, the need for a plan is stipulated in the Public Sector Internal Audit Standards as well as being an obvious mechanism for planning and controlling the internal audit and counter fraud service.
3. The plan has been divided into 55 Priority 1 and 30 Priority 2 audits. The section will have a target to complete 90% of Priority 1 and not more than 20% of Priority 2 audits in the coming year dependent on resources. The latter provides the section with greater flexibility over lower priority audit coverage.
4. The outline plan detailing audits and activities is attached at Appendix A. This includes work providing assurance against core critical systems and corporate risks shown in graphical format against current corporate risks at Appendix B.
5. As per normal practice, the outcomes from the 2019/20 plan will provide:
 - Overall opinion and assurance to support the Annual Governance Statement and related governance 'health check'
 - Assurance against the mitigation of key corporate risks
 - Coverage of the critical systems of the Council
 - Integrated work around value for money and efficiency opportunities
 - Underpinning counter fraud processes and activity across the Council as well as resources for reactive work such as special investigations
 - On-going advice and information on controls to management

6. The plan has been developed through a risk-based planning process that has incorporated the following elements:
 - Discussions with Cabinet Members, Corporate Directors, Directors and key Heads of Service
 - Utilising audit cumulative knowledge and experience to map audit activity against the corporate risk register
 - Coverage necessary to provide an opinion on corporate governance which in turn contributes to the Head of Internal Audit's opinion as part of Annual Governance Statement
 - Work to provide assurance to the Corporate Director of Finance as Section 151 that controls are in place and operating effectively for a selection of key financial and contracting systems
 - Management requests for assurance on areas of concern
 - Previous cyclical audit work and the need for formal follow up
 - Facilitating pro – active fraud work
 - Integrating our work with other assurance providers across the Council ranging from commissioning to safeguarding
7. In relation to the planning and delivery of dedicated IT audit projects, we have a separate but integrated plan agreed with BDO, our outsourced provider.
8. In addition to the core assurance work the 'big themes' for 2019/20 will be:
 - Top level governance review of the Strategic and Corporate Services Directorate, which may be aligned to a peer review by the LGA (this to be confirmed)
 - Review of the delivery of planned savings and strategic outcomes
 - Reviews of selected themes around the new commissioning arrangements
 - Follow-up of Special Educational Needs taking into account recent Ofsted findings
 - Children's safeguarding
 - Continued assurance relating to the delivery of GDPR compliance with a deep dive into a particular directorate
9. Excluded from Appendix A are detailed plans for:
 - Internal audit coverage of the KCC's current LATCos, more particularly Commercial Services, GEN2, Invicta Law, Cantium and The Education People where we are the appointed internal auditor
 - Income generating and shared service work with Tonbridge and Malling Borough Council, Mytime Active, Kent and Medway Fire and Rescue Service, Parish Councils and audits of selected grants. We have also gained work providing internal audit services for an increasing number of academies. As such for 2019/20 it is estimated that over a quarter of our turnover is now derived from arm's length or independent organisations
 - Detail relating to the thematic audits of establishments
 - On-going advice and 'watching briefs' on Council initiatives and selected change programmes
 - Audits in progress or planning from the 2018/19 Plan which will be completed early 2019/20

Resources, Priorities and Timing

10. Overall, we have a total productive audit and counter fraud resource of approximately 2846 days. After deduction off work for arm's length LATCO's and independent organisations there is a minimum remaining dedicated resource of 1730 days for KCC assurance work (excluding any priority 2 work). In addition, this resource may be reduced further by any unplanned special audit investigations.
11. The approved net base budget for the unit for 2019/20 is £ 780,100 which is a 1.9% increase on the previous year. This is the spend solely dedicated to KCC work and assurance.

Internal Audit Charter

12. It is a requirement of the Public Sector Internal Audit Standards (the Standards) that the purpose, authority and responsibility of Internal Audit is formally defined in an internal audit charter and that this be periodically reviewed and presented for approval to senior management and the Board (defined as the Audit Committee in the Local Government Application Note by Cipfa). The Charter has been reviewed and updated to ensure it remains fit for purpose to support delivery of the 2019/20 Plan and is compliant with the Standards; the revised version is attached at Appendix C.

Internal Audit Assurance Levels

13. It is good practice to periodically review the way we define the assurance we provide to ensure this continues to meet the needs of the organisation. Our previous assurance definitions focussed very much on internal controls while the purpose of Internal Audit is to provide assurance on governance, risk and control. We have therefore updated the definitions to better reflect this and these can be found at Appendix D.

Anti-Fraud and Corruption Strategy

14. In response to recommendations made as a result of the independently validated review of the Council's approach to countering fraud we have updated the Anti-Fraud and Corruption Strategy (attached at Appendix E). All amendments are shown via tracked changes which have also been shaded for ease of reference. In summary we have:
 - Include specific references to fraud/corruption threats affecting KCC and the harm they cause.
 - Stated how the Council will work with other organisations to tackle fraud.
 - Included a commitment to recover investigation costs whenever appropriate.
 - Clearly identifies the relevant posts and/or committees with significant responsibilities for fraud.
 - Included references to performance measurements and reporting requirements.
 - Made it clear that allegations of fraud 'must' be reported to the Head of Internal Audit.

- Included references to how internal controls will be used to prevent fraud
- Included details of how the council will publicise its counter fraud activity.
- In relation to sanctions, we are developing a stand-alone sanction policy and will need to consult with the General Counsel.

Conclusions

15. Overall, we consider that the we have focused the available resource to provide maximum benefit to the County Council, particularly concentrating our work on assurance against the key risks and challenges that are being faced.

Recommendations

16. Members are asked to:
 - Agree the proposed Internal Audit and Counter Fraud Plan for 2019/20, and
 - Approve the Internal Audit Charter and revised Internal Audit Assurance Levels
 - Agree the proposed changes to the Anti-Fraud and Corruption Strategy

Appendices

Appendix A - Internal audit and counter fraud plan and detailed resourcing

Appendix B – Graphical representation of 2019/20 planned audit activity against key corporate risks

Appendix C - Internal Audit Charter

Appendix D - Revised Internal Audit assurance definitions for 2019/20 audits

Appendix E – Anti-Fraud and Corruption Strategy

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Kent County Council

Internal Audit and Counter Fraud Plan

April 2019 - March 2020

1. Core Assurance

To provide assurance on core aspects of internal control authority wide

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
CA01 2020	Annual Governance Statement for 2018/19 Authority Wide	15	1	1	Annual assurance audit covering the processes and controls in place to produce the council's Annual Governance Statement for 2018/19.	David Cockburn <i>Corporate Director Strategic & Corporate Services</i> Ben Watts <i>General Counsel</i> Denise Fitch <i>Democratic Services Manager</i>
CA02 2020	Corporate Governance Authority Wide	20	1	4	An annual review of corporate governance across the council, drawing information from the audit work completed in the 2019/20 year and other relevant outcomes, supplemented by additional focussed audit work, to provide an overall opinion on key aspects of governance and control. The outcomes of this audit will inform the Head of Internal Audit's annual audit opinion, and feed into the Annual Governance Statement.	David Cockburn <i>Corporate Director Strategic & Corporate Services</i> Ben Watts <i>General Counsel</i> Denise Fitch <i>Democratic Services Manager</i>
CA03 2020	Dept Governance - Strategic and Corporate Services Authority Wide	50	1	3	A high-level review of the effectiveness of governance arrangements for the Strategic and Corporate Services directorate. This is part on a rolling programme of governance audits across the council, now entering its fifth year. We will explore working with the LGA if appropriate.	David Cockburn <i>Head of Paid Service</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
CA04 2020	Risk Management - Themed report Authority Wide	5	1	4	Annual audit of risk management in the Council to provide an assurance opinion on the adequacy and effectiveness of risk management across the Council. The approach will be to assess risk management in a number of the planned audits in the 2019/20 audit plan with themes pulled into an overall report at the end of the year.	David Cockburn <i>Head of Paid Service</i> David Whittle <i>Director of Strategy, Policy, Relationships and Corporate Assurance</i> Mark Scrivener <i>Corporate Risk Manager</i>
CA05 2020	Information Governance - DPS Toolkit Authority Wide	15	1	4	An annual audit of the council's self-assessment of compliance with the NHS Data Protection and Security Toolkit. Reaching a satisfactory level of compliance with all aspects of the Toolkit is required for continued access to NHS data for ASCH and Public Health. This will include the specific requirement to audit Pseudonymisation arrangements following the planned change of specialist processor in April 19. See also ICT01 2010 (Access Controls to Personal Data).	David Cockburn <i>Head of Paid Service</i> Ben Watts <i>General Counsel</i> David Whittle <i>Director of Strategy, Policy, Relationships and Corporate Assurance</i>
CA06 2020	Data Protection - Deep Dive	20	1	1	This audit will be a deep dive of one directorate's processes and controls for managing compliance with the Data Protection Act 2018. This follows on from the DPA/ GDPR audit in 2018/19 which focussed on central arrangements and teams and will assess progress in embedding the requirements of the new DPA.	David Cockburn <i>Head of Paid Service</i> Ben Watts <i>General Counsel</i> Directorate contact TBC

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
CA07 2020	Data Protection and GDPR watching brief/ advisory work. Authority Wide	6	1	Ongoing	Watching brief/ advisory work through attendance and input to operational and strategic level groups.	David Cockburn <i>Head of Paid Service</i> Ben Watts <i>General Counsel</i> Caroline Dodge <i>Information Governance Manager</i>
CA08 2020	Business Planning Authority Wide	20	1	2	To provide assurance on the effectiveness of the new business planning arrangements introduced for 2019/20. We will also consider whether EQIAs are being competed at the appropriate time.	David Cockburn <i>Head of Paid Service</i> David Whittle <i>Director of Strategy, Policy, Relationships and Corporate Assurance</i>
CA09 2020	Strategic Commissioning	30	1	3	A review of the effectiveness of aspects of the Strategic Commissioning process. The specific focus of this audit will be confirmed during the planning phase but may include impact and effectiveness of Strategic Commissioning in managing the market; service user engagement/consultation; deep dive of specific contracts in line with work of Contract Management Review Group and voluntary sector contracts. See also audits of iProc and Indirect Procurement.	David Cockburn <i>Head of Paid Service</i> Vincent Godfrey <i>Strategic Commissioner</i>
CA10 2020	Improving Outcomes and Achievement of savings Authority Wide	40	1	2	An authority wide review of how KCC is progressing with its strategic aim of better outcomes for Kent residents, against the backdrop of savings targets for key services. To include links to the MTFP process to highlight lessons learned.	David Cockburn <i>Head of Paid Service</i> Zena Cooke <i>Corporate Director of Finance</i> All Corporate Directors

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
CA11 2020	LATCos - Client-side contract management, governance and impact of HoldCo	35	1	4	<p>A review of client-side contract management and governance of the Council's LATCOs following the introduction of HoldCo. Scope to be confirmed, but may include:</p> <ul style="list-style-type: none"> • charging and cross-charging arrangements; • Governance; • consistency of offering and avoidance of detrimental competition; and • appointment and role of NEDs <p>Approach may depend on HoldCo progress and could be phased over the year.</p>	<p>David Cockburn <i>Head of Paid Service</i></p> <p>Ben Watts <i>General Counsel</i></p> <p>Commissioning Directorates as appropriate</p>
CA12 2020	HoldCo – <i>Watching brief/ Advisory</i>	15	1	Ongoing	A watching brief/ advisory work over the HoldCo formation and the development of governance arrangements. Approach to be confirmed, but likely to include attendance and input to key HoldCo project meetings.	<p>David Cockburn <i>Head of Paid Service</i></p> <p>Ben Watts <i>General Counsel</i></p>
CA13 2020	Records Management Authority Wide	20	2	3	A review of the records management processes across the Council to provide assurance that the Council is compliant with the Data Protection Act 2018. This builds on the planned DPA/GDPR watching brief audit (CA08 2020).	<p>David Cockburn <i>Head of Paid Service</i></p> <p>Ben Watts <i>General Counsel</i></p> <p>Caroline Dodge <i>Information Governance Manager</i></p>
CA14 2020	Informal Governance Process	15	2	3 or 4	A review of the new informal governance process that is being prescribed within the Constitution.	<p>David Cockburn <i>Head of Paid Service</i></p> <p>Ben Watts <i>General Counsel</i></p>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
CA15 2020	Policy and legislative change Authority Wide	15	2	2	Audit of the arrangements in place to ensure that KCC responds appropriately and timely to legislative changes, providing guidance to the services impacted and updating policy as relevant.	<p>David Cockburn <i>Head of Paid Service</i></p> <p>David Whittle <i>Director Strategy, Policy, Relationships and Corporate Assurance</i></p> <p>Ben Watts <i>General Counsel</i></p>
CA16 2020	Performance Management - Themed report Authority Wide	5	2	4	An audit of the processes and key controls in place to monitor and report on the Council's key performance indicators. Performance Management arrangements will be included in the scope of relevant individual audits during 2019/20 with themes pulled into an overall report at the end of the year.	<p>David Cockburn <i>Head of Paid Service</i></p> <p>David Whittle <i>Director of Strategy, Policy, Relationships and Corporate Assurance</i></p> <p>Richard Fitzgerald <i>Business Intelligence Manager</i></p>

2. Core Financial Assurance

To provide assurance on core aspects of financial internal control

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer
CS01 2020	Social Care Client Billing	25	1	4	An audit to provide assurance over the adequacy and effectiveness of client billing arrangements for residential and non-residential care, following the implementation of MOSAIC in early 2019/20.	Zena Cooke <i>Corporate Director of Finance</i> Cath Head <i>Head of Finance (Operations)</i>
CS02 2020	Debt Recovery and write-off - Sundry debt LATCO reliance - Cantium Business Solutions	20	1	1	An audit of the adequacy and effectiveness of measures undertaken by Cantium Business Solutions to recover sundry debt for the Council. To include debt write-off arrangements and controls.	Zena Cooke <i>Corporate Director of Finance</i> Cath Head <i>Head of Finance (Operations)</i>
CS03 2020	Family Placement Payments - foster care and adoption LATCO reliance - Cantium Business Solutions	20	1	2	An audit of the adequacy and effectiveness of core payments to foster carers and adopters through the CONTROCC system, now that it has been in operation for 3-years.	Zena Cooke <i>Corporate Director of Finance</i> Cath Head <i>Head of Finance (Operations)</i> Matt Dunkley <i>Corporate Director of Children, Young People and Education</i>
CS04 2020	Imprest Accounts LATCO reliance - Cantium Business Solutions	15	1	1	Review of the use of and associated controls around the management of Imprest accounts to ensure that they are appropriately used.	Zena Cooke <i>Corporate Director of Finance</i> Cath Head <i>Head of Finance (Operations)</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer
CS05 2020	Schools financial Services – school compliance regime LATCO reliance – The Education People	5	1	4	Annual audit of the system of school compliance visits to provide assurance over the adequacy of the system of schools' audit. This work will support the S151 Officer's certification of the Schools Financial Value Standard.	Zena Cooke <i>Corporate Director of Finance</i>
CS06 2020	Payroll processing LATCO reliance - Cantium Business Solutions	20	2	3	To provide assurance that the payroll processes undertaken by Cantium Business Solutions continue to operate effectively. To include new starters, leavers and pay amendments.	Amanda Beer <i>Corporate Director Engagement, Organisation Design & Development</i> Lindsey Horne <i>Business and Client Relationships Manager</i>
CS07 2020	Non-residential care payments through Finestra LATCO reliance - Cantium Business Solutions	25	2	3	A review covering the adequacy of processes and controls put in place over Finestra, the new system being brought in as part of the MOSAIC project to pay non-residential care providers. This is one element of audit work planned for 2019/20 covering the new MOSAIC and Finestra systems (see RB26)	Zena Cooke <i>Corporate Director of Finance</i> Cath Head <i>Head of Finance (Operations)</i> Penny Southern <i>Corporate Director of Adult Social Care and Health</i>
CS08 2020	Cashiers LATCO reliance - Cantium Business Solutions	20	2	2	To review the adequacy and effectiveness of the cashier service provided by Cantium Business Solutions, as there is little automation around the processes. To include allocation funds received to the appropriate cost centres and invoices and management of workflows.	Zena Cooke <i>Corporate Director of Finance</i> Cath Head <i>Head of Finance (Operations)</i>

3. Risk / Priority Based

To provide assurance on areas identified as being high priority or exposed to greater risk

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
3.1 Strategic and Corporate Services						
RB01 2020	Leadership and Management Strategy	30	1	3	To provide assurance that the 5-year Leadership & Management strategy is aligned to the values of the organisation and that the impact of related management and staff development activity is being appropriately assessed and fed back to inform future initiatives.	Amanda Beer <i>Corporate Director of People and Communication</i> Julie Cudmore <i>Head of Organisation Development</i>
RB02 2020	Kent Manager	15	1	2	A review of the impact of the revised Kent Manager scheme, introduced in Q1 2018/19. This is an element of the Leadership and Management Strategy and the findings will also feed into our opinion for audit RB01 2020.	Amanda Beer <i>Corporate Director of People and Communication</i> Julie Cudmore <i>Head of Organisation Development</i>
RB03 2020	Customer feedback	20	1	2	Audit of arrangements to record and respond appropriately to customer feedback in line with the Customer Feedback Policy. This audit will focus on complaints handling and the use of customer feedback to shape service delivery.	Amanda Beer <i>Corporate Director of People and Communication</i> Diane Trollope <i>Head of Engagement and Consultation</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
RB04 2020	Agylisis Contract Management	20	1	3	An audit of the adequacy and effectiveness of the arrangements to manage the Agilysys contract (providing contact centre and external communications services), including performance management through KPIs and the accuracy of payments made for contracted services.	Amanda Beer <i>Corporate Director of People and Communication</i> Vincent Godfrey <i>Strategic Commissioner</i> Christina Starte <i>Kent Communications Manager</i>
RB05 2020	Strategic Commissioning – i-Procurement	15	1	3	An audit of the adequacy and effectiveness of the arrangements in place to manage procurement through i-Proc. To include a review of how i-Proc is used for ordering and paying for temporary and contract staff through Connect2Kent.	David Cockburn <i>Head of Paid Service</i> Vincent Godfrey <i>Strategic Commissioner</i>
RB06 2020	Strategic Commissioning - Indirect Procurement	10	1	3	An audit of the adequacy and effectiveness of the processes in place to manage the changes to the indirect procurement process.	David Cockburn <i>Head of Paid Service</i> Vincent Godfrey <i>Strategic Commissioner</i>
RB07 2020	Finance (Pensions) - Kent Scheme admin.	15	1	2	An audit of the procedures and controls in place to manage pension administration, focusing on the accuracy of processing for new joiners and retirements.	Zena Cooke <i>Corporate Director of Finance</i> Cath Head <i>Head of Finance (Operations)</i>
RB08 2020	Public Health – Delivery of Statutory Services	25	1	3	Following the consultation on statutory services, an audit to provide assurance that Public Health can deliver service it is mandated to provide with a reducing financial envelope. To include a review of how the Public Health grant is managed and ring-fenced to be spent on appropriate services/ activities.	David Cockburn <i>Head of Paid Service</i> Vincent Godfrey <i>Strategic Commissioner</i> Andrew Scott-Clark <i>Director of Public Health</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
RB09 2020	Infrastructure - Property Statutory Compliance Follow-up LATCO reliance – Gen2	20	1	3	Follow-up audit of KCC's arrangements to ensure all of its properties meet required standards (2018/19 audit opinion was Limited). This will include arrangements made to assess and address the compliance of properties transferred in to the Corporate Landlord during 2018/19.	David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> Nicholas Roberts <i>Head of Property Strategy and Commissioning</i>
RB10 2020	Infrastructure - Property Consultants	15	1	2 / 3	To provide assurance that the controls around appointing property/building consultants and managing consultancy contracts are effective. The outcome of this audit may inform the procurement of the new framework contracts.	David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> Nicholas Roberts <i>Head of Property Strategy and Commissioning</i>
RB11 2020	Finance External Funding - LOCASE2 Grant <i>Advisory work</i>	10	1	3	Advisory work on controls and procedures set up for the planned LOCASE2 Grant, building on lessons learned from work carried out in 2018/19 on the LOCASE grant systems.	Zena Cooke <i>Corporate Director of Finance</i> Cath Head <i>Head of Finance (Operations)</i>
RB12 2020	Health and Wellbeing strategy	15	2	2	Following the increased focus on staff wellbeing over the last year, a review of the uptake of support and the impact this is having. This will include a review of the working group formed to bring all strands of Wellbeing strategy together.	Amanda Beer <i>Corporate Director of People and Communication</i> Paul Royel <i>Head of HR and OD</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
RB13 2020	Public Health Clinical Professional Development	15	2	3	To provide assurance on compliance with the requirements of the standards for employers of public health teams in England. The purpose of the standards is to enable employers to provide a well-led and supportive professional environment, enabling public health professionals to maintain their professionalism and to achieve and sustain high quality public health outcomes for local populations.	David Cockburn <i>Head of Paid Service</i> Vincent Godfrey <i>Strategic Commissioner</i> Andrew Scott-Clark <i>Director of Public Health</i>
RB14 2020	Public Health Suicide Prevention Plans	15	2	2	To provide assurance on the adequacy of suicide prevention activity, to provide assurance that services are equitable, of high quality and easy to access.	David Cockburn <i>Head of Paid Service</i> Vincent Godfrey <i>Strategic Commissioner</i> Andrew Scott-Clark <i>Director of Public Health</i>
RB15 2020	Public Health Breast Feeding Support	15	2	3	To provide assurance on the processes in place for breast feeding transformation, to establish whether lessons can be learnt.	David Cockburn <i>Head of Paid Service</i> Vincent Godfrey <i>Strategic Commissioner</i> Andrew Scott-Clark <i>Director of Public Health</i>
RB16 2020	Public Health Family Drug and Alcohol Court	15	2	3	To provide assurance on the adequacy and effectiveness of the controls in place to manage the family drug and alcohol court, including an assessment of achievement of its aims and outcomes.	David Cockburn <i>Head of Paid Service</i> Vincent Godfrey <i>Strategic Commissioner</i> Andrew Scott-Clark <i>Director of Public Health</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
RB17 2020	TFM Variable Spend	20	2	2	To provide assurance that the rectification measures put in place to manage the engagement between KCC, Gen ² , and the TFM providers are effective, and the controls around variable (non-core) spend in the TFM contracts are functioning correctly.	David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> Nicholas Roberts <i>Head of Property Strategy and Commissioning</i>
RB18 2020	Asbestos Management	15	2	2	A deep dive review of the effectiveness of controls in place for Asbestos management across the Council's estate, in line with the Asbestos Policy and Procedures.	David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> Nicholas Roberts <i>Head of Property Strategy and Commissioning</i>
RB19 2020	Property Disposals/ Holding decisions	10	2	2	Review of decision making processes in place for vacant properties regarding when to dispose of them and the impact of the costs of holding empty properties.	David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
3.2 Adult Social Care and Health						
RB20 2020	KMPT Transformation	20	1	3	To provide assurance post-implementation of the revised section 75 agreement and bringing staff back into KCC from NHS. This follows on from consultancy work undertaken in 2018/19.	Penny Southern <i>Corporate Director of Adult Social Care and Health</i>
RB21 2020	Complaints Process and Outcomes <i>Partly Advisory</i>	25	1	1 & 4	Review of ASC Complaints process and outcomes. This work will be split as follows: - consultancy/ advisory work on the set-up of the ASC complaints process (schedule to be launched in June 2019) - assurance work on the new processes once they have been operating for approx. 6 months.	Penny Southern <i>Corporate Director of Adult Social Care and Health</i>
RB22 2020	Home Care - Post New Contract	25	1	4	An audit of the Home Care contract management arrangements and assessment of whether the anticipated benefits of the newly let contract have been realised The care at home contract is currently being re-let and this audit will provide assurance on contract management and benefit realisation once the new contract is in place.	Penny Southern <i>Corporate Director of Adult Social Care and Health</i> Vincent Godfrey <i>Strategic Commissioner</i>
RB23 2020	Mosaic & Finestra - Post Implementation Review	35	1	4	A review to provide assurance that the new systems, once in place and embedded, are fit for purpose and meet business need. This will include This is one element of audit work planned for 2019/20 covering the new MOSAIC and Finestra systems (see CS08 2020)	Penny Southern <i>Corporate Director of Adult Social Care and Health</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
RB24 2020	Front Door including Service User Experience <i>Partly Advisory</i>	25	1	4	Review of the new Client Support Service and integrated triage approach with focus on quality of service/pathway. This work will be split as follows: - consultancy/ advisory work during the set-up - assurance work once new processes are embedded to give assurance on achievement of outcomes/ benefit realisation, including use of secret shopper feedback.	Penny Southern <i>Corporate Director of Adult Social Care and Health</i>
RB25 2020	DoLs – Progress with Addressing Backlog	20	1	4	Assurance on progress in addressing the backlog of DoLs assessments following changes to the process due to recent case law and restructure of SG/QA.	Penny Southern <i>Corporate Director of Adult Social Care and Health</i>
RB26 2020	Quality of Adult Social Care	20	2	3 or 4	Review against the new ASC Quality Assurance Framework once finalised in early 2019/20. The timing and scope will depend on the CQC agenda and development of the Quality Assurance Framework.	Penny Southern <i>Corporate Director of Adult Social Care and Health</i>
RB27 2020	Sensory & Autism Service Redesign <i>Watching brief/ Advisory</i>	10	2	Ongoing	Watching brief/ advisory engagement with the Sensory & Autism Service, providing audit input as the project progresses.	Penny Southern <i>Corporate Director of Adult Social Care and Health</i>
RB28 2020	Voluntary Sector Contracts	10	2	2	An assessment of the set-up and controls over the on-going monitoring / management of Voluntary Sector Contracts entered into to deliver ASC services. To include an assessment of how VSCs support the ASC strategy.	Penny Southern <i>Corporate Director of Adult Social Care and Health</i>
RB29 2020	Safeguarding/Case File Audit	20	2	TBC	Likely to be undertaken in 2020/21 following embedding of restructure and outcomes of externally commissioned case file audits	Penny Southern <i>Corporate Director of Adult Social Care and Health</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
RB30 2020	Self-neglect	15	2	TBC	Likely to be undertaken in 2020/21 – this was recognised as an area for development therefore new policy and procedures, practice guidance and multi-agency approach is being implemented. The review will be undertaken once embedded	Penny Southern <i>Corporate Director of Adult Social Care and Health</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
3.3 Children, Young People and Education						
RB31 2020	SEND Follow-up	20	1	2	<p>Follow-up of 2018/19 SEND audit which received a 'Limited' assurance opinion. The audit will focus on the issues raised and progress in implementing service action plan.</p> <p>Consideration will also be given to the findings of Ofsted's recent review and the scope will be defined accordingly.</p>	<p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Keith Abbott <i>Director of Education, Planning and Access</i></p>
RB32 2020	Change for Kent Children	30	1	3	<p>A review of the overarching Change for Kent Children programme with deep-dive into key areas such as:</p> <ul style="list-style-type: none">- Integration of Early Help and SCS; and- Adolescent Risk.	<p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Stuart Collins <i>Director Integrated Children's Services (West) and Early Help Lead</i></p> <p>Sarah Hammond <i>Director Integrated Children's Services (East) and Social Care Lead</i></p>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
RB33 2020	Youth Justice	20	1	2	Assurance review of the Youth Justice service following the consultancy work completed in 2018/19. Audit scope to be confirmed but may include focus on out of court disposals.	<p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Stuart Collins <i>Director Integrated Children's Services (West) and Early Help Lead</i></p>
RB34 2020	Foster Care	25	1	1	Audit of an aspect of the Foster Care service following on from the 2018/19 review of the Independent Foster Placement process and contracts. Scope to be confirmed during the detailed audit planning phase.	<p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Sarah Hammond <i>Director Integrated Children's Services (East) and Social Care Lead</i></p>
RB35 2020	Care Leavers	25	1	2	To provide assurance on compliance with new duties from the Children and Social Care Act and Homelessness Reduction Act 2017. To include review of controls over payments under the revised offer to care leavers and arrangements for UASC care leavers.	<p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Sarah Hammond <i>Director Integrated Children's Services (East) and Social Care Lead</i></p>
RB36 2020	Safeguarding Children	25	1	3	Following advisory work undertaken in 2018/19 on the current Safeguarding Quality Assurance processes this review will provide assurance on the revised QA Framework and case file audit process. Further areas of scope could be included in line with changes from Children and Social Care Act and the Wood report including changes to the Local Safeguarding Children Board.	<p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Stuart Collins <i>Director Integrated Children's Services (West) and Early Help Lead</i></p> <p>Sarah Hammond <i>Director Integrated Children's Services (East) and Social Care Lead</i></p>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
RB37 2020	School Themed Review	40	1	Ongoing	Part of a programme of themed reviews of schools, now in its 4 th year. The audit this year will focus on Business Continuity Planning, with evidence drawn from a sample of 20 maintained schools.	<p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Keith Abbott <i>Director of Education, Planning and Access</i></p>
RB38 2020	Adoption	20	2	3	An audit of the adoption service, scope to be confirmed but likely to cover implementation of the Regional Adoption Agency the controls in operation over the placement of children with adoptive parents and support provided both before and after placement. This will build on consultancy work undertaken in previous years.	<p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Sarah Hammond <i>Director Integrated Children's Services (East) and Social Care Lead</i></p>
RB39 2020	Troubled Families	10	2	3	The requirement for this audit, which provides assurance that KCC meet the conditions of the Memorandum of Understanding that supports Earned Autonomy, will be based on whether Troubled Families funding continues into 2019/20.	<p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Stuart Collins <i>Director Integrated Children's Services (West) and Early Help Lead</i></p>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
3.4 Growth, Environment and Transport						
RB40 2020	Business Continuity Planning, Incident Management	15	1	3	A review of the adequacy and effectiveness of KCC's approach to emergency planning, including the new command model and recovery roles following a major incident.	Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> Katie Stewart/Stephanie Holt-Castle (Interim) <i>Director Environment, Planning and Enforcement</i>
RB41 2020	Carbon Reduction Commitment Annual Return for KCC LATCO reliance – Commercial Services (LUMINA)	5	1	2	An annual audit requirement for the Carbon Reduction Commitment (CRC) return, this will provide assurance that the annual CRC return is completed accurately and that the payments made for CO2 emissions by the council are correct.	Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> Katie Stewart/Stephanie Holt-Castle (Interim) <i>Director Environment, Planning and Enforcement</i>
RB42 2020	Gypsy and Traveller Service	20	1	4	A review of the adequacy and effectiveness of processes and controls within the Gypsy & Traveller service, including the implementation of the new Pitch Allocation and Site Management Policy.	Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> Stephanie Holt-Castle <i>Interim Director Environment, Planning and Enforcement</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
RB43 2020	Health and Safety Deep Dive	20	1	1	A deep dive review of the adequacy and effectiveness of Health and Safety controls within HTW, including capturing incidents (including near misses) and lessons learnt to ensure the ongoing safe operation of the service.	<p>Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i></p> <p>Simon Jones <i>Director of Highways, Transportation and Waste</i></p> <p>Amanda Beer <i>Corporate Director Engagement, Organisation Design & Development</i></p> <p>Flavio Walker <i>Head of Health and Safety</i></p>
RB44 2020	Highways Term Maintenance contract re-let <i>Watching brief/ advisory</i>	12	1	Ongoing	A watching brief/ advisory engagement with the development of the Highways Term Maintenance contract re-let during 2019/20.	<p>Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i></p> <p>Simon Jones <i>Director of Highways, Transportation and Waste</i></p>
RB45 2020	Non-domestic Waste charging	20	1	4	A review of the implementation of charging residents for taking non-domestic waste to domestic waste sites. To include consideration of the results of consultation, controls in place over collection of fees/ charges and reporting of outcomes.	<p>Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i></p> <p>Simon Jones <i>Director of Highways, Transportation and Waste</i></p>
RB46 2020	Developer Contributions (CIL) Follow-up	10	1	3	A follow-up on the actions raised from the 2018/19 Developer Contributions (CIL) Audit, including KCC's work with District Councils to obtain and monitor CIL monies from developers.	<p>Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i></p> <p>David Smith <i>Director of Economic Development</i></p>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
RB47 2020	Business Continuity Planning - Kent Resilience Team	10	1	3	<p>A review of the partnership to ensure objectives have been met, value for money obtained and that key risks and issues are being effectively managed.</p> <p>This audit will be joint with the Kent Fire and Rescue Service.</p>	<p>Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i></p> <p>Katie Stewart/Stephanie Holt-Castle (Interim) <i>Director Environment, Planning and Enforcement</i></p>
RB48 2020	Companies in which KCC has a substantial interest/ investment	15	1	1	High level review of governance arrangements over these companies in which KCC has a substantial interest/ investment including Locate in Kent, Visit Kent and Produced in Kent.	<p>Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i></p> <p>David Smith <i>Director of Economic Development</i></p>
RB49 2020	Pre-planning Advice	10	2	2	To provide assurance over the arrangements for the newly introduced charges for pre-planning advice, including a review of take-up, impact on subsequent applications and income collection/ budget management.	<p>Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i></p> <p>Katie Stewart/Stephanie Holt-Castle (Interim) <i>Director Environment, Planning and Enforcement</i></p>
RB50 2020	Libraries - Finance Procedures in Libraries <i>Advisory Review</i>	10	2	1	Advisory work with the Libraries Service to support changes in finance procedures operated by Libraries.	<p>Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i></p> <p>James Pearson <i>Head of Libraries, Registration and Archives</i></p>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
RB51 2020	Joint Transportation Boards	20	2	3	A review of the Joint Transport Boards, including Governance arrangements, how KCC responds to recommendations, and evidences decision making.	Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> Simon Jones <i>Director of Highways, Transportation and Waste</i>
RB52 2020	Speed Awareness	10	2	4	A review of revised processes and controls over Speed Awareness following the implementation of the new nationwide IT system.	Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> Simon Jones <i>Director of Highways, Transportation and Waste</i>
RB53 2020	Highways Code of Practice	20	2	4	A review of actions taken to respond to the new 'Well Managed Highways Infrastructure' Code of Practice which came into force in October 2018.	Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> Simon Jones <i>Director of Highways, Transportation and Waste</i>
RB54 2020	Young Persons Travel Pass	15	2	3	A review of controls over the collection of charges for YTPP following the introduction of a new monthly DD payment scheme. Audit will include a review of procedures in place to take appropriate action if payments are cancelled, whilst ensuring that the safety of young travellers is not put at risk.	Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> Simon Jones <i>Director of Highways, Transportation and Waste</i>
RB55 2020	Kent and Medway Business Fund	15	2	2	An audit to provide assurance over the procedures for assessment of applications to the Kent and Medway Business fund. To include workflow/ pipeline monitoring to address work peaks and pressures.	Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> David Smith <i>Director of Economic Development</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Lead Officer(s)
RB56 2020	Economic Development - Grant Schemes	10	2	3	A high level review of ED grant schemes with focus on controls in place to ensure that the grants are spent in line with the approved application and that matched funding conditions are met where appropriate. Village Grants have been identified as an example.	<p>Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i></p> <p>David Smith <i>Director of Economic Development</i></p>

4. ICT Audit

To provide assurance that risks in relation to ICT are being managed appropriately

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Corporate Director & Lead Officer
ICT01 2020	Access Controls to Personal Data	5	1	2	An annual review of access controls to personal data is recommended by the ICO and will support work carried out for the DSP Toolkit (see CA05 2020).	David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> Kathy Stevens <i>Interim Head of Technology Strategy and Commissioning</i>
ICT02 2020	Wireless Network Security and Capacity	25	1	3	Review of the arrangements for monitoring and developing of wireless access points and network capacity to support business needs and the strategy of KCC as staff increasingly work at different locations/ remotely. In addition, an assessment of the security of the wireless network, including 'bleeding out' from our buildings and actions taken to address this issue.	David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> Kathy Stevens <i>Interim Head of Technology Strategy and Commissioning</i>
ICT03 2020	Software Licensing	20	1	2	This audit will review the arrangements that are in place for managing the Council's compliance with its software licensing obligations.	David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> Kathy Stevens <i>Interim Head of Technology Strategy and Commissioning</i>

Ref.	Audit Title	Days	Priority	Indicative Quarter	Audit Details	
					Outline Scope / Rationale	Corporate Director & Lead Officer
ICT04 2020	ICT Change – Project Benefits Realisation	25	1	3	An audit to provide assurance that the planned outcomes from major ICT projects have been achieved and to consider whether there are effective means to track whether the anticipated benefits have been realised.	<p>David Cockburn <i>Head of Paid Service</i></p> <p>Rebecca Spore <i>Director of Infrastructure</i></p> <p>Kathy Stevens <i>Interim Head of Technology Strategy and Commissioning</i></p>
ICT05 2020	Members ICT	15	1	2	An assessment of the adequacy of Members ICT hardware and software, including its functionality and security.	<p>David Cockburn <i>Head of Paid Service</i></p> <p>Rebecca Spore <i>Director of Infrastructure</i></p> <p>Kathy Stevens <i>Interim Head of Technology Strategy and Commissioning</i></p>

5. Work to Prevent and Pursue Fraud and Corruption

To provide assurance that fraud risks are being adequately and effectively managed

Ref.	Audit	Days	Priority	Indicative Qtr	Outline Scope / Rationale	Audit Details
						Corporate Director & Lead officer
Anti-fraud work – to raise awareness						
CF01 2020	Fraud Awareness / Detection and Prevention Authority Wide	10	1	Ongoing	Plan and deliver a fraud awareness campaign in 2019/20 that is supported by the leadership team and includes both internal and external communications. The latter should raise awareness across clients and customers and include ‘good news’ stories such as successful prosecution or fraud prevention activity.	Zena Cooke <i>Corporate Director of Finance</i>
Fraud prevention work – to remove weaknesses that could be exploited						
CF02 2020	National Fraud Initiative (NFI) Authority Wide	20	1	2	Coordinate the Council’s and its LATCO’s participation in the National Fraud Initiative.	Zena Cooke <i>Corporate Director of Finance</i>
CF03 2020	Kent Intelligence Network (KIN) Authority Wide	20	1	Ongoing	Actively participate in the Kent Intelligence Network and develop data matching proposals to increase detection of fraud at KCC and across Kent authorities.	Zena Cooke <i>Corporate Director of Finance</i>
CF04 2020	Independent Review of Fraud Service Authority Wide	10	1	1	Actions to address areas for development arising from toe independent review of fraud carried out in Q4 2018/19.	Zena Cooke <i>Corporate Director of Finance</i>
CF05 2020	Proactive Fraud Exercise Authority Wide	10	1	3	Coordinate a pilot exercise working with HMRC and the Cabinet Office (using the Digital Economy Act 2017) to identify fraud and error in Social Care Financial Assessments.	Zena Cooke <i>Corporate Director of Finance</i>

Ref.	Audit	Days	Priority	Indicative Qtr	Outline Scope / Rationale	Audit Details
						Corporate Director & Lead officer
CF06 2020	Investigations Authority Wide	450	1	Ongoing	The investigation of allegations of fraud and irregularity.	Zena Cooke <i>Corporate Director of Finance</i>

N.B. The table above includes priority 2 audits, due to resource pressures we will aim to deliver a maximum of 20% of these audits

6. Summary

Audit	Priority 1 Days	Priority 2 Days
KCC Core Assurance	271	50
KCC Core Financial Assurance	85	65
KCC Risk Based Audits	662	380
KCC IT Audit Plan	90	0
KCC Proactive and Reactive Counter fraud work	520	N/a
KCC Follow up of issues with high/medium priority rating	50	N/a
KCC Liaison, advice and information and support for system/service development	100	N/a
Commercial Activities and other external provision		
- Cabinet Office	24	0
- Establishments	40	30
- Commercial Services (incl. Joint Venture)	233	0
- Gen2 Property	50	0
- Invicta Law	50	0
- The Education People	89	0
- Cantium	100	0
- Parishes	50	0
- Kent and Medway Fire & Rescue Authority	95	0
- Tonbridge and Malling District Council – Management of Audit and Fraud	130	0
- Grant claims other Certifications	215	0
- Schools and Academies	30	0
- My Time Active	30	0
- Other (Kent Foundation, Help Fund, Fisheries)	20	0
Total Days	2934	525

Figure 1- Integrated Internal Audit and Counter Fraud Plan 2018/19 – Governance and Core Systems

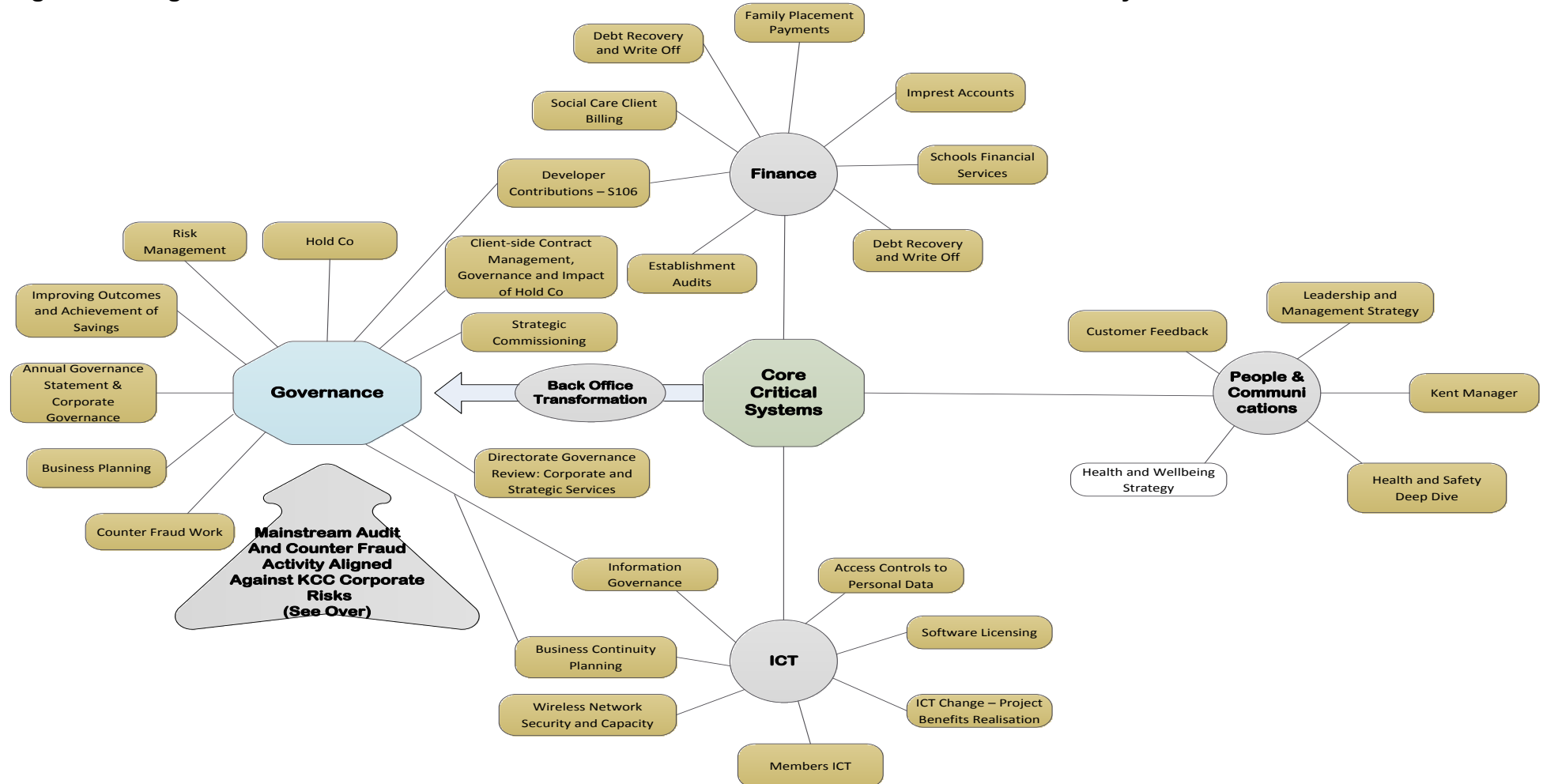
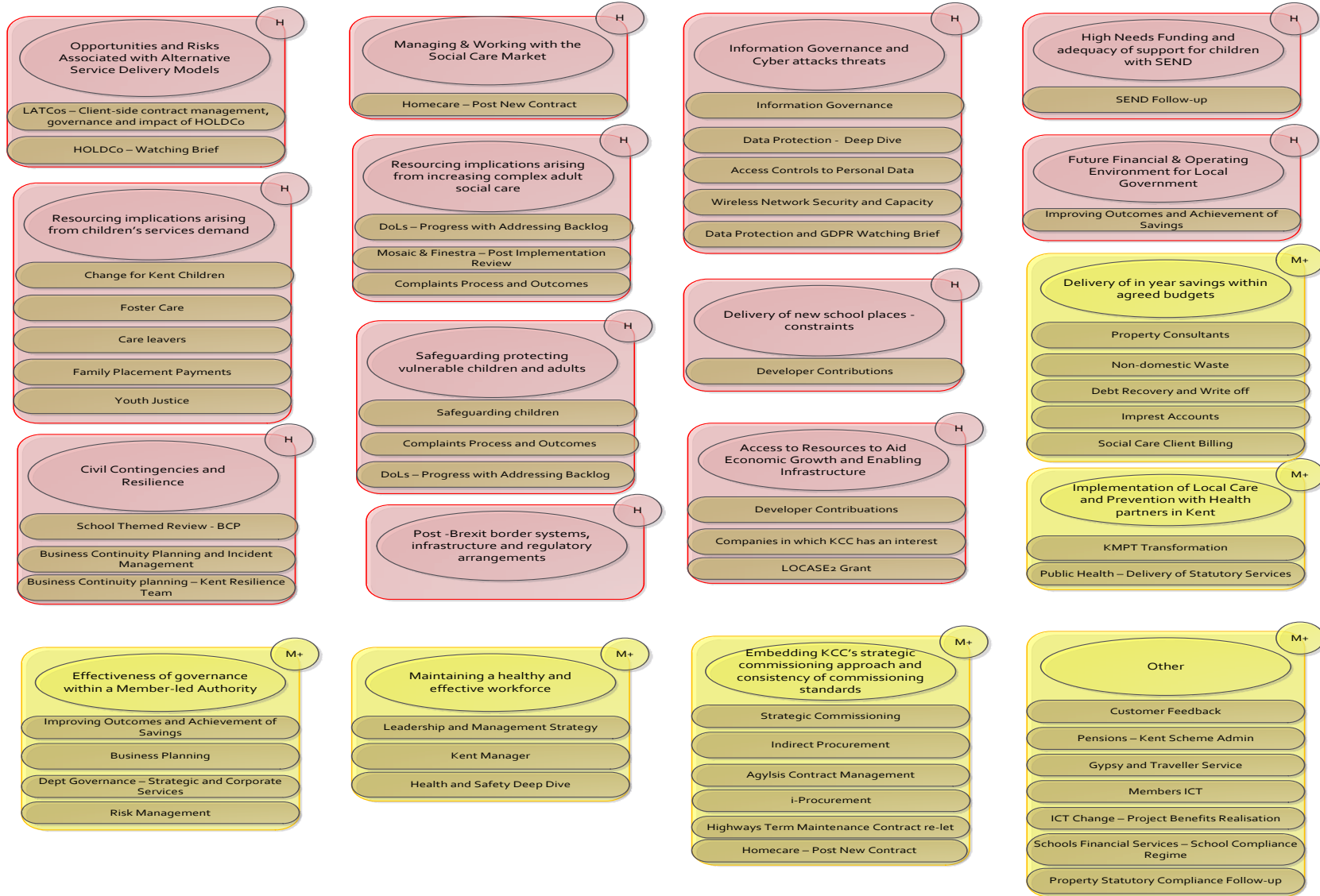


Figure 2 - Internal Audit and Counter Fraud work mapped against current corporate risks (Priority 1 audits only)



KENT COUNTY COUNCIL

Internal Audit Charter

INTRODUCTION

This charter formally defines the purpose, authority and responsibility of Internal Audit within Kent County Council. The Charter will be reviewed at least annually to ensure it is up-to-date and reflects the Public Sector Internal Audit Standards (PSIAS).

PURPOSE

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. Its mission is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Kent County Council's Internal Audit mission statement is, 'To support service delivery by providing an independent and objective evaluation of our clients' ability to accomplish their business objectives and manage their risks effectively'.

AUTHORITY

The requirement for the Council to 'maintain an adequate and effective system of internal audit of its accounting record and its systems of internal control' is contained in the Accounts and Audit Regulations. This supplements the requirements of Section 151 of the Local Government Act 1972 for the Council to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs. The council has delegated this responsibility to the Corporate Director of Finance.

STATUS OF INTERNAL AUDIT WITHIN THE ORGANISATION

The Head of Internal Audit and Counter Fraud (Head of IA&CF) reports directly to the Corporate Director of Finance and quarterly to the Governance and Audit Committee; meeting regularly with the Chair on a one to one basis. The Head of A&CF will also report to senior management and Members when necessary, including statutory officers, Head of Paid Service, Monitoring Officer and the Leader of the Council.

The Governance and Audit Committee are responsible for ensuring Internal Audit are independent of the activities it audits, is effective, has sufficient experience and expertise and the scope of the work to be carried out is appropriate. The Governance and Audit Committee approve the Charter every year within the Annual Audit and Fraud Plan (the Plan).

The Chair of the Audit Committee will be a member of any panel meeting to appoint or terminate the Head of IA&CF.

RESPONSIBILITY

It is the responsibility of management to establish and maintain systems of corporate governance, risk management and internal control to provide assurance that the Council's objectives are being achieved and to minimise the risk of fraud or irregularity.

Internal Audit will contribute to the corporate governance process by providing an assurance on the effectiveness of these systems of risk management and internal control, making practical recommendations for enhancements where considered necessary. Management has responsibility to implement agreed actions in relation to issues raised by audit or to accept the risks resulting from not

acting. However, Internal Audit will consider taking matters to higher levels of management or to the Governance and Audit Committee, if it is felt that the risk should not (or need not) be borne, or management fails to implement agreed actions timely.

PROFESSIONAL STANDARDS

The Council's Internal Audit activity will conform to standards and guidance contained in the Public Sector Internal Audit Standards. The PSIAS encompasses the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework which include:

- the Definition of Internal Auditing;
- the Core Principles;
- the Code of Ethics; and
- the International Standards for the Professional Practice of Internal Auditing.

Additional requirements and interpretations for the UK public sector have been incorporated.

The Council's Internal Audit activity will also have regard to the Committee on Standards in Public Life, and to the Seven Principles of Public Life.

INDEPENDENCE AND OBJECTIVITY

Internal Audit will be sufficiently independent of the activities it audits to enable auditors to perform their duties in a manner that facilitates impartial and effective professional judgements and recommendations. This will include ensuring that where an audit is undertaken of an area where the Head of IA&CF has operational responsibility appropriate measures are put in place to avoid compromising independence. In the case of the Counter Fraud Service this will be achieved through a tri-authority peer review; the first of these was undertaken in March 2019.

The Head of IA&CF will have free and unrestricted access and freedom to report in his/her own name to the Corporate Director of Finance, Head of Paid Service and Chair of the Governance and Audit Committee.

In addition, Internal Audit will be responsible for determining its priorities based on an evaluation of risk. Auditable areas which are deemed to represent the most significant controls that are operating in order that KCC delivers its business objectives are identified from directorates', annual operating plans, consultation with managers and Internal Audit's experience of the directorates. These are used to determine the strategic and annual Plans. The Plan will be flexible enough to accommodate the needs of senior management and Members depending on the relative significance of emerging risks. The Governance and Audit Committee will approve the Plan and at each of its meetings will receive reports summarising significant findings of audit work undertaken.

Internal Audit will also report to the Governance and Audit Committee, at each of its meetings, progress on the directorates' implementation of actions agreed in relation to issues raised by Internal Audit.

Objectivity will be preserved by ensuring that all members of staff are free from any conflicts of interest and do not undertake any duties that they could later be called upon to audit, including where members of staff have been involved in, for example working groups, consultancy etc. Internal Auditors will also refrain from assessing specific operations for which they were previously responsible, within the previous year.

SCOPE & NATURE OF INTERNAL AUDIT

Internal Audit activity will be undertaken to provide assurance to senior management (Corporate Directors) and the Governance and Audit Committee (referred to as 'Board' in the PSIAS) as to the adequacy and effectiveness of the Councils' systems for corporate governance, risk management and

internal control. It will include:

- Reviewing the soundness, adequacy and application of financial and other management controls;
- Reviewing the extent of compliance with, relevance and financial impact on strategic and operational goals of established policies, plans and procedures;
- Reviewing the extent to which the organisation's assets and interests are accounted for and safeguarded from losses arising from:
 - Fraud and other offences
 - Waste, extravagance and inefficient administration, poor value for money and other causes;
- Reviewing the suitability and reliability of financial and other management data developed within the organisation;
- Reviewing awareness of risk and its control and providing advice to management on risk mitigation and internal control in financial or operational areas where new systems are being developed or where improvements are sought in the efficiency of existing systems;
- Promoting and raising awareness of fraud and corruption;
- Investigating allegations of fraud and corruption;
- Providing advice (consultancy) to Directorates for a variety of issues, such as project assurance, controls advisory requests, areas of concern and lessons learnt reviews.

Internal Audit's activities extend to all remote establishments, subsidiary companies and trading activities.

Internal Audit is not relieved of its responsibilities in areas of the Council's business that are subject to review by others but will assess the extent to which it can rely upon the work of others and co-ordinate its audit planning with the plans of such review agencies.

The Head of IA&CF will provide an annual audit opinion as to the adequacy of the Council's internal controls and risk management processes. This will be used to support the Annual Governance Statement.

FRAUD AND IRREGULARITY

Internal Audit and Counter Fraud do not have to investigate all cases of potential frauds and irregularities; however, they must all be reported to the Head of IA&CF or the Counter Fraud Manager who will determine if an investigation needs to take place. Internal Audit will report to the Governance and Audit Committee at the conclusion of each investigation, a summary of the fraud/irregularity, control weaknesses and the outcome. If a significant fraud or irregularity is identified this will be brought to the attention of the Chairman of the Governance and Audit Committee at the time of the investigation.

RIGHT OF ACCESS

To fulfil its objectives, Internal Audit will be granted unrestricted access to all staff, Members records (documentary and electronic), assets and premises, deemed necessary in the course of its duties. Internal Audit will ensure that all information received as part of their work is treated confidentially at all times.

INTERNAL AUDIT RESOURCES

The Plan is developed annually and takes into account the work that is needed to enable the Head of IA&CF to provide an assurance on the control environment and governance across the Council. To

ensure that there are adequate Internal Audit resources available to deliver the Plan, an assessment is made to determine the number of staff days available; and to identify the knowledge and experience of staff to ensure that Internal Audit has the right skills mix to deliver the Plan. The Head of IA&CF will use a combination of in-house, partner or third parties to deliver aspects of the Plan to the best expertise and value for money. When engaging a partner, the Head of IA&CF will ensure the partner has the appropriate knowledge and experience to deliver the engagement, applies the quality assurance standards of the section and has access to all information and explanation required to undertake the engagement (coordinated through Internal Audit managers).

REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

In accordance with the Accounts and Audit Regulations, there is a requirement for an annual review of the effectiveness of the system of internal audit. This is also part of the wider annual review of the effectiveness of the system of internal control. The Head of IA&CF will carry out an annual review of the Internal Audit function, in accordance with the Quality Assurance and Improvement Programme outlined below, and will report the results to the Governance and Audit Committee to enable it to consider the findings of the review. In addition, the Head of IA&CF will arrange for an independent review to be carried out, at least every five years which will be reported to the Governance and Audit Committee; this was last undertaken in 2016. The Head of IA&CF will review the Charter annually and attach a revised document to the annual Plan.

PROVISION OF ASSURANCE TO THIRD PARTIES

The Council's Internal Audit section is sometimes requested to undertake Internal Audit and assurance activity for third parties, such as Kent Fire and parishes. These include internal audit services, grant certification and financial account sign-off.

The same principles detailed in this Charter will be applied to these engagements.

In performing consulting engagements, internal auditors must ensure that the scope of the engagement is sufficient to address the agreed-upon objectives. If internal auditors develop reservations about the scope during the engagement, these reservations must be discussed with the client to determine whether to continue with the engagement. Internal auditors will address controls consistent with the engagement's objectives and be alert to significant control issues.

QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

The Head of IA&CF will maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity. The programme will include an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the International Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement.

The Head of IA&CF will communicate to the Corporate Director of Finance and the Governance and Audit Committee on the internal audit activity's QAIP, including results of ongoing internal assessments and external assessments conducted at least every five years.

Signed by:

Head of Internal Audit and Counter Fraud

Chairman of the Governance and Audit Committee

VERSION CONTROL

Document Owner: Robert Patterson, Head of Internal Audit and Counter Fraud.

Version	Reviewed/Due for Review	Reviewer	Approver	Date approved
Original				
2	23 February 15	Head of Internal Audit	Governance and Audit Committee	
3	April 2016	Head of Internal Audit	Governance and Audit Committee	
4	March 2019	Strategic Audit Manager		

Internal Audit Assurance 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 will not be 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.

Anti-Fraud and Corruption Strategy

Document Owner	Robert Patterson, Head of Internal Audit and Counter Fraud Tel: 03000 416554 robert.patterson@kent.gov.uk
Version	Version 7

Document Review History

Version	Reviewed	Reviewer	Approver	Date approved
Original				
2	30 June 2013	Internal Audit	Governance & Audit Committee	24 July 2013
3	25 June 2014	Internal Audit	Governance & Audit Committee	24 July 2014
4	11 Sept 2015	Internal Audit	Governance & Audit Committee	2 Oct 2015
5	July 2016	Internal Audit	Governance & Audit Committee	6 Oct 2016
6	5 Sep 2018	Internal Audit	Governance & Audit Committee	24 October 2018
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A. Policy Statement

1. Fraud against Local Government is estimated to cost £7.3¹ billion per year. This is a significant loss to the public purse. To reduce these losses Kent County Council is committed to:
 - The highest standards of probity in the delivery of its services, ensuring proper stewardship of its funds and assets.
 - The prevention of fraud and the promotion of an anti-fraud culture.
 - A zero-tolerance attitude to fraud requiring staff and Members to act honestly and with integrity at all times, and to report all reasonable suspicions of fraud.
 - The investigation of a risk-based response to all instances of actual, attempted or suspected fraud. The Council will seek to recover any losses and pursue appropriate sanctions against the perpetrators. This may include criminal prosecution, disciplinary action, legal proceedings and professional sanctions.
 - The Local Government Fraud Strategy: Fighting Fraud Locally which means the Council will:
 - Acknowledge the threat of fraud and the opportunities for savings that exist.
 - Prevent and detect all forms of fraud.
 - Pursue appropriate sanctions and recover any losses.

Definition of Fraud

2. The Council defines fraud as ‘any activity where deception is used for personal gain or to cause loss to another.’ Fraud can be committed in one of three ways:
 - **Fraud by false representation** – Examples include providing false information on a grant or Blue Badge application, staff claiming to be sick when they are in fact fit and well or submitting time sheets or expenses with exaggerated or entirely false hours and/or expenses.
 - **Fraud by failing to disclose information** – Examples include failing to disclose a financial interest in a company KCC is trading with or failing to disclose a personal relationship with someone who is applying for a job at the council.
 - **Fraud by abuse of position** – Examples include a carer who steals money from the person they are caring for, or staff who order goods and services through the Council’s accounts for their own use.

¹ University of Portsmouth (2016) Annual fraud indicator 2016

3. While fraud is often seen as a complex financial crime, in its simplest form, fraud is lying. Some people will lie, or withhold information, or generally abuse their position to try to trick someone else into believing something that is not true.

Definition of Corruption

4. The Council defines corruption as the abuse of entrusted power for private gain; involving the offering, giving, receiving or soliciting, directly or indirectly, of anything of value to influence improperly the actions of another party.²

Current Threats and their Impact

5. KCC faces a range of fraud and corruption threats and the impact can be significant causing financial loss, reputational damage and harm to service users and the residents of Kent. In the last 12 months the most frequent types of fraud and similar crimes that have impacted on KCC are as follows:
 - Blue Badge Fraud. This type of fraud causes a financial loss to the wider Kent economy, undermines the public's confidence in the Blue Badge scheme and prevents genuine Blue Badge users from accessing safe, convenient parking. Using the National Fraud Authority's methodology for calculating losses we estimate the Kent economy could be losing as much as £1.3m per year.
 - False Applications for Financial Support. The applications are from parents falsely presenting to the Council as destitute and having no recourse to public funds. This type of fraud has been increasing in Kent. It has a direct financial impact on the council. Estimating the losses is difficult but based on previous allegations we believe this type of fraud could result in losses of £250,000 per year.
 - Misuse of Direct Payments. This type of fraud causes financial loss to the Council and undermines the public's confidence in the services provided. The individual values vary significantly depending on need but we estimate misuse could result in losses of £100,000 per year.

B. Standards

6. Kent County Council wishes to promote a culture of honesty and opposition to fraud and corruption based on the seven principles of public life. The Council will ensure probity in local administration and governance and expects the following from all employees, agency workers, volunteers, suppliers and those providing services under a contract with KCC.

² HM Government (2014) UK anti-corruption plan

- Selflessness - Act solely in terms of the public interest.
- Integrity - Avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must declare and resolve any interests and relationships.
- Objectivity - Act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.
- Accountability - Be accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.
- Openness - Act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.
- Honesty - Be truthful.
- Leadership - Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

Further reading

7. In addition to this strategy there are a range of policies and procedures that help reduce the Council's fraud risks. These include:

- Anti-Bribery Policy
- Anti-Money Laundering Policy
- Whistleblowing Policy and Procedure
- The Kent Code
- Disciplinary Policy
- Financial Regulations
- Code of Member Conduct

C. Roles and Responsibilities

The Role of Elected Members

8. As elected representatives, all Members of Kent County Council have a duty to act in the public interest and to do whatever they can to ensure that the Council uses its resources in accordance with statute.
9. This is achieved through Members operating within the Constitution which includes the Code of Member Conduct, Financial Regulations and Spending the Council's Money.

The Role of Employees

10. Kent County Council expects its employees to be alert to the possibility of fraud and corruption and to report any suspected fraud or other irregularities to the Head of Internal Audit.
11. Employees are expected to comply with the appropriate Code of Conduct and the Council's policies and procedures.
12. Employees are responsible for complying with Kent County Council's policies and procedures and it is their responsibility to ensure that they are aware of them. Where employees are also members of professional bodies they should also follow the standards of conduct laid down by them.
13. Employees are under a duty to properly account for and safeguard the money and assets under their control/charge.
14. Employees are required to provide a written declaration of any financial and nonfinancial interests or commitments, which may conflict with KCC's interests. KCC Financial Regulations specify that employees who have a direct or indirect financial interest in a contract shall not be supplied with, or given access to any tender documents, contracts or other information relating to them, without the authority of the senior manager.
15. Failure to disclose an interest or the acceptance or offering of an inappropriate reward may result in disciplinary action or criminal liability. Staff must also ensure that they make appropriate disclosures of gifts and hospitality – both offered and accepted.
16. Managers at all levels are responsible for familiarising themselves with the types of fraud that might occur within their directorates and the communication and implementation of this strategy.
17. Managers are expected to create an environment in which their staff feel able to approach them with any concerns that they may have about suspected fraud or any other financial irregularities.

The role of the Corporate Director of Finance

18. The Corporate Director of Finance is responsible for developing, reviewing and maintaining an Anti-Fraud and Corruption Strategy and for advising on effective systems of internal control to prevent, detect and pursue fraud and corruption; advising on anti-fraud and anti-corruption strategies and measures; and, ensuring that effective procedures are in place to investigate promptly any fraud or irregularity.

The role of the Governance and Audit Committee

19. The Governance and Audit Committee is responsible for ensuring that the Council has a robust counter-fraud culture backed by well designed and implemented controls and procedures which define the roles of management and Internal Audit; and, that the Council monitors the implementation of the Bribery Act policy to ensure that it is followed at all times.

Kent County Council's Commitment

20. Fraud and corruption are serious offences and employees and Members may face disciplinary action if there is evidence that they have been involved in these activities. Where criminal offences are suspected consideration will be given to pursuing criminal sanctions, which may involve referring the matter to the police.
21. In all cases where the Council has suffered a financial loss, appropriate action will be taken to recover the loss including the costs of the investigation whenever appropriate.
22. In order to make employees, Members, the public and other organisations aware of the Council's continued commitment for taking action on fraud and corruption, details of completed investigations, including sanctions applied, will be publicised where it is deemed appropriate. This will include use of the Council's Intranet and releasing press statements immediately after criminal convictions are secured. In addition, the council will promote an anti-fraud culture through fraud awareness campaigns, presentations, training and e-learning.

D. Prevention

Responsibilities of management

23. The primary responsibility for the prevention and detection of fraud is with management. Management must ensure that they promote an anti-fraud culture and have the appropriate controls in place to minimise the risk of fraud, for example, this could include establishing procedures, authorisation limits and segregating duties. Management **must ensure the controls** are

operating as expected and are being complied with. They must ensure that adequate levels of checks are included in working practices, particularly financial. It is important that duties are organised in such a way that no one person can carry out a complete transaction without some form of checking or intervention process being built into the system.

Internal Audit and Counter Fraud

24. The Head of Internal Audit and Counter Fraud is responsible for the independent appraisal of controls and for assisting managers in the investigations of fraud and corruption.
25. Internal Audit includes proactive fraud work in its annual audit plan, identifying potential areas where frauds could take place and checking for fraudulent activity.
26. The Head of Internal Audit and Counter Fraud will establish performance measurements for counter fraud activity and will report progress against the performance measurements proactive counter fraud activity and on a quarterly basis to the Governance and Audit Committee.

Working with others and sharing information

27. The Council is committed to working and co-operating with other organisations to prevent fraud and corruption and protect public funds. This will include:
 - Coordinating our activity with the other enforcement teams across the Council, such as Waste and Trading Standards, to maximise our impact.
 - Working in partnership with district, borough and city councils to share intelligence and target our collective resources at the areas at most susceptible to fraud.
 - Working with and supporting the Police and other enforcement agencies.
28. The Council may use personal information and data-matching techniques to detect and prevent fraud, and ensure public money is targeted and spent in the most appropriate and cost-effective way. In order to achieve this, information may be shared with other bodies responsible for auditing or administering public funds including, but not limited to, the Cabinet Office National Fraud Initiative, the Department for Work and Pensions, other local authorities, HM Revenue and Customs, and the Police.

National Fraud Initiative

29. Kent County Council participates in the National Fraud Initiative (NFI). This requires public bodies to submit a number of data sets (to the Cabinet Office) for example payroll, pension, and accounts payable (but not limited to these)

which is then matched to data held by public and private sector bodies. Enquires are made into any positive matches (e.g. an employee on the payroll in receipt of housing benefit).

Training and awareness

30. The successful prevention of fraud is dependent on risk awareness, the effectiveness of training (including induction) and the responsiveness of staff throughout the Council.
31. Management will provide induction and ongoing training to staff, particularly those involved in financial processes and systems to ensure that their duties and responsibilities are regularly highlighted and reinforced.
32. Internal Audit will provide fraud awareness training on request and will publish its successes to raise awareness.

E. Detection and Investigation

33. The Council is committed to the risk-based investigation of all instances of actual, attempted and suspected fraud committed against the Council and the recovery of funds and assets lost through fraud.
34. Any suspected fraud, corruption or other irregularity must be reported to the Head of Internal Audit and Counter Fraud. The Head of Internal Audit and Counter Fraud will decide on the appropriate course of action to ensure that any investigation is carried out in accordance with Council policy and procedures, key investigation legislation and best practice. This will ensure that investigations do not jeopardise any potential disciplinary action or criminal sanctions.
35. Action could include:
 - Investigation carried out by Internal Audit staff;
 - Joint investigation with Internal Audit and relevant directorate management;
 - Directorate staff carry out investigation and Internal Audit provide advice and guidance;
 - Referral to the Police.
36. The responsibility for investigating potential fraud, corruption and other financial irregularities within KCC lies mainly (although not exclusively) with

Internal Audit. Staff involved in this work will therefore be appropriately trained, and this will be reflected in training plans.

F. Raising Concerns and the Whistleblowing Policy

Suspensions of fraud or financial irregularity

37. All suspected or apparent fraud or financial irregularities must be brought to the attention of the Head of Internal Audit and Counter Fraud in accordance with Financial Regulations. Where the irregularities relate to an elected Member, there should be an immediate notification to the Head of Paid Service or the Monitoring Officer.
38. If a member of the public suspects fraud or corruption they should contact the Head of Internal Audit or Counter Fraud Manager in the first instance. They may also contact the Council's External Auditor, all of whom may be contacted in confidence.
39. The Council's Internal Audit Section can be contacted by telephone on 03000 414500 or by mail to internal.audit@kent.gov.uk.

Whistleblowing Policy

40. Employees (including Managers) wishing to raise concerns should refer to the Council's Whistleblowing Policy and associated procedures.
41. The Council's Whistleblowing Policy encourages individuals to raise serious concerns internally within KCC, without fear of reprisal or victimisation, rather than over-looking a problem or raising the matter outside. All concerns raised will be treated in confidence and every effort will be made not to reveal the individual's identity if this is their wish. However, in certain cases, it may not be possible to maintain confidentiality if the individual is required to come forward as a witness.
42. Employees wishing to raise concerns can obtain a copy of the Whistleblowing policy and procedure on KNet.

G. Conclusion

43. Kent County Council will maintain systems and procedures to assist in the prevention, detection and investigation of fraud. This strategy will be reviewed annually and is available on the Council's Intranet (KNet).