

By: The Chief Internal Auditor

To: Governance and Audit Committee
30 June 2006

Subject: **INTERNAL AUDIT REPORTING**

Accountable Officer: Chief Internal Auditor

Classification: Unrestricted

File Ref: AMG/AC/300606

Summary: A report on the outcomes of Internal Audit activity, providing assurance as to the operation of control within the Council.

FOR INFORMATION

Introduction

1. This report contains the outcome of Internal Audit's work completed between January and May 2006. Assurances are provided on the outcome of our work in accordance with the definitions of Internal Audit assurance levels shown in Annex A.
2. The format of this report, which was agreed at a previous meeting, is as follows:

Annex B Agreed Audit Programme and Progress to date. Audits appearing for the first time are shown in bold. The table below lists all audits completed in this period.

Directorate	Audit Title	Assurance
AW	The Use of Mobile Telephones	Limited
AW	Firewalls, Internet & E Mail Monitoring	Substantial
AW	Corporate Governance	High
CED	Accounts Payable	Substantial
CED	Payroll 2005/06	Limited
CED	Finance Business Solutions Programme Management	Substantial
CED	Technology Refresh Programme	Substantial
CED	The Delivery of the Schools' Capital Programme	Limited
CED	Purchase Cards	Substantial
CED	Commercial Services: Kent Web Shop	Limited
CF&E	IMPULSE Admissions & Transport System	Limited
CF&E	Leaving Care	Substantial
CF&E	Recruitment & Retention	Substantial
CF&E	Procurement of Supplies and Services in Schools	Limited

Directorate	Audit Title	Assurance
CF&E	The Schools' Deficits & Compliance Team	Substantial
CF&E	Grouped Schools PFI project	Substantial
AS	Payments to the P&V Sector	High
AS	Supporting People Contract Monitoring	High
AS	Review of the Finance Standards Team	Substantial
AS	Better Homes, Active Lives PFI	Substantial
E&R	Shorne Country Park	N/A
E&R	Landfill Tax Payments	Limited
CD	Trading Standards Finance Review	Substantial

Annex C Summary information with the relevant directorate's response for the following audits: -

- where assurance is assessed as 'minimal'
- where assurance for key systems is assessed as 'limited'.

Annex D Brief details of all other audit work completed in the period.

Annex E Summary of directorates' progress with the implementation of internal audit recommendations.

Annex F Progress with directorates' implementation of audit recommendations.

3. Members should note that the audit assurance expressed is at the time of issue of the audit report but before full implementation of the agreed management action plan. Directorates' progress with the implementation of recommendations is followed up and reported at Annex F, after the date by it has been agreed that action will be undertaken. Where a "minimal" assurance has been given, there will be further re-evaluation in a six-monthly review.
4. Furthermore, each audit does not carry equal weight when forming the overall opinion on the operation of control within the Authority. Whilst the key systems will have a major impact, other systems, for example establishment audits, become more significant when the outcomes of a number of similar audits have been obtained. In this instance, the key indicator is the trend in audit assurances within a directorate and across the Authority.

Irregularities

5. Since February 2005, five cases of suspected irregularity have been reported all involving either KCC finances or business processes. Details of completed irregularity investigations are given in my separate report, Agenda Item No 11.

Performance of Internal Audit

6. At the Audit Committee meeting on 3 March 2004, Members agreed to receive regular reports on Internal Audit's performance against a range of indicators. For those measures where information is available, performance is shown below:

Performance Indicator	Target	Actual (Apr – May)
<p><u>Productivity and Efficiency</u></p> <ul style="list-style-type: none"> • % of available time spent on direct audit work • % of audits delivered within budgeted days • % of draft reports completed within 15 days of finishing fieldwork • Preparation of annual plan • Periodic reports on progress • Preparation of annual report 	<p>75%</p> <p>89%</p> <p>89%</p> <p>By March Audit Cttee meetings Prior to annual assurance statement</p>	<p>79%</p> <p>85%</p> <p>82%</p> <p>Reported 1.3.06 Reported: 30.06.06 Reported 30.06.06</p>
<p><u>Cost Effectiveness</u></p> <p>Delivery of service within budget:</p> <ul style="list-style-type: none"> • % of budget spent 	<p>100% by year end</p>	<p>100% by year end</p>
<p><u>Quality of Service</u></p> <ul style="list-style-type: none"> • Client satisfaction questionnaires responded to positively 	<p>93%</p>	<p>91%</p>
<p><u>Staff Management</u></p> <ul style="list-style-type: none"> • Permanent staff in post • Staff with professional qualifications (including trainees) 	<p>75% of establishment</p> <p>60%</p>	<p>97%</p> <p>79%</p>

Recommendation

7. Members are asked to note the outcome of Internal Audit's work and receive the report.

Christine Webster
Chief Internal Auditor

Ext: 4614
 21 June 2006

Definitions of Internal Audit Assurance Levels

Assurance Level	Summary description	Detailed definition
High	Strong controls in place and complied with.	The system/area under review is not exposed to foreseeable risk, as key controls exist and are applied consistently and effectively.
Substantial	Controls in place but improvements beneficial.	There is some limited exposure to risk of error, loss, fraud, impropriety or damage to reputation, which can be mitigated by achievable measures. Key or compensating controls exist but there may be some inconsistency in application.
Limited	Improvements in controls or the application of controls required.	<p>The area/system is exposed to risks that could lead to failure to achieve the objectives of the area/system under review e.g., error, loss, fraud/impropriety or damage to reputation.</p> <p>This is because, key controls exist but they are not applied, or there is significant evidence that they are not applied consistently and effectively.</p>
Minimal	Urgent improvements in controls or the application of controls required.	<p>The authority and/or service is exposed to a significant risk that could lead to failure to achieve key authority/service objectives, major loss/error, fraud/impropriety or damage to reputation.</p> <p>This is because key controls do not exist with the absence of at least one critical control, or there is evidence that there is significant non-compliance with key controls.</p>

**Audit Programme and Coverage By Directorate
(February 2006 – May 2006)**

Reported	Directorate	Audit Plan	Overall Opinion	Budget Mngmt	Payroll	Payment To Creditors	Income	Banking & Cash Handling	Accounting Systems & Processes	Resource Mngmt	General Financial Control	Procuremnt	Governance	Business Process	Info System
	<u>Authority-wide</u>														
	<i>Brought forward from 2005/06 Plan</i>														
Jun 06	The Use of Mobile Telephones	✓	L							L					
Jun 06	Firewalls, Internet & e-mail Monitoring	✓	S												S
June 06	Corporate Governance	✓	H										H		
	<u>Chief Executive's Department</u>														
	<i>Brought forward from 2005/06 Plan</i>														
June 06	Accounts Payable	✓	S			S									
June 06	Payroll 2005/06	✓	L		L										
June 06	Finance Business Solutions Programme Management	✓	S												S
June 06	Technology Refresh Programme	✓	S												S

KEY - AUDIT ASSURANCES:

H = High

S = Substantial

L = Limited

M = Minimal

**Audit Programme and Coverage By Directorate
(February 2006 – May 2006)**

Reported	Directorate	Audit Plan	Overall Opinion	Budget Mngment	Payroll	Payment To Creditors	Income	Banking & Cash Handling	Accounting Systems & Processes	Resource Mngment	General Financial Control	Procuremnt	Governance	Business Process	Info System
June 06	Delivery of the Schools' Capital Modernisation Programme	✓	L							L					
June 06	Purchase Cards	✓	S			S			S						
June 06	Commercial Services Kent Web Shop	✓	L												L
June 06	<u>Children, Families & Education</u> <i>Brought forward from 2005/06 Plan</i> IMPULSE Admissions & Transport System	✓	L												L
June 06	Leaving Care	✓	S	S										S	
June 06	Recruitment & Retention	✓	S											S	
June 06	Procurement of Supplies and Services in Schools	✓	L									L			
June 06	Grouped Schools PFI project	✓	S									S			
June 06	Schools' Deficits and Compliance Team	✓	S								S				

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**Audit Programme and Coverage By Directorate
(February 2006 – May 2006)**

Reported	Directorate	Audit Plan	Overall Opinion	Budget Mngment	Payroll	Payment To Creditors	Income	Banking & Cash Handling	Accounting Systems & Processes	Resource Mngment	General Financial Control	Procuremnt	Governance	Business Process	Info System
	<u>Adult Services</u>														
	<i>Brought forward from 2005/06 Plan</i>														
June 06	Payments to the P&V Sector	✓	H			H									
June 06	Supporting People – contract Monitoring	✓	H							H					
June 06	Better Homes, Active Lives PFI	✓	S									S			
June 06	Finance Standards Team	✓	S								S				
	<u>Environment & Regeneration</u>														
	<i>Brought forward from 2005/06 Plan</i>														
June 06	Landfill Tax Payments	✓	L			L									
	<u>Communities Directorate</u>														
	<i>Brought forward from 2005/06 Plan</i>														
June 06	Trading Standards – Finance Review	✓	S								S				

KEY - AUDIT ASSURANCES:

H = High

S = Substantial

L = Limited

M = Minimal

**Assurance Assessed as Minimal or
Key Systems where Control is Assessed as Limited**

Chief Executive's Department

**Payroll 2005/06 (49/06)
Assurance – Limited**

As at 31 July 2005, KCC employed 16,586 staff (excluding schools' staff) the budget for which was approved at £304.3m, including non-delegated schools' funding. Approximately 14,000 pay slips are produced per month.

The Authority's payroll service was transferred to Capita in June 2000 with the signing of a 3-year contract. The contract was extended in June 2003, since when there have been major changes to payroll responsibilities and operating systems, including implementation of Oracle Human Resource and Payroll modules. These changes necessitated major differences in the service required from Capita, who had until then, supplied payroll services with UNIPAY software.

Negotiations with Capita regarding the detailed payroll service specification using Oracle were not successful, and Cabinet made the decision in May 2005 to bring the payroll back in-house after the Capita contract ended on 18th December 2005.

This audit was undertaken in December 2005, before the date of payroll's transfer to in-house provision.

The personnel function within KCC is partly devolved. The main section is Shared Services, which is responsible for the majority of personnel processes relevant to payroll within KCC. There are four other sections that operate separately for Commercial Services, Adult Education, Key Training and Youth & Community.

We confirmed that key controls were in place to varying degrees within the personnel sections and were, in most cases, operating effectively. Procedures were documented in some but not all sections, ranging from notes to full technical procedures for all processes.

Areas for improvement related to the following findings, from which we conclude that there are risks of setting up fictitious employees as well as inaccurate input of permanent and temporary personal and payment data:

- There were inconsistencies between the reports generated and received by each personnel section and also the forms used to capture and process data.
- Two personnel sections did not have a list of authorising officers to enable checking of authorisations. For other sections that held a list, we were concerned that lists were not used effectively, especially for Shared Services where large volumes of documents were processed.
- Set up of new employees and termination of payroll records for leavers was not always supported by all appropriate documentation in personnel sections. We also found examples of temporary payments, including overtime and interim payments, having been processed by Capita, which were not supported, paid on receipt of unauthorised forms or forms with photocopied authorisation.

Assurance Assessed as Minimal or Key Systems where Control is Assessed as Limited

- Checks were not being performed by personnel staff for Youth & Community to ensure the accuracy of data input for new starters or leavers. These checks were undertaken in other personnel sections, although the standards varied and there was some evidence of non-compliance.
- Capita was not performing data accuracy checks due to problems (which had been reported to KCC) relating to the usability of data in Oracle log reports. Therefore, Capita was not checking all permanent data input or any temporary data input.

It has been agreed, as an overall result of the audit, that a review of the whole personnel structure will be performed to ascertain if the segregation of this function is cost effective, efficient and justified in terms of sound business reasons. The concerns with payroll processing are being addressed by the transfer of the service to in-house provision.

Directorate Response:

The main areas for improvement raised in the audit report have been addressed as follows:

- *The review of Personnel structures is on-going (and due for completion by 30 September 2006). In the interim, a monthly meeting of representatives from Shared Services, KEY training, Adult Education and Youth and Community takes place, chaired by a manager from Shared Services and including Payroll staff. This has resulted in a much greater understanding of best practice and correct procedures across the teams involved and the meetings focus on achieving improvements to end-to-end process to minimise errors. The meetings also serve to ensure that there is greater consistency between the reports generated and received by personnel sections and the forms used. Within the Corporate personnel function the decision has been taken to integrate the Shared Services and Payroll teams under a new management role of Employee Service Centre Manager to increase efficiency and consistency and minimise scope for errors. The new manager took up post on 19th June 2006 and the integration of the teams will be completed by the end of the current financial year.*
- *The completion of the authorisation framework has been delayed as the new service directorates decide on their authorisation processes and procedures. This will be completed by the end of June 2006.*
- *The procedures for ensuring that all payments are supported by appropriate documentation have been reinforced in Shared Services and Payroll. The procedure laid down is that all hardcopy claims are checked to ensure a signature of authorisation appears and only original documents are accepted.*
- *The Shared Services Manager reminded all personnel staff of the need to check the accuracy of data input for new starters and leavers. Youth and Community agreed to institute a data check against an internal system to highlight input errors mid month. In addition a system is in place to error-check data that is input into the Oracle system with the check being confirmed with a signature.*

**Assurance Assessed as Minimal or
Key Systems where Control is Assessed as Limited**

- *The in-house payroll manager has now reinstated the reports to check temporary input and absences. Reports on bank changes and status changes/ leavers are produced and checked daily. Any remaining problems with Oracle daily systems are being raised through Incident Reports to the Technical team.*

The Audit report provided valuable information on the payroll function prior to the transfer from Capita to KCC. This has helped the Payroll Manager prioritise changes to be made following the transfer in December 2006. The greater visibility of the work being done by the payroll team has enabled checks and procedures to be tightened up where appropriate and the number of monthly errors has shown a significant reduction. The restructuring of KCC has also facilitated the review of the personnel functions across Directorates. As noted above this review will be completed by the end of September 2006.

*Amanda Beer
Director of Personnel and Development
June 2006*

**Assurance Assessed as Minimal or
Key Systems where Control is Assessed as Limited**

Chief Executive's Department

**Delivery of the Schools' Capital Modernisation Programme (04/06)
Audit Assurance – Limited**

Kent County Council's Education, Standards and Pupil Services 2005/06 capital programme amounted to a value of £207.1m and is managed on behalf of the Children, Families and Education Directorate by the Property Group. The budget is derived from money from Central Government, private funds from developers and the Capital Receipts programme.

Children, Families and Education identify and prioritise the projects which can be funded and instruct the Property Group to manage the projects on their behalf. Regular monitoring takes place between the Property Group, the Director of Resources and the Cabinet Member for Children, Families and Education.

This audit was agreed by the previous Head of Property as part of the Internal Audit programme for 2005/06. It covered the school projects under Basic Needs and Modernisation programmes, which are managed by the Design and Development team on behalf of the Children, Families and Education Directorate. We also looked at the new call-off framework that is in place for the whole Authority, although managed by the Property Group. The objective is to ensure that projects are delivered by the Property Group to agreed standards that provide value for money on behalf of Children, Families and Education.

A further audit is planned that will cover school managed projects.

Based on the risks examined in this audit, there is limited assurance that the projects have been managed within the correct timescales and within budget. The previous Head of Property was already aware of this and had appointed the Design and Development Manager to help improve the service and the management of the projects. During the audit the Design and Development team were involved in the process of changing staff and practices. We expect that the assurance will increase once the new members of staff and new procedures have become more embedded into the Team. Definitions of our assurance levels can be found in Appendix 1.

The Design and Development team within the Property Group has been through a period of change during the past year since the appointment of a new manager. The manager has introduced improved practices which have been adopted and are planned for future work in the section. However, many of the projects examined at the time of the audit had been managed by a previous team and the results of the new improved practices had yet to be realised. We made seven recommendations of which five were for the whole of the Property Group as the procedures were not specifically for the Design and Development team.

The Design and Development Manager felt that inaccurate budget setting from the outset together with old inefficient processes in relation to KCC approvals was a major contributory factor behind higher costs and time delays. Other issues in the Design and Development team related to staff being expected to work in areas where they were either unqualified or had inappropriate experience. New, qualified

Assurance Assessed as Minimal or Key Systems where Control is Assessed as Limited

staff have now been appointed as project managers to ensure better understanding, communication and liaison with consultants, although more detailed work is expected of them. It is hoped that with the new expertise in the section, time delays and budget overruns will be reduced.

The Management Information team in Property Group had introduced an Internal Testing Analysis of all the files to ensure the Project teams were adhering to the new procedures to ensure completeness and accuracy of processes. This whole process, together with all the procedures within the Design and Development team is being revised and is included in the objectives of the team's business plan for 2006.

The new Design and Development manager instigated a framework agreement, which was ratified by members, established since April 2005 and comprises 56 fully vetted property related consultants for contracts with KCC. This list is used to 'call-off' a selection of consultants to choose from. All decisions have to be agreed and signed off by one of the Operational Managers and reasons should be given if the Manager does not use the most economically advantageous to KCC.

Management Information in relation to all projects managed by the Property Group is produced on a monthly basis for the Children, Families and Education Directorate and members. However, the current reports are detailed and unwieldy with too much information to ensure that problem areas are easily identified. Quarterly reports to members by the Design and Development Manager uses the same information but in a different format.

Monthly discussions in relation to budget monitoring and cash flow take place between the Information Manager, Design and Development team, the Education Asset Manager and the Principal Accountant (Capital) from the Children, Families and Education Directorate. The monitors that record all information in relation to each project are being reviewed as part of the Design and Development team's 2006 business plan.

Directorate Response

I am satisfied that the audit is an accurate and complete assessment of the position at the time it was carried out, and accept and endorse the findings made. It is important to recognise the significant improvements that have been made in the past 18 months, during which time a new team manager has been in post. The improvements made in this time were recognised by the audit team. All the actions required by the audit have so far been completed by the due dates. Others are being followed up energetically by the Design and Development Team in collaboration with Directorates where appropriate.

Mike Austerberry
Director of Property

**Assurance Assessed as Minimal or
Key Systems where Control is Assessed as Limited**

Environment & Regeneration

**Landfill Tax Payments (54/06)
Audit Assurance – Limited**

The Waste Management Unit (WMU) undertakes the County Council's statutory responsibilities as the Waste Disposal Authority (WDA) for Kent in accordance with the requirements of the Environmental Protection Act 1990 and other legislation. The 12 districts and borough councils in Kent are responsible for the collections of domestic waste from houses, street cleanings etc. KCC is responsible for arranging and funding disposal of domestic waste and managing the civic amenity sites.

The Government has stated that the standard rate of tax will increase by at least £3 per tonne, from the current £18, to a rate of £35 per tonne by 2010, which provides an incentive for KCC to reduce the volume sent to landfill. The WMU currently has a budget of £46 million of which approximately £10.5 million is paid as landfill tax.

It is anticipated that the Allington "Waste-to-Energy" plant, which should become operational during 2006, will ensure achievement of KCC's target by 2010. Current proposals are to impose penalties of £150 per tonne on WDAs who fail to meet targets to divert biodegradable waste from landfill.

At the time of the audit an underspend within the WMU of approximately £2.7 million was being forecast as less waste, down by approximately 1.5%, was being collected than anticipated.

The business objective of the WMU is to dispose of domestic waste, ensure that recycling and landfill targets for the Authority are met and that invoices submitted by contractors for disposal of waste, including landfill tax payments, are accurate.

We confirmed that controls are in place to identify the types of waste at transfer stations. The WMU monitors reports from landfill sites, against weighbridge tickets issued and local records held to identify waste that has been taken to the transfer stations and then on to the landfill sites. Trade waste that has been incorrectly invoiced to KCC is reported by the WMU to the landfill operators and a credit note requested.

On occasion, waste that had been taken from the transfer station to the landfill site was not included on the landfill operator's invoice to KCC. These inconsistencies were identified by the WMU through their own monitoring processes. We confirmed that although the monitoring took place, some 32 anomalies amounting to approximately £50k had been identified by the WMU but no further action had been taken to inform the landfill operators that invoices had not been received on the loads. We were advised that suitable provision would be made to meet this liability.

To ensure that all vehicles disposing of waste on behalf of KCC are legitimate and only from a domestic source, checks should be made against up-to-date lists of vehicles. It was established in the audit that the vehicle lists held by the WMU were not up-to-date and therefore checking could not be relied upon as accurate.

**Assurance Assessed as Minimal or
Key Systems where Control is Assessed as Limited**

We tested invoices for landfill payments from August to September 2005 for East Kent transfer stations, and confirmed that they had been monitored, corrected where required and appropriate payments made.

A random sample of invoices raised by the landfill operator in West Kent were reviewed. We found that monitoring by the administrative team had identified errors, for example trade waste vehicles included in the invoice that, in most cases, had been corrected. However, although one entry for trade waste had been found on an invoice and identified, no action had been taken to correct the error.

Directorate Response:

The Waste Management Unit agrees the findings of the report and is wholly committed to address the recommendations.

The two issues identified through the audit process and existing control systems, provides a useful focus on the need for continued diligence and prompt action to rectify errors and improve control measures.

Improvements to control measures are being implemented, including better communication with contractors and counterpart officers in other local authorities to prevent a recurrence. Additionally, action has been taken to address the anomalies identified in the audit.

Ongoing compliance with the audit action plan will be monitored through regular management meetings and the quarterly reporting on progress will confirm the effectiveness of interventions. Without wishing to diminish acceptance of the audit recommendations in any way, it is to be expected that despite implementing an action to maintain up to date contractors' vehicle lists, there will be occasions when operational changes, for instance in the event of vehicle break-down, produce non-conformities. These occurrences will be dealt with through pro-active control measures.

*Sue Barton
Head of Waste Management*

**Other Audit Work Completed in the Period, not reported Elsewhere
February 2006 – May 2006**

Completed audits

Directorate	Audit	Description	Audit Assurance
Authority Wide	The Use of Mobile Telephones	Review of the provision, use and monitoring of mobile telephones.	Limited
	Firewalls, Internet & E Mail Monitoring	Review of the policies, practices and procedures to ensure that the security of KCC's network is maintained.	Substantial
	Corporate Governance	Assurance as to the standards by which the Council directs and controls its functions and relates to the community.	
Chief Executives Dept	Accounts Payable	An audit to provide assurance that payments are accurate, timely and made only to valid suppliers for goods and services delivered for the benefit of the Council and its clients.	Substantial
	Better Homes, Active Lives, PFI	A review of the early procurement phase of this PFI project to evaluate the framework of internal control that will safeguard against poor value for money, illegal transactions and failure to observe due process, error and fraud.	Substantial
	Finance Business Solutions	A review of the programme management of the Finance Business Solutions project to December 2005.	Substantial
	Technology Refresh Programme	A review of the management of the Technology Refresh Programme.	Substantial
	Purchase Cards	A review of the controls in place to ensure that applications for purchase cards are properly authorised and used appropriately.	Substantial
	Commercial Services: Kent Web Shop	Review of the security and use of the Kent Web Shop ICT Systems in Commercial Services.	Limited
Children, Families & Education	IMPULSE Admissions & Transport System	A review of the security and integrity of data held within and processed by IMPULSE.	Limited
	Leaving Care	An audit of payments made to and on behalf of young people to ensure that only eligible payments are made, are accurate, timely and properly recorded in the accounts.	Substantial
	Recruitment & Retention	A review of the policies and practises in place to ensure that the right calibre of staff are recruited and retained.	Substantial
	Procurement of Supplies & Services in Schools.	An audit of the effectiveness of KCC schools in managing budgets and achieving value for money in their purchasing of supplies and services.	Limited
	Schools' Deficits & Compliance team	A review of the work of the Schools' Deficits & Compliance Team to determine whether Internal Audit is able to place reliance on their work and include it in the overall assurance on the level of internal control within the Authority.	Substantial
	Grouped Schools PFI project	A review of this PFI project to financial close, to evaluate the framework of internal control that will safeguard against poor value for money, illegal transactions and failure to observe due process, error and fraud.	Substantial
	Adult Services	Payments to the P&V Sector	An audit of payments made to P&V providers of residential care to ensure that all payments are accurate and timely.
Supporting People – Contract Monitoring		An audit of the Supporting People Team's review of contracts to providers of housing related services.	High

**Other Audit Work Completed in the Period, not reported Elsewhere
February 2006 – May 2006**

Directorate	Audit	Description	Audit Assurance
Adult Services	The Finance Standards Team	A review of the work of the Team to determine whether Internal Audit is able to place reliance on their work and include it in the overall assurance on the level of internal control within the Authority.	Substantial
Environment & Regeneration	Shorne Woods Country Park Visitor Centre	A review of the Shorne Woods Country Park Visitor Centre project to enable lessons to be learnt for any future projects that might be required.	N/A
Communities Directorate	Trading Standards Finance Review	Review of financial management in Trading Standards	Substantial

Advisory and other work

Directorate	Audit work	Description
Chief Executive's Department	FBS e-Procurement	Advice and information provided to support the e-procurement workstream of the Finance Business Solutions programme.
	Council Restructure	Facilitation of risk identification and management for the restructure of accounting codes in line with the new Council structure.
Adult Services	Direct Payments Pre paid purchase cards	Advice and information provided regarding the provision of pre paid purchase cards for direct payment clients
Adult Services	Client Billing Contingency	Advice and information provided regarding contingency arrangements for billing clients during the implementation of Systems Renewal Project.
Education & Libraries	Purchase Cards	Advice provided as part of the Finance Business Solutions programme
Environment & Regeneration	East Kent Access	Assurance gained that funding for which there had been uncertainty, has been secured from GOSE who have confirmed a grant of £18m.

**Directorates' Progress with Implementation of Recommendations
January to April 2006**

Directorate	Total actions due to be in place by end of April 2006	Actions in place	Outstanding actions (priority)			Comments on outstanding actions	
			VH	H	M	Audit	
Authority wide	43	30		1		Data Protection	Directorate co-ordinators are undertaking trials on training software, aiming for completion by the end of July 2006.
				1	1	Freedom of Information	1. A new database has now been completed and will be used for the logging, tracking and monitoring of all FOIA & EIR requests received from 1/1/06 onwards and should be operational by end of June 2006, 2. Further resource constraints have meant that the evaluation of a training programme has not yet been undertaken, but this should be completed by July 2006.
			4	1		Disaster Recovery Plans	Progress has been made to different extents with the development of Business Impact Analyses for Chief Executive's, Adult Services, Children, Families & Education and Environment & Regeneration directorates, to establish prioritised Business Continuity and Disaster Recovery Plans, and identify associated resource needs. Most directorates anticipate that actions will be completed by December 2006.
			1	1		Payroll 2005	1. Use of standard forms has been delayed due to set up of authorisation lists for the Communities Directorate, but should be in place by June 06. 2. Kent Adult Education Service is undergoing a major restructure, which has delayed action to acknowledge last day of service to leaving staff and Area teams. Copies of correspondence will be sent to line managers instead, by the end of June 2006.
				2	1	Mobile Phones	1. The need to raise awareness of the Council's contract with MoCo for procurement of mobile phones, and to declare purchase of PAYG vouchers to HM Customs and Excise, was discussed at VFM Board, but further action is required. The issues will be referred back to VFM Board again in July 2006. 2. A review of billing is being undertaken, now due to be completed by July 2006, to identify phones with high charges, following which Commercial Services will notify relevant Finance Managers for authorisation to retain their premium rate type calls facility.

**Directorates' Progress with Implementation of Recommendations
January to April 2006**

Directorate	Total actions due to be in place by end of April 2006	Actions in place	Outstanding actions (priority)			Comments on outstanding actions				
			VH	H	M	Audit				
Chief Executive's Department	31	23		1		Project Management Offices (PMOs)	<ol style="list-style-type: none"> 1. Development of processes and procedures in the ISG PMO is still ongoing, but should be completed by the end of July 2006. 2. A charging policy and guidance on the calculation, timing and notification of charges for project development should be circulated to directorates by the end of July 2006. 3. An ICT Ops Board is being developed to co-ordinate, monitor and advise upon all ISG projects from August 2006. 4. The ICT Ops Board will also approve all projects involving IT, whether or not management is within ISG, from August 2006. 			
				1					1	
				1					1	Transport Engineering Income
			2			Web Shop	Progress has been made with the implementation of secure access controls for users and administrative functions of the Web Shop in accordance with BS7799/ISO17799, which will be completed by June 2006.			
Children, Families & Education	13	8	1			IMPULSE – Admissions and transport system	<ol style="list-style-type: none"> 1. Protocols for processing changes to the IMPULSE system in line with ISG's change management procedure will be agreed by June 2006. 2. The strengthening of access controls for administrative functions of the IMPULSE system will be implemented by July 2006. 			
			1						1	Health and Safety of Property
				1		Leaving Care	<ol style="list-style-type: none"> 1. Consultation regarding attaching finance summaries to 'pathway plans' to record all payments to young people is complete, and will be in operation by June 2006 2. Young people will be required to sign up to the financial summary section of their pathway plans from June 2006. 			

**Directorates' Progress with Implementation of Recommendations
January to April 2006**

Directorate	Total actions due to be in place by end of April 2006	Actions in place	Outstanding actions (priority)			Comments on outstanding actions	
			VH	H	M	Audit	
Adult Services	6	6					
Environment and Regeneration	6	3		1		ODPM Funded Delivery Boards	<ol style="list-style-type: none"> 1. The Swale Forward team has obtained hard copies of KCC's financial policies and procedures but is waiting for an electronic link which is anticipated for September 2006. 2. Updating of Terms of Reference to clarify governance arrangements will be undertaken as part of a wider partnership review which will be completed by October 2006.
				1		Waste Management	Districts' claims are submitted to KCC for payment on a quarterly basis, therefore during September/October spot checks to confirm the validity of the first quarters' claims will be undertaken by the Waste Management Unit.
Communities	19	13	1	3		Election system	<ol style="list-style-type: none"> 1. Three 'High' priority recommendations relevant to new project development are covered by "Project Services Prince 2 documentation and associated templates" procedure which is awaiting approval from Change Advisory Board in June 2006. 2. ISG will obtain Business Units' sign off that data validation is not a business requirement by July 2006.
				1		Safe Recruitment of People working with Children	<ol style="list-style-type: none"> 1. Contract changes are awaited from the Recruitment & Employment Confederation to enable set up of agreements with agencies subcontracting to Kent Top Temps, which will ensure the same standard of checks as required by KCC of KTT, from June 2006. 2. Processes to chase non-return of CRB forms are under review, and proposals for improvement should be implemented by July 2006.
TOTAL	118	83	10	20	5		