

January 2008

Kent County Council

Internal Audit

Strategic Audit Plan April 2008 – March 2009

I. Authority Wide

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
AW01	Corporate Governance Overview Health Check	Requirement under Governance Statement	25	<p>Ongoing assurance is required.</p> <p>Work to include high level review of corporate governance arrangements against best practice and will also consider adequacy of processes underpinning Governance Statement.</p> <p>Include follow-up of prior year report.</p>	Geoff Wild Director of Law and Governance	Quarter 4
AW02	Risk Management	Requirement under Governance Statement	30	<p>Work to build on the high level review undertaken in 2007/2008 to focus on the adequacy of corporate risk management arrangements and the linkages between;</p> <ul style="list-style-type: none"> ▪ Business planning ▪ Performance appraisal ▪ Budgeting processes 	Lynda McMullan Director of Finance	Quarter 3
AW03	Governance of Individual Partnerships	Requirement under Governance Statement	30	<p>Work to build on audit undertaken in 2007/2008. Focus to include;</p> <ul style="list-style-type: none"> ▪ Follow up on progress made against previously agreed management actions ▪ Assess level of compliance with policies and procedures in a sample of major/significant partnerships 	Colin Maclean Head of Community Planning	Quarter 2

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
AW04	Contract Management and Tendering Process	Core business function	45	<p>Review of tendering procedures and contract monitoring. Scope to include</p> <ul style="list-style-type: none"> ▪ Processes for tender evaluation and selection of suppliers ▪ Review of processes to manage key contracts ▪ Quality assurance of suppliers' processes <p>The individual contracts that are reviewed will be selected in consultation with management, however will potentially include contracts from the following programme;</p> <ul style="list-style-type: none"> ▪ Building schools for the Future Programme <p><i>Timing important and work to coincide with the roll out of the BSF contracts. First contract to be commissioned 18 June 2008.</i></p>	<p>Nick Vickers Head Of Financial Services</p> <p>Grahame Ward Director Resources, CFE</p>	Quarter 3
AW05	Access to Information	Legislative requirement Inherent 25 Residual 6 Score 19	20	<p>A review of controls in place to ensure council wide compliance with access to information legislation, including freedom of information and environmental regulation requests.</p>	<p>Geoff Wild Director of Law and Governance</p>	Quarter 1
AW06	ICT Management	ICT risk assessment to be completed	20*	<p>Review of the authority's ICT management arrangements to provide assurance on how effectively the following objectives are achieved:-</p> <ul style="list-style-type: none"> ▪ Availability of funds to pump-prime/develop new initiatives and projects. ▪ Whether appropriate KPIs are in place to measure performance and the resilience of the ICT infrastructure and network, and how this is monitored/reported to management. 	ICT Board	Quarter TBC

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
AW07	Data Management Arrangements	ICT risk assessment to be completed	20*	Review and assurance over implementation of data quality policy council wide, with a focus on management arrangements of critical/sensitive data, including testing to validate controls in place and review of existing guidance available to staff on acceptable practice for data handling.	Geoff Wild Director of Law and Governance Resource Directors	Quarter 3
AW08	Third Party ICT Service Provision	ICT risk assessment to be completed	20*	Review the contractual arrangements for the provision of ICT services by third parties to business-critical computer systems. Sample to be agreed with management prior to audit.	Peter Bole Head of Commissioning, ISG CED Appropriate System Owners	Quarter 3
	Total – Authority Wide		210	*60 days relate to audits that cover IT areas,		

II. Section 151

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
S01	Year End Accounting	Key Financial Systems annual audit	25	Assurance that income and payments are accounted for in the correct financial year.	Lynda McMullan Director of Finance	Quarter 1
S02	Bank Reconciliations	Key Financial Systems annual audit	10	A review to provide assurance that the Authority's accounts are promptly reconciled to bank statements and all reconciling items are promptly resolved.	Lynda McMullan Director of Finance	Quarter 1
S03	Local Area Agreement Certification	S151 requirement	15	Annual review to validate the completeness and accuracy LAA spend.	Lynda McMullan Director of Finance	Quarter 1
S04	Fixed Assets	Key Financial Systems annual audit	25	Systems based approach considering key risk exposures. Include mapping of key control areas.	Lynda McMullan Director of Finance	Quarter 4
S05	Accounts Payable	Key Financial Systems annual audit	25	Systems based approach considering key risk exposures. Include mapping of key control areas and liaison with external audit requirements. Testing to provide assurance that accurate, timely payments are made which are only to bona fide creditors for goods and services provided for the benefit of the Council.	Lynda McMullan Director of Finance	Quarter 2
S06	Accounts Receivable	Key Financial Systems annual audit	20	Systems based approach considering key risk exposures. Include mapping of key control areas and liaison with external audit requirements.	Lynda McMullan Director of Finance	Quarter 3

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
S07	Treasury Management	Key Financial Systems annual audit	15	Systems based approach considering key risk exposures. Include mapping of key control areas and liaison with external audit requirements.	Lynda McMullan Director of Finance	Quarter 4
S08	Payroll	Key Financial Systems annual audit	65	Substantive "Cradle to Grave" approach, following through samples of payments for example, permanent and temporary changes to pay.	Amanda Beer Director of Personnel & Development	Quarter 3/4
S09	Insurance Fund	Key Financial Systems annual audit	20	A review to provide assurance on the adequacy, efficiency and effectiveness of controls operating to mitigate the risks within the operation of the Insurance Fund.	Lynda McMullan Director of Finance	Quarter 1
S10	Revenue Budget Monitoring	Key Financial Systems annual audit	30	Directorate revenue budget monitoring audits undertaken annually. To provide assurance that revenue budgets are well controlled. KASS directorate.	Lynda McMullan Director of Finance Michelle Goldsmith Directorate Finance Manager KASS	Quarter 2
S11	Partial Exemption	Management Request	10	A review to provide assurance around the processes in place to ensure the accuracy of the VAT partial exemption calculation.	Lynda McMullan Director of Finance	Quarter 3
	Total – S151		260			

III. Chief Executive's Department

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
CED01	Energy Procurement	Management request	15	Review of the revised energy procurement process to ensure that risk assessment and controls are in place to ensure compliance with legal requirements and the authority's Code of Practice.	David Taylor General Manager LASER, Commercial Services	Quarter 3
CED02	Operating System Security (Windows XP)	ICT risk assessment to be completed	20*	Review of operating system security, administration, support and maintenance procedures (as extension of network security review 2007/08).	Lisa Beck Head of Operations, ISG	Quarter 3
CED03	Security and Access Controls	ICT risk assessment to be completed	25*	Assessment of the adequacy of the Councils arrangements around security and access controls for staff responsible for ICT operations, including the following processes; <ul style="list-style-type: none"> ▪ Granting access to system ▪ Maintaining segregation of duties ▪ Level of guidance issued to staff on the appropriate use of IT and their responsibility for security of systems and assets (include relevant training) 	Lisa Beck Head of Operations, ISG	Quarter TBC
CED04	Kent Public Service Network Project	ICT risk assessment to be completed	30*	Review to assess the project management processes and procedures in place to manage system development activities to ensure the successful delivery of the new KPSN. Ongoing assurance (looked at procurement in 2007/2008).	Peter Bole Head of Commissioning, ISG	Quarter TBC

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
CED05	Oracle Application Security	ICT risk assessment to be completed	30*	Oracle application security controls covering Oracle system embedded controls configured in the system design within selected modules as identified from the previous 0708 Oracle Application Security audit.	KSSIP Board	Quarter TBC
CED06	Property Management System Security	ICT risk assessment to be completed	20*	Property Management application security controls, including users' access rights, web access and segregations of duties. (*Property Management System, Enterprise including Interprise, the Web Based Module)	Mike Austerberry Director of Property	Quarter TBC
CED07	One – Office Application Security	ICT risk assessment to be completed	20*	One Office application security controls, focussing on users' access rights and segregations of duties.	Steven Munday Head of Kent County Supplies, Commercial Services	Quarter 4
CED08	Members Code of Conduct - Locally Managed Framework	Governance Assurance	20	A review against the Standards Board checklist for the implementation of the locally managed framework of compliance with the Members Code of Conduct <i>Timing of this audit will depend on receipt of government regulations and SBE guidance</i>	Geoff Wild Director of Law and Governance	Quarter 1
CED09	Rebate Income	Management request	20	A review of the process to ensure that all rebate income due has been correctly identified, collected and accounted for.	Steven Munday Head of Kent County Supplies, Commercial Services	Quarter 1

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
CED10	Expenditure - Direct Purchases	Deferred from 07/08 Plan	20	A review to provide assurance that purchasing of direct materials at Commercial Services business units are properly managed, controlled and accounted for.	Kevin Harlock Director of Commercial Services	Quarter 4
	Total – Chief Executive Department		220	*145 days relate to audits that cover IT areas.		

IV. Children Families and Education

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
CFE01	Allocation of Cluster funding	Management Request	40	An audit of the processes in a sample of Clusters to provide assurance that the funding allocated to the Clusters is spent by them following an appropriate bidding and evaluation process linked to objectives and that records are maintained to enable management to monitor the expenditure and evaluate the results.	Keith Abbott Director, Finance and Corporate Services	Quarter 1
CFE02	Family Group Conferencing	Inherent 20 Residual 4 Score 16	30	Assurance that controls achieve compliance with referral policy and that funding is adequate to provide accreditation training.	Bill Anderson Director, Children's Social Services	Quarter 1
CFE03	School funding	Inherent 25 Residual 3 Score 22	30	A review of how funding for schools is determined and how it is distributed to meet the objective <i>'support the raising of educational achievement by ensuring funding is allocated to support national and local initiatives, allowing schools to focus on their responsibilities in the knowledge that all strategic support functions are similarly focused'.</i>	Keith Abbott Director, Finance and Corporate Services	Quarter 2
CFE04	School meals	Inherent 25 Residual 4 Score 21	30	Review of the support to schools to assist with the falling meal uptake rates which is presenting a risk to the meal subsidy.	Grahame Ward Director, Resources	Quarter 2
CFE05	Student Awards	Management request	10	In preparation for the transfer of the student awards to the Student Loan Company we will review of the adequacy of the transition plan.	Keith Abbott Director, Finance and Corporate Services	Quarter 2

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
CFE06	CRB checks	Management request	30	Assess adequacy of, and compliance with, procedures for identifying staff that require CRB checks due to having access to the records of vulnerable people. (Non schools staff)	Keith Abbott Director, Finance and Corporate Services	Quarter 3
CFE07	Effectiveness of Financial Management	Management request	30	Confirmation that the Directorate is obtaining assurance on financial management in schools and by non delegated budget holders.	Keith Abbott Director, Finance and Corporate Services	Quarter 3
CFE08	PLASC	Management request	60	Assurance on the accuracy of the returns from a sample of schools.	Keith Abbott Director, Finance and Corporate Services	Quarter4
CFE09	Children Resource Centre Network	ICT risk assessment to be completed	20*	Assess whether there are adequate project management arrangements in place for the delivery of the new Children Resource Centre Network.	Alex Gamby County Early Education And Childcare Officer	Quarter TBC
	Total – Children, Families and Education		280	*20 days relate to audits that cover IT areas.		

V. Communities

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
CMY01	Adult Education budget management	Management request	15	<p>To provide assurance that budgets are set effectively with a clear link with spending and income sources.</p> <p>Variations are managed effectively (in particular when courses are running at a surplus or deficit).</p> <p><i>This will be a joint piece of work undertaken by Internal Audit and Communities Directorate staff, timed to inform the directorate budget planning process.</i></p>	Dave Shipton Head of Finance and Asset Management	Quarter 1
CMY02	CRB checks for volunteers	Management request	15	<p>A follow up on the findings of a 2007/08 audit, which gave minimal assurance that volunteers working with clients are appropriately checked.</p>	Judy Edwards Director, Policy and Resources	Quarter 2
CMY03	Internet access in CMY establishments accessed by the public	Management request Communities risk assessment to be completed	30	<p>To provide assurance that the Directorate is taking sufficient precautions to safeguard the users of the internet in their establishments accessed by the public.</p>	Des Crilley Director Of Community Cultural Services	Quarter 3
CMY04	Turner Contemporary Charitable Trust	ICT risk assessment to be completed	30	<p>Audit to assess the adequacy of controls/procedures to ensure that the Trust delivers agreed KCC objectives.</p> <p><i>The timing of this audit will be dependent on the formation of the Trust.</i></p>	Dave Shipton Head of Finance and Asset Management	Quarter 4

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
CMY05	Tribal EBS System	ICT risk assessment to be completed	20*	Review of operational, support and maintenance procedures, system security and data integrity controls – Adult Education	Des Crilley Director Of Community Cultural Services	TBC
	Total – Communities		110	*20 days relate to audits that cover IT areas.		

VI. Kent Adult Social Services

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
KASS01	Capital Projects	Core Business function	25	To examine the planning of capital projects, contracts/estimates and how these are drawn up and the corresponding governance arrangements (i.e. is the authority clearly set out and understood by all parties)	Caroline Highwood Director of Resources	Quarter 1
KASS02	Public Involvement	Inherent 25 Residual 20 Score 5	20	Focus on the process to continually seek improvement in the methods used to engage the public and service users.	Pat Huntingford Director, Policy, Performance and Quality Assurance	Quarter 2
KASS03	Financial Assessments	Management request	30	Evaluation of the system for undertaking financial assessments of clients and the role of the specialist finance teams.	Michelle Goldsmith Directorate Finance Manager	Quarter 2
KASS04	Contract arrangements for residential and nursing care	Inherent 25 Residual 9 Score 16	25	Focus on controls within the contracting function to establish whether placements in residential and nursing care receive a high quality service.	Pat Huntingford Director, Policy, Performance and Quality Assurance	Quarter 3/4

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
KASS05	Care management	Core Business function	75	Review to build work undertaken in 2007/08. A comprehensive audit to include eligibility assessment through to the delivery of care. Work to include progress against recommendations raised in previous report.	Margaret Howard and Janet Hughes Directors of Commissioning and Provision	Quarter 3
KASS06	High Quality Services - Mobile Working	Inherent 12 Residual 9 Score 3	20	Joint review to evaluate the development of mobile working scheme. Scope to include; <ul style="list-style-type: none"> • Management of staff • Security arrangements for sensitive data • Efficiency of work practices 	Margaret Howard and Janet Hughes Directors of Commissioning and Provision	Quarter 3/4
KASS07	Performance and QA statistics – data quality	Inherent 25 Residual 20 Score 5	25	Review to focus on the quality of data that underpins the planning of KASS services.	Pat Huntingford Director, Policy, Performance and Quality Assurance	Quarter 4
KASS08	Preventative services	Inherent 25 Residual 16 Score 9	30	Review of the development of preventative services and use of the Partnerships for Older People's Projects (POPPs) to provide support to older people. Scope to include; <ul style="list-style-type: none"> • Assess the overall strategy in place • Whether the strategy is consistently applied across the County 	Margaret Howard and Janet Hughes Directors of Commissioning and Provision	Quarter 4

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
KASS09	Occupational Therapy Bureau Equipment	Inherent 25 Residual 20 Score 5	25	Review to assess the controls in place over the assessment of eligibility for occupational therapy equipment and the subsequent monitoring and return to the Directorate.	Margaret Howard and Janet Hughes Directors of Commissioning and Provision	Quarter 3/4
	Total – Kent Adult Social Services		275			

VII. Environment and Regeneration

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
ER01	Health and Safety	Inherent 20 Residual 9 Score 11	30	Review of the Councils mechanism for ensuring compliance with Health and Safety Legislation for Public Rights of Ways and Country Parks.	Linda Davies Director of Environment & Waste Alan Loft Director of Resources	Quarter 1
ER02	Kent Thameside	Management request	30	Review of how the engagement strategy is being applied in practice for the Kent Thameside project. Review to also assess the adequacy and effectiveness of the reporting and governance arrangements for the projects.	Caroline Lwin Director, Regeneration and Economy	Quarter 2
ER03	KHS restructure	Management request	30	Review to focus on the adequacy of the governance and budget management arrangements in place following the re-structure.	Geoff Harrison-Mee, Director KHS	Quarter 2
ER04	Midas replacement	Management request	20	Review of project management arrangements for the replacement of Midas.	Richard Hallett Directorate Finance Manager, E&R	Quarter 4

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
ER05	Household Waste Recycling Contracts	Inherent 20 Residual 15 Score 5	25	Evaluation of the control environment of the recently re-let contracts. Scope to include; <ul style="list-style-type: none"> Contract management and monitoring Adequacy of KPIs of quality of service Ensuring that Council is getting VFM from the service 	Caroline Arnold Head of Waste Management	Quarter 2
ER06	Securing adequate funding to deliver business objectives	Inherent 25 Residual 12 Score 13	25	A high-level review of the process within Environment and Regeneration for managing inward investment. The review will look to identify best practice and identify mechanisms to ensure that the directorate is identifying and maximising appropriate sources of funding.	Richard Hallett Directorate Finance Manager, E&R	Quarter 3
ER07	Allington Incinerator	Inherent 20 Residual 5 Score 15	25	Assurance as to the effectiveness of the systems to support the operation of the waste to energy plant.	Caroline Arnold Head of Waste Management	Quarter 3
ER08	Local transport plan	Inherent 20 Residual 9 Score 11	25	Examine system and process for prioritising KCC transport schemes.	Mick Sutch Head of Planning and Transport Strategy	Quarter 4
ER09	Housing Development Loans	Inherent 20 Residual 12 Score 8	20	Review to ensure that controls over housing development loans are made to appropriate people and there are adequate controls in place over the recording, monitoring and collection of debt.	Caroline Lwin, Director, Regeneration and Economy Richard Hallett Directorate Finance Manager	Quarter 4

Ref.	Audit	Risk Category	Days	Audit Details		
				Comments	Audit Owner	Timing
	Total – Environment and Regeneration		230			

IX. Summary

Audit	Comments
	Days
S151 reviews	260
Authority Wide	270
Children, Families and Education	280
Chief Executives Department	220
Communities	110
Kent Adult Social Services	275
Environment and Regeneration	230
Fraud and Investigations. Work to include <ul style="list-style-type: none"> ▪ Publication of Irregular Happenings ▪ Pro Active Fraud work on expense claims ▪ National Fraud Initiative ▪ Fraud Awareness training ▪ Investigations as and when required 	5 25 40 5 125
Grant Claims - Certification of grant claims	55
Follow up on prior years audits to ensure agreed recommendations have been appropriately implemented.	45
Advice and Information to directorates, includes attendance at meetings where required, eg ICT Operations Board, FMG, draw down meetings; working groups, eg ALFA	150
IA consultancy to drive continuous improvement	100
Total Days	2195

Appendix - Risk and Likelihood Matrices

Risk Ranking Matrix

		Likelihood				
		Very likely	Likely	Possible	Unlikely	Very Unlikely
RISK RATING MATRIX	5	5 Low	10 Medium	15 Medium	20 High	25 High
	4	4 Low	8 Medium	12 Medium	16 High	20 High
	3	3 Low	6 Low	9 Medium	12 Medium	15 Medium
	2	2 Low	4 Low	6 Low	8 Medium	10 Medium
	1	1 Low	2 Low	3 Low	4 Low	5 Low
		Minor	Moderate	Significant	Serious	Major
		Impact				

Likelihood Assessment Matrix

Factor	Score	Indicators
Very likely	5	Regular occurrence Circumstances frequently encountered i.e. daily/weekly/monthly The risk is current & is almost certain to happen in the immediate future or within the next 12 months
Likely	4	Likely to happen at some point within the next 1-2 years Circumstances occasionally encountered (once/twice a year)
Possible	3	Has happened in past Reasonable possibility it will happen within next 3 years
Unlikely	2	May have happened in the past Likely to happen in 3+ years
Very Unlikely	1	Has happened rarely/never before