INTERNAL AUDIT PROGRESS REPORT

GOVERNANCE AND AUDIT COMMITTEE

22nd January 2020

1. Introduction

1.1 The role of the Internal Audit function is to provide Members and Management with independent assurance that the control, risk and governance framework in place within the Council is effective and supports the Council in the achievement of its objectives. The work of the Internal Audit team should be targeted towards those areas within the Council that are most at risk of impacting on the Council's ability to achieve its objectives.

1.2 Upon completion of an audit, an assurance opinion is given on the soundness of the controls in place. The results of the entire programme of work are then summarised in an opinion in the Annual Internal Audit Report on the effectiveness of internal control within the organisation.

1.3 This activity report provides Members of the Governance and Audit Committee and Management with the status of the work carried out by the Internal Audit team for the period up to 10th January 2020.

1.4 Additionally, the report provides a revision of the Internal Audit Plan for 2019-20, as well as updates in the following areas:

  ➢ Summaries of completed audit reviews;
  ➢ Internal Audit Resources, as required by the Public Sector Internal Audit Standards (PSIAS);
  ➢ Grant certification; and
  ➢ Issue Implementation status.

1.5 The full detail of the Internal Audit work completed or in progress in the period 1st April 2019 to 10th January 2020, is provided at Appendix A.

2. Key Messages

  ➢ Planned work remains below target at the end of quarter 3, however delivery pace has increased, and a substantial amount of work is in progress;
  ➢ 39 grants/ certifications with a total value in excess of £47m have been certified to date;
  ➢ The analysis of issue implementation has been updated, highlighting a broadly similar position to 2018-19 for the majority of implementation indicators. There is, however, a slight downward trend in implementation in 2019-20.
  ➢ A summary of matters arising for 15 of the completed audit assignments has been provided at Appendix C.

3. Updates

3.1 Internal Audit Plan Status:

Since the previous Committee, delivery has accelerated with a further 15 planned reviews completed to either draft or final reporting stage. A further 32 reviews are either in progress or at planning stage with 10 audits to commence. Although a substantial proportion of the Audit Plan remains to be completed, all reviews have allocated resource and the required coverage for the Annual Head of Internal Audit reporting are planned to be delivered.

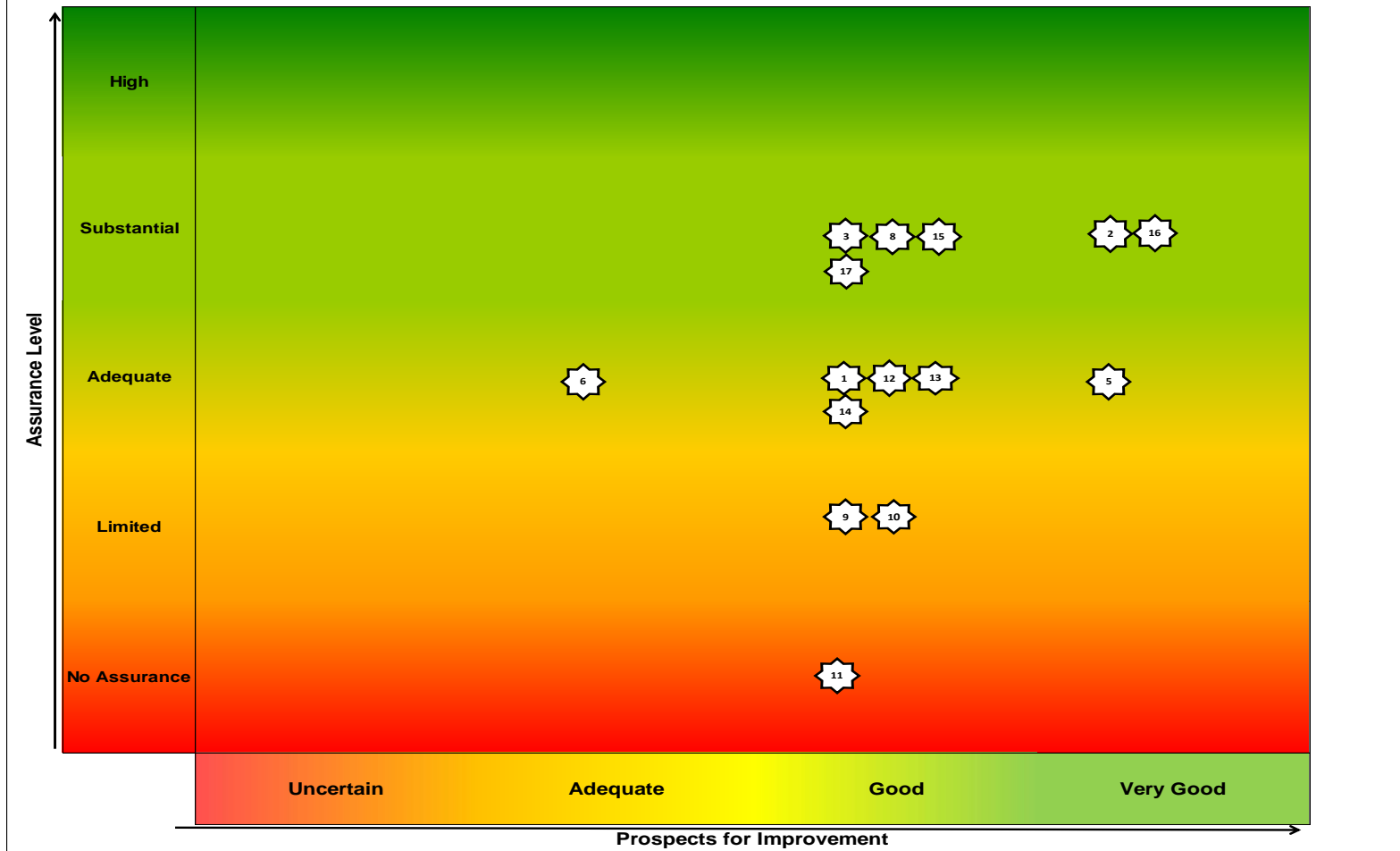Full details of the status of planned work, for the period of 1st April to 10th January 2020, are provided at Appendix A of this report. A summary of the completed reports is shown in Table 1 below:

Table 1: Summary of Assurance Levels to Date

Assurance Level	No	%
High	0	0%
Substantial	7	44%
Adequate	6	38%
Limited	2	13%
No	1	6%

Assurance Levels 2019/20
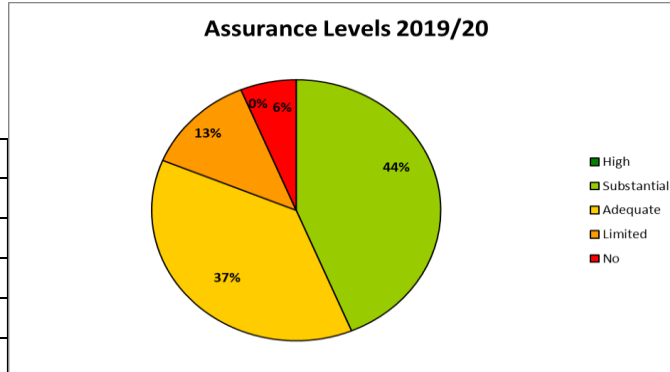
2019/20 Audit Assurance Levels and Prospects for Improvement of Audits

Assurance Level (y-axis): High, Substantial, Adequate, Limited, No Assurance

Prospects for Improvement (x-axis): Uncertain, Adequate, Good, Very Good

Plotted points:
- Substantial: 3, 8, 15, 2, 16
- (below Substantial): 17
- Adequate: 6, 1, 12, 13, 5
- (below Adequate): 14
- Limited: 9, 10
- No Assurance: 11

Audit Opinion October G&A Committee

No	Audit	Assurance	Prospects for Improvement
1	Debt Recovery	Adequate	Good
2	Social Care Recruitment Incentives (18/19)	Substantial	Very Good
3	Home to School Transport (18/19)	Substantial	Good
4	KRT EU Exit Lessons Learnt Exercise	Substantial	N/A
5	HTW Health & Safety	Adequate	Very Good

Audit Opinion January G&A Committee

No	Audit	Assurance	Prospects for Improvement
6	Foster Care	Adequate	Adequate
7	Carbon Reduction Commitment	Compliant	N/A
8	Family Placement Payments	Substantial	Good
9	Superannuation Fund	Limited	Good
10	Respite Overpayments	Limited	Good
11	Imprest Accounts	No	Good
12	Data Protection Deep Dive	Adequate	Good
13	Members Grants	Adequate	Good
14	ICT - Members ICT	Adequate	Good
15	ICT - Software Licencing	Substantial	Good
16	Customer Feedback	Substantial	Very Good
17	Troubled Families	Substantial	Good

3.2 Grant Certification Work:

To date, the team has audited and certified 39 grant claims/ spot checks and work is currently in progress on 12 further certifications. Collectively the value of the related grants is in excess of £47m. Details of all certifications can be seen at Appendix A. Internal Audit work on grant certification provides an essential service for the Council and although not audit opinion work, it is highlighted that this reflects an increasing commitment of Internal Audit resources.

3.3 Internal Audit Resources:

In accordance with the Public Sector Internal Audit Standards, members of the Committee need to be appraised of relevant matters relating to the resourcing of the Internal Audit function.

As stated at the previous Committee, the positive expansion in recent years of the provision of Internal Audit and Counter Fraud services to in excess of 20 external clients and bodies has not been accompanied by corresponding resources to deliver the very wide range of assurance and governance matters it engages in and to the expectations of its stakeholders and clients on a continual basis.

Short-term resource shortfalls, related to vacancies, are currently being addressed by a combination of additional capacity from a contracted provider, fixed-term, agency and placement recruitments.

The medium-term solution will commence with a review, in 2020-21, to assess options to address the resource and skills requirements of the section with the objective of ensuring the maintenance of the delivery of quality services for the Council and its external clients.

3.4 Revision of Audit Plan:

The Internal Audit Plan must be flexible to ensure that it remains relevant to risks facing the Council throughout the year. The Plan was reviewed in detail at the previous Committee with revisions to it agreed.

Table 2 provides details of further proposed Plan amendments, with reasons for amendments, which reflect changing circumstances. As part of the ongoing review of Internal Audit coverage, assurance is provided that, despite planned revisions, the overall coverage as previously agreed and amended will still ensure that an annual opinion can be formed at the end of the year.

Table 2: Proposed Audit Plan Changes

Ref	Assignment	Addition	Deletion	Amendment	Reason
CAO9	Strategic Commissioning			√	Management request for audit to be carried forward to 20-21 as previous audit issued in June 2019.
RB11	Finance External Funding – LOCASE 2 Grant			√	The Grant Scheme itself has been delayed until 20-21 and. Therefore. audit to be carried forward to 20-21.
ICT01	Access Controls to Personal Data		√		Original intention of the audit was to assure evidence for the DSP (Data, Security and Protection) Toolkit, however this assurance has been separately provided.

3.5 Issue Implementation

3.5.1   Details of the current position on the implementation of actions from Internal Audit reports is set out at Appendix B. This details the implementation status of 71 actions categorised by the assurance level assigned to the original report.

3.5.2   The status of implementation of implementation in Appendix B is summarised in Table 3:

Table 3: Summary of Action Implementation

	Total Number due for implementation		Implemented		In Progress		Not Implemented		Superseded	
	High	Medium	High	Medium	High	Medium	High	Medium	High	Medium
Total	14	57	7	30	6	21	1	1	0	5
Total %	-	-	10%	42%	9%	30%	1%	1%	0%	7%

3.5.3   Table 3, therefore, highlights the following key points:

- 90% of high and medium ranked actions have either been implemented or are in progress;
- 93% of high ranked actions have either been implemented or are in progress;
- 89% of medium ranked actions have either been implemented or are in progress;
- 50% of high ranked actions had been implemented;
- 53% of medium ranked actions had been implemented;
- 52% of both high and medium ranked actions had been implemented;
- 43% of high ranked actions were in progress and not fully implemented;
- 37% of medium ranked actions were in progress and not fully implemented; and
- 38% of both high and medium ranked actions were in progress and not fully implemented.

3.5.4   This level of implementation is compared to 2017-18 and 2018-19 in Table 4:

Table 4: Summary of Implementation of Actions 2017-18 to 2018-19:

Indicator	19-20 to date	18-19	17-18
High and Medium Ranked Recommendations Implemented or In Progress	90%	93%	96%
High Ranked Recommendations Implemented or In Progress	93%	100%	91%
Medium Ranked Recommendations Implemented or In Progress	89%	91%	98%
High Ranked Actions Implemented	50%	56%	23%
Medium Ranked Actions Implemented	53%	55%	53%
High and Medium Ranked Actions Implemented	52%	55%	46%
High Ranked Actions in Progress and not Fully Implemented	43%	44%	68%
Medium Ranked Actions in Progress and not Fully Implemented	37%	36%	45%
High and Medium Ranked Actions in Progress and not Fully Implemented	38%	38%	50%

3.5.5   The analysis of the implementation of actions to address internal control and risk management actions following Internal Audit reports, therefore highlights a broadly similar position to 2018-19 for the majority of implementation indicators. There is, however, a slight downward trend in 2019-20.

3.5.6   It is important that the momentum on improvement, which occurred between 2017-18 to 2018-19 is maintained, as stated in the 2018-19 Annual Internal Audit Report, however, and the overall full implementation rate of 52% leaves room for significant improvement.

3.5.7   Internal Audit maintain analysis of outstanding recommendations to all Corporate Directorates and Directorate Management Teams and this is utilised in the monitoring and promotion of action implementation.

4. Under the Spotlight!

With each activity report, Internal Audit turns the spotlight on the audit reviews, providing the Governance and Audit Committee with a summary of the objectives of the review, the key findings, conclusions and recommendations; thereby giving the Committee the opportunity to explore the areas further, should it wish to do so.

In this period, the following report summaries are provided at Appendix D, for the Committee's information and discussion.

A   Cross Directorate

1. Respite Overpayment (CYPE/ST)
2. Imprest Accounts and Cash Balances (All Directorates and in Exempt Session)
3. Family Placement Payments (CYPE/ST)
4. Data Protection Deep Dive (CYPE/ST)
5. Information Governance Assurance Map

B   Strategic and Corporate Services:

1. Pension Fund Investment Governance – Lessons Learnt Review
2. Customer Feedback
3. Members ICT
4. Software Licensing
5. Combined Members Grant Scheme

C   **Children, Young People and Education**:

1. In House Foster Care
2. Troubled Families

D   **Growth, Environment and Transport:**

1. Carbon Reduction Commitment Energy Efficiency Scheme

E   **Adult Social Care and Health:**

1. Home Care
2. Mosaic System

Appendix A – Internal Audit Plan 2019-20 – Status and Assurance Summary

A. Priority 1 Audits:

Ref	Audit	Status as at 14.01.20	Assurance
CA01	Annual Governance Statement 2018-19	Final Report	Adequate (18-19) -GAC July 19
CA02	Corporate Governance	To Commence	
CA04	Risk Management	In Progress	
CA05	Information Governance – DPS Toolkit	Planning	
CA06	Data Protection – Deep Dive	Final Report	Adequate – GAC Jan 20
CA07	Data Protection and GDPR – Advisory	In Progress / Ongoing	
CA09	Strategic Commissioning	Proposed c/fwd to 20/21	
CA10	(Improving Outcomes and) Achievement of Savings	Planning	
CA11	LATCos- Client-Side Contract management, governance and impact of HoldCo	To Commence	
CA12	HoldCo	In Progress	
CS01	Social Care Client Billing	Planning	
CS02	Debt Recovery and Write-Off	Final Report	Adequate – GAC Oct 19
CS03	Family Placement Payments	Final Report	Substantial – GAC Jan 20
CS04	Imprest Accounts	Final Report	No Assurance – GAC Jan 20
CS05	Schools Financial Services	To Commence	
CS06	Payroll Processing -LATCO Reliance CBS – LATCO Reliance – CBS – (was Level 2)	Planning	
RB01/2	Leadership and Management Strategy/ Kent Manager	To Commence	
RB03	Customer Feedback	Final Report	Substantial – GAC Jan 20
RB04	Agylisis Contract Management	Planning	
RB05/6	Strategic Commissioning – I-Procurement / Indirect Procurement	To Commence	
RB08	Public Health – Sexual Health Spend	Planning	
RB09	Infrastructure – Statutory Compliance Follow Up	Planning	
RB10	Infrastructure – Property Consultants	Planning	
RB11	Finance External Funding – LOCASE 2 Grant	Proposed c/fwd to 20/21	
RB13	Public Health – Clinical Professional Development (was Level 2)	Planning	
RB21	Complaints Process and Outcomes (Adult Social Care)	Draft Report	
RB22	Home Care – Post New Contract	To Commence	
RB23	Mosaic & Finestra -P.I.R.	Part Complete	N/A – Advisory – GAC Jan 20
RB25	DoLs – Progress with Addressing Backlog	To Commence	
RB26	Quality of Adult Social Care (was Level 2)	In Progress	
RB28	Voluntary Sector Contracts (was Level 2)	Planning	
RB31	SEND Follow Up	In Progress	

RB32	Change for Kent Children	To Commence	
RB33	Youth Justice	Planning	
RB34	Foster Care	Final Report	Adequate – GAC Jan 20
RB35	Care Leavers	In Progress	
RB36	Safeguarding Children (Assurance Mapping)	In Progress	
RB37	School Themed Review	In Progress	
RB39	Troubled Families (was Level 2)	Final Report	Substantial – GAC Jan 20
RB40	Business Continuity Planning - Incident Management	To Commence	
RB41	Carbon Reduction Commitment Annual return for KCC	Final Report	Compliant- GAC Jan 20
RB43	Health and Safety Deep Dive	Final Report	Adequate – GAC Oct 19
RB44	Highways Term Services Commissioning Programme	In Progress	
RB45	Non-Domestic Waste Charging	In Progress	
RB46	Developer Contributions (CIL) Follow Up	Planning	
RB47	Kent Resilience Team – EU Exit Lessons Learnt Exercise	Final Memorandum	Substantial – GAC Oct 19
RB48	Companies in which KCC has a Substantial Interest /investment	Planning	
RB56	Economic Development – Grant Schemes (was Level 2)	Planning	
ICT01	Access Controls to Personal Data	Proposed Deletion	
ICT02	Wireless Network Security and Capacity	In Progress	
ICT03	Software Licensing	Final Report	Substantial – GAC Jan 20
ICT04	ICT Change – Business Realisation	To Commence	
ICT05	Members ICT	Final Report	Adequate - GAC Jan 20
CF01	Fraud Awareness /Detection and Prevention	In Progress / Ongoing	Separate Agenda Item - GAC Oct 19 / Jan 20
CF02	National Fraud Initiative	In Progress / Ongoing	Separate Agenda Item - GAC Oct 19 / Jan 20
CF03	Kent Intelligence Network (KIN)	In Progress / Ongoing	Separate Agenda Item - GAC Oct 19 / Jan 20
CF04	Independent Review of Fraud Service	Completed	Update to be provided at GAC April 20
CF05	Proactive Fraud Exercise	In Progress	Separate Agenda Item - GAC Oct 19 / Jan 20
CF06	Investigations	In Progress / Ongoing	Separate Agenda Item - GAC Oct 19 / Jan 20

Additional Reviews:			
	Pension Fund Investment Governance - Lessons Learnt Review	Final Report	Limited – GAC Jan 20
	Review of Respite Overpayment	Final Report	Limited – GAC Jan 20
	Assurance Mapping – IT	In Progress	
	Assurance Mapping - ASCH	In Progress	
	Assurance Mapping – Information Governance	Final Report	N/A – GAC Jan 20
	ASCH Transformation	In Progress	
	Contract / Commissioning Standards (previously Contract Management Group)	In Progress	
	Property Board (merged with original RB19)	Planning	
	Adult Social Care and Health – Winter Pressures Spending - Follow Up	In Progress	
	Establishment Audits	In Progress	

B. Work Carried Forward From 2018-19:

Ref	Audit	Status as at 14.01.20	Assurance
1	Home Care	Advisory Memorandum	N/A – Advisory- GAC Jan 20
2	Social Care Recruitment and retention Initiatives Follow Up	Final Report	Substantial – GAC Oct 19
3	Home to School Transport	Final Report	Substantial – GAC Oct 19
4	Combined Members Grant Scheme	Final Report	Adequate – GAC Jan 20

C. Grant Certifications:

No.	Grant	Status as at 14.01.20
1	**DWELL** - Empowerment programme enabling patients with type 2 diabetes to access tailored support giving them mechanisms to control their condition and improve their wellbeing.	1 Claim Completed 1 Claim in Progress 1 On the Spot Check Completed
2	**Step by Step** - Seeking to increase the impact of the internationally evidenced men's sheds programme in particular employment & health outcomes.	1 Claim Completed 1 Claim in Progress
3	**TICC** - Implementing an integrated community team at a pilot site to work with the principles of Buurtzorg (A Dutch home-care model known for innovative use of independent nursing teams in delivering relatively low-cost care).	1 Claim Completed 1 Claim in Progress
4	**PACE** - Providing help to unemployed parents into work by improving access to childcare relatively low-cost care.	1 Claim Completed 1 Claim in Progress 1 On the Spot Check Completed
5	**EU Interreg BEGIN** - An approach to climate resilience for cities that mimics nature's potential to deal with flooding.	2 Claims Completed
6	**EU Interreg FRAMES** - Assess the impact of and build resilience to flooding and climate change across the health and social care sector in Kent.	2 Claims Completed 1 On the Spot Check Completed
7	**EU Interreg Inn2Power** - Supporting Kent based companies in the offshore wind sector with internationalisation & market entry	2 Claims Completed

	in mainland Europe.	1 On the Spot Completed
8	**EU Interreg ICAReS** - Developing a cross border innovation cluster to create the necessary conditions for innovation in the field of remote sensing & advanced data communication & processing	2 Claims Completed 1 On the Spot Check in Progress
9	**EU Interreg Green Pilgrimage** - Protecting natural & cultural heritage whilst developing jobs & growth along pilgrim routes by developing low impact tourism, digitalisation, pilgrim accommodation & strengthening local traditions.	1 Claim Completed
10	**EU Interreg ISE** -Protecting natural & cultural heritage whilst developing jobs & growth along pilgrim routes by developing low impact tourism, digitalisation, pilgrim accommodation & strengthening local traditions.	2 Claims Completed
11	**EU Interreg PASSAGE** - Examining how KCC can make the transition to a low carbon society and low-carbon economy.	1 Claim Completed 1 On the Spot Check Completed
12	**EU Interreg PROWATER** - Contributing to climate adaptation by restoring the water storage of the landscape via ecosystem-based adaptation measures.	2 Claims Completed
13	**EU Interreg SCAPE** - Developing landscape-led design solutions for water management that make costal landscapes better adapted and more resilient to climate change.	1 Claim Completed 1 Claim in Progress 1 On the Spot Check Completed
14	**EU Interreg SIE** - Evaluating and improving business support services for SMEs specifically related to exporting and internationalisation	1 Claim Completed
15	**EU Interreg Triple A** - Supporting homeowners to adopt different low-carbon technologies in their homes.	1 Claim Completed 1 Claim in Progress
16	**EU Interreg Triple C** - Implementing a set of cost-effective actions to reduce flooding and erosion.	1 Claim Completed 1 Claim in Progress 1 On the Spot Check Completed
17	**EU Interreg Boost4Health** – The Life Sciences Hub for NW Europe	1 Claim Completed
18	**EU Interreg Connected Communities** – Connected Communities	1 Claim Completed
19	**EU Interreg Cool Towns -** Spatial Adaptation for Heat Resilience in Small and Medium Sized Cities in the 2 Seas Region	1 Claim Completed
20	**EU Interreg H2O** - H20:Source2Seas	1 Claim Completed
21	**EU Interreg PATH2** – Perinatal Mental Health	1 Claim in Progress
22	**EU Interreg SHIFT** - Sexual Health in the Over Forty-Fives	1 Claim in Progress
23	**EU Interreg STAR2C** s – Short Term Adaption for Long Term Resilience to Climate Change	1 Claim in Progress
24	Department for Transport - Capital Funding Grants – **Integrated Transport Block**	Completed
25	Department for Transport - Capital Funding Grants – **Highways Maintenance Block Needs Element**	Completed
26	Department for Transport - Capital Funding Grants - **Highways Maintenance Block Incentive Element**	Completed
27	Department for Transport - Capital Funding Grants – **Pothole Action**	Completed
28	Department for Transport - **Local Authority Bus Subsidy Ring-Fenced Revenue grant**	Completed
29	**Innovation and Networks Executive Agency** - Connecting Europe Facility - Transport Sector. InterCor grant.	Completed
30	**Walmer Bus Service Operating Grant**	Completed
31	Department for Transport - Capital Funding Grants – **Budget 2018 Additional Highway Maintenance**	Completed

Appendix B – Implementation of Agreed Actions

Limited Assurance Reports

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded
		High	**Medium**	**High**	**Medium**	**High**	**Medium**	
PCI DSS	19/06/15	1		**1***				
Highways Safety/ Crash Remedial Measures	05/12/16	1		1				
Total Limited Audits		**2**	**0**	**1** **1***	**0** **0**	**0**	**0**	**0**

Adequate Assurance Reports

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded
		High	**Medium**	**High**	**Medium**	**High**	**Medium**	
Programme Management & Corporate Assurance	07/01/16		1					1

Functions								
Carers Assessments	24/01/17	1		1				
National Driver Offender Retraining Scheme – Phase 2	04/04/17	2		2*				
Members Induction and Training	09/10/17		1		1*			
Young Careers – Contract Management	16/02/18		1	1				
Protection of Property	01/05/18		1	1				
OPPD Day Services Themed Report	14/05/18		1		1*			
Health and Safety	31/05/18	1		1*				

Business Continuity - Adults Social Care and Follow-up	02/07/18		1		1			
Payments Processing	01/11/18		3		3*			
Youth Services - contract Management	06/12/19		3		1 2*			
LD Lifespan Pathway Post Implementation	10/12/18	1	1	1*	1*			
Semi-Independent Accommodation	12/12/18	1		1				
Virtual School Kent	07/01/19	1	7	1	6 1*			
Departmental Governance Review – Adult Social Care and Health	07/01/19		8		2 3*			3
Oracle Application Review	16/01/19	1				1		

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded
		High	Medium	High	Medium	High	Medium	
IFP and Residential Placements	04/02/19	1	3	1	3			
Recruitment & Pre-Employment Checks	18/02/19	1	5	1	4		1	
Data Protection Act 2018	28/03/19	1	2	1*	1 1*			
Developer Contributions S106 Planning Obligations	19/08/19	1	4	1	3 1*			
Total Adequate Audits		**12**	**42**	**6** **5***	**23** **14***	**1**	**1**	**4**

Substantial Assurance Reports

Audit	Date	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded
		High	Medium	High	Medium	High	Medium	
Quality Assurance Framework - Safeguarding Children / Online Case file audit process / Missing Children	06/11/15		1		1*			

Standards and Schools improvement Team	03/01/16	1					1	
Children's Centres Themed Review F/up	07/10/16	1		1				
BSC - LATCo Preparations	21/06/18	1		1				
Risk Culture	24/07/18	1		1*				
Troubled Families - Earned Autonomy	28/01/19	1		1				
ICT Cloud Navigation	18/04/19	3		1 2*				
General Ledger	13/05/19	1		1				
Grenfell Action Plan and Management	09/07/19	2		1				

		High (Total due to be Implemented)	Medium (Total due to be Implemented)	High (Implemented/In Progress*)	Medium (Implemented/In Progress*)	High (Not Implemented)	Medium (Not Implemented)	Superseded
					1*			
Home to School Transport	05/08/19		1		1			
Children, Young People & Education Directorate Governance Review	14/08/19		2		2*			
Total Substantial Audits		**0**	**15**	**0** **0**	**7** **7***	**0**	**0**	**1**

	Total due to be Implemented		Implemented/ In Progress*		Not Implemented		Superseded
	High	Medium	High	Medium	High	Medium	
Total All Audits	**14**	**57**	**7** **6***	**30** **21***	**1**	**1**	**5**

Appendix C – Summaries of Completed Audit Reviews

A1 - Respite Overpayment

Audit Opinion	**Limited**
Prospects for Improvement	**Good**

Introduction and Reason for Overpayment

The Life Span Pathways System (LPS) is the case management system for disabled people aged 16-25. The system was implemented in 2018. Alongside LPS, an additional install of ContrOCC was completed to handle payments for the Disabled Children's Service (DCS). The ContrOCC system integrates with LPS to streamline payments to DCS service providers.

At the initial implementation in 2018, of ContrOCC for 16-25 disabled people, payments for respite care were not processed through the system. This led to a backlog of placements. Once placements were put through to ContrOCC for payment, issues with the accuracy of information input to LPS led to an overpayment of £2m being made to a respite provider.

The payment was a result of input error where the end date for a respite service was missed and the service became ongoing. This was compounded by the input being back dated for approximately a year. At the time, there were no exception reports available to the administration team or produced by the Management Information Unit in Children, Young People and Education (CYPE) to support payments through ContrOCC (Adults). This, combined with the lack of any checks of the payment file, prevented the detection of the payment before it was released to the respite provider.

Once notified, amendments were made to LPS. This produced a minus credit note on the payment file on ContrOCC which was uploaded to Oracle. This is how the systems are designed to operate. Operationally, there was no awareness of this and the subsequent effect this would have on future payments.

The repayment of the overpayment was conducted by the Children's Disability Team (CDT) and received via bank transfer through the cashiers' team. Crucially, there was no instruction received by Accounts Payable to remove the Credit that had been uploaded to Oracle and no further payments were released.

Additional controls and process changes have been implemented to prevent future overpayments being made due to similarly circumstance. New reports from the system have been developed and live to assist users, and there has also been improved awareness of the end to end processes and review of credit balances by the operational team have been initiated.

There continues to be weaknesses in checks of payment runs, with the input of actual cost information happening separately to management authorisation. Additionally, this initial information suggests exception reports are not being reviewed timely.

Key Strengths

- There are detailed step by step guidance notes that govern the input of service information on the LPS and now to the ContrOCC system. These are available to the relevant staff.
- Roles and responsibilities on LPS and ContrOCC are clear and there are authorisation procedures built into the LPS system.
- Although there will be business as usual overpayments due to the timeliness of information received for input, review of credits on the payment reports did not identify any other significant overpayments due to erroneous input.
- The additional controls and process changes that have been made to LPS/ContrOCC input, are adequate to prevent future overpayments being made due to the same circumstances that led to the overpayment case.
- The Children's Disability Team in CYPE now receive creditor reports and these are now reviewed, which allows the reclaim of overpayments and increases awareness of credits that sit on CDT providers.

Prospects for Improvement

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

- Controls and processes have been changed in response to the overpayment to the respite provider.
- Roles and responsibilities are clearly defined within processes and workflows in the LPS system.
- Actions are being taken to define responsibilities between Kent County Council and Cantium Business Solutions for prepayment checks.

Areas for Development

- Exception reporting for services has not been available to identify potential incorrect data entry or incorrect payments. There are new reports being released but there is no evidence yet that these being run, and potential errors addressed.
- Although the authorisation step on LPS is automated, the input of actual service cost and the start and end dates happens on ContrOCC after the LPS authorisation and therefore the risk of unauthorised spend remains.
- No further checks have been carried out to ensure no other overpayments have happened.
- Analysis payment reports highlighted 34 payments where variance between payment runs required further consideration. The payments were provided to the operational team, although a response has yet to be received.
- There has been little understanding of the end to end process by each of the process participants. Consequently, this has led to poor communication and the impact of decisions on other parts of the process not being considered.
- There are no accuracy checks made to the payment file before being sent to release payments to suppliers. Cantium Business Solutions have not been commissioned or have access to LPS to conduct such checks.

Summary of Management Responses

	Number of Issues Raised	Management Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	2	2	
Medium Risk	1	1	
Low Risk	2	2	

A3 - Family Placement Payments - In-House Foster Care

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

All foster payment testing undertaken during the audit confirmed that payments were correctly calculated and processed accurately and promptly. Exception reports are run weekly before each pay run to prevent avoidable overpayments. Some weaknesses have, however, been identified relating to ContrOCC system access and user access controls. Internal Audit found that the processes to remove access when staff leave or change job roles is not effective and staff within the payments section are able to authorise manual payments that they have entered into the system.

Key Strengths
- There are controls in place to ensure that before staff are granted access to ContrOCC they complete the necessary training course and access authorisation is obtained from their line manager.
- Access to ContrOCC is restricted by username and password in line with the Council's security policy.
- Security breaches are reported appropriately.
- New in-house foster care placements are processed promptly in Liberi, resulting in timely payments to carers.
- The foster payment rates in ContrOCC have been accurately input and match those agreed through the Council's formal decision-making process for 2019/20.
- All payments tested were accurate and based on the agreed rates.
- Exception and payment reports are run, checked and corrective action taken before each weekly pay run is processed.
- Overpayments are identified promptly.
- There is a clear, documented process for recovery of overpayments to foster carers. Instalment plans are no longer offered for repayment of an overpayment, instead the debt is recovered in full from future payments or through raising an invoice.

- Overpayments have been significantly reduced following the introduction of ContrOCC. The automated collection of overpayments from on-going payments also reduces the administration burden of this process.
- Potential irregularities such as a suspected fraud are reported to the counter fraud team.
- Payments made through ContrOCC are reconciled to Oracle at least annually with any errors identified being investigated and rectified.

Areas for Development
- When staff leave or change job roles, their access to ContrOCC is not promptly removed/ changed.
- Staff who have system access rights to enter manual payments through Liberi (which then feed through to ContrOCC) can also authorise their own payments.
- There are no procedure manuals or guides covering the processes for setting up staff on the ContrOCC system.
- Additionally, it was noted that a post implementation review of ContrOCC has not been undertaken. The system is regularly developed and updated, but whilst a user group has been in place there hasn't been a formal ContrOCC Ops Group. This has now been established and met for the first time on 4th November 2019, chaired by Finance.

Prospects for Improvement

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

- Management are sufficiently engaged and willing to address the areas for development.
- The introduction of a ContrOCC Ops Group should provide more robust governance of the system and greater clarity around how it is used, reviewed and developed in the future.

Summary of Management Responses

	Number of Issues Raised	Management Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	1	1	N/A
Medium Risk	1	1	N/A
Low Risk	1	1	N/A

A4 - Data Protection Deep Dive

Audit Opinion	Adequate
Prospects for Improvement	TBC

Overall, Internal Audit found that positive steps have been taken towards embedding Data Protection within CYPE. Examples of good practice included the high level of take-up among staff of the up to date Data Protection training within the Directorate and evidence of learning from data breaches and embedding actions to prevent recurrence. There is, however, a high number of data breaches within the Directorate, with CYPE currently accounting for approximately 40% of all KCC Data Breaches in 2019 to date.

Additionally, the Record of Processing Activity (ROPA) has not been completed which is a requirement under Data Protection Act 2018 to be documented. This outlines the categories of personal data and the rationale for processing such as statutory obligations for example and can be requested by the Information Commissioner's Office (ICO) should there be a significant Data Breach. There appeared to be a lack of clarity who had been tasked with completion. The absence of a ROPA presented challenges in determining the embeddedness of Data Protection and limited the audit testing that could be undertaken.

Key Strengths
- At the time of audit there was 93% completion of mandatory Data Protection e-learning across CYPE.
- High level Privacy Notices for CYPE Services are published on KCC's website and are accessible to Staff and the Public.
- Reasonable action plans had been put in place for all data breaches reported to the ICO within our sample.
- Retention schedules adequately document CYPE's requirements in respect to retention and destruction of data.
- Data Breaches are well managed with appropriate actions being put in place to address process weaknesses, although the volume of breaches is noted below within the areas for development.

Areas for Development
- The Record of Processing Activity (ROPA) for CYPE was incomplete at the time of audit. Discussions with Officers highlighted that it was not clear who has been tasked with documenting the ROPA.
- The volume of Data Breaches within CYPE is relatively high in comparison to other Directorates and there also appears to be an upward trend in the number assessed as needed to be reported to the ICO.
- Though Privacy Notices are in place, these could be enhanced by aligning to the current CYPE structure.
- Data Protection Impact Assessments (DPIAs) had been completed on a timely basis for the vast majority of projects reviewed, with two exceptions. An audit issue regarding DPIA completion was raised in the 2018/19 audit of Data Protection and action may yet to be embedded, so this has not been raised as an additional issue in this report.
- The vast majority of KCC's Subject Access Requests (SARs) are within CYPE, approximately 78% of those raised in 2019. This has been recognised by CYPE and a dedicated Officer now deals with SARs for Social Work teams and Care Leavers to minimise the impact on frontline services. This is having a positive impact as the average number of days to action a SAR has reduced from 37.9 days (2018) to 31.1 days (2019). Internal Audit was informed that this arrangement is currently being reviewed to further enhance SAR processing across the entirety of CYPE.As this area for development is already being addressed no issue has been raised in this report.

Prospects for Improvement

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

Summary of Management Responses

	Number of Issues Raised	Management Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	1		
Medium Risk	1		
Low Risk	1		

Risk	Risk Register Rating		Causes	Mitigation and Control		1st Line of Defence		2nd Line of Defence		3rd Line of Defence (Internal Audit)	External
	Current	Tolerance		Controls	Polices & Procedures						

Risk – Information Governance

Failure to embed the appropriate processes and procedures to meet the new regulations.

Information security incidents (caused by both human error and / or system compromise) resulting in loss of personal data or breach of privacy / confidentiality.

Council accreditation for access to government and partner ICT data, systems and network is withdrawn.

Cantium Business Solutions prioritises commercial work or does not undertake information governance compliance work in an appropriate and timely fashion.

Risk Register Rating
- Current: **High**
- Tolerance: **Medium**

Causes

The Council is required to maintain the confidentiality, integrity and proper use of data under the Data Protection Act 2018. General Data Protection Regulations (GDPR) came into effect that have introduced significantly increased obligations on all data controllers, including the Council.

There is insufficient resource available to undertake comprehensive oversight / assurance activity that provides assurance on compliance with existing information governance standards.

There is a critical dependency on one of the Council's Local Authority Trading Companies (CBS) to support Information Governance compliance for the KCC systems and network.

KCC services' requirement for non-standard systems creates vulnerabilities.

Mitigation and Control – Controls

- Staff are required to complete mandatory training on Information Governance and Data Protection and refresh their knowledge every two years as a minimum
- Information Resilience and Transparency team in place, providing business information governance support.
- ISO Standards (G)

- Data Protection Officer in place to act as a designated contact with the ICO. (G)
- Caldicott Guardian appointed with training and support to undertake the role (G)
- Senior Information Risk Owner for the Council appointed with training and support to undertake the role. (G)
- Corporate Information Governance group to allow for effective management of information governance risks and issues between the DPO, SIRO and Caldicott Guardian. (G)
- Investigate the costs and benefits of introducing additional information governance controls utilising capabilities of MS Office 365 (A)
- ICT Commissioning function has necessary working/contractual relationship with the Cantium Business Solutions to require support on KCC ICT compliance and audit. (A)

Polices & Procedures

Policy/Procedure	Rating
Freedom of Information Policy	G
Information Governance Framework	G
Information Management Manual	G
Information Governance Policy	G
Information Governance Toolkit	G
Information Management Manual	G
Information Security Policy	G
DSP Framework Toolkit	G
Data Protection Policy	G
Record of Processing Activity	R
Data Breach Policy	G
Data Subject Access Requests Procedures	G
DPIA Guidance	G
KCC Privacy Notices	G
Anonymisation & Pseudonymisation Policy	G
Records Management Policy	A
Retention Schedule	A
Remote Working & Acceptable Use Policy	G

1st Line of Defence

- Use of Information Governance Process as per documented policies and Procedures (A)
- Defined Roles and Responsibilities - DPO, SIRO and Caldicott Guardian (G)

Item	Rating
FOI Process	G
Regular Reporting of Mandatory Training to Managers	G
DSP Process	G
No Coverage ROPA 1st Line	R
Data Breach Process	G
Subject Access Request Process	A
Subject Access Request Assistant (CYPE)	A
DPIA Process	A
KCC Privacy Notices	G
No Coverage in 1st Line for Anonymisation & Pseudonymisation	R
No Coverage of Records Management in 1st Line	R
Risk Management meeting with service areas	G

2nd Line of Defence

Item	Rating
Policy and Resource Committee	G
FOI Report	G
Strategic and Corporate Services KPI's	A
Strategic and Corporate Services Dashboard	A
Corporate Information Group	G
Regular Reporting of Mandatory Training to DMT	G
Technical Risk Assessments	A
DSP Toolkit	G
Cross Directorate Information Group	A
No Coverage ROPA 2nd Line	R
Complaints surrounding SAR and Data Breaches received to KCC	G
No Coverage of DPIA 2nd Line	R
No Coverage of Privacy Notices 2nd Line	R
No Coverage in 2nd Line for Anonymisation & Pseudonymisation	R
No Coverage of Records Management in 2nd Line	R
Corporate Assurance & Risk Team	G
Corporate, Directorate and Divisional Risk Registers	G

3rd Line of Defence (Internal Audit)

Item	Rating
Annual Governance Statement	G
Information Governance Toolkit 18/19	G
Swift Replacement	G
Data Quality for Liberi and Education Systems	G
Cloud Navigtaion Phase II	G
Data Security and Protection Toolkit 18/19	G
Oracle Business Applications	G
Data Protection 18/19	G
Data Protection Deep Dive CYPE 19/20	G
Limited records Management Coverage	A

External

Item	Rating
External Audit	R
Information Commisioners Office	G
Cantium Business Solutions	A

Legend

Rating	Meaning
R	No Assurance Available
A	Some Assurance Available
G	Assurance Available

The above assurance map displays KCC's current position regarding assurance for information governance and shows the areas in which gaps exist and future work should be directed. Below are the potential scope areas in which gaps exists in assurance for information governance:

	1st Line Assessment	2nd Line Assessment	3rd Line Assessment	RAG
ROPA		• There are currently gaps in relation to Record of Processing Activity (ROPA) as this has not been documented.	• This had been identified in the recent Data Protection Deep Dive audit undertaken in CYPE.	🟥
Records Management		• Records Management Policy is in place however, there are no mechanisms in place to determine if these are adhered to by staff. • Similarly, there is a Retention Schedule in place however, no mechanisms that adhered too.	• Records management not covered by IA in recent audits. • Whilst Retention schedules had light touch review in Data Protection Deep Dive (CYPE) as above the ROPA had not been documented.	🟥
Technical Risk Assessments		• Technical Risk Assessments undertaken at 2nd line however, potential resourcing issues in completion.	• No Audit Coverage	🟧
Anonymisation & Pseudonymisation		• No Coverage in 1st Line and 2nd line for Anonymisation & Pseudonymisation.	• Covered in Data Protection 18/19 and therefore sufficient assurance available.	🟩
DPIA		• There are gaps in assurance coverage regarding the DPIA processes as though policies and procedures exist there may be issues in undertaking these at the outset of projects.	• Covered in Data Protection 18/19 and Data Protection Deep Dive 19/20 and therefore sufficient assurance available	🟩
Privacy Notices		• No assurance mechanisms exist to place reliance upon.	• Covered in Data Protection 18/19 and Data Protection Deep Dive 19/20 and therefore sufficient assurance available	•

B1 - Pension Fund Investment Governance (1 of 3)

Audit Opinion	**Limited**
Prospects for Improvement	**Good**

On 31 May 2019, at a meeting of the Superannuation Fund Committee (the Committee), the Chairman introduced an additional item for the Committee's consideration. The Chairman asked the Committee to consider selling the Kent Pension Fund's (the Fund) investment in LF Woodford Equity Income Fund (WEIF), then valued at about £237 million. In doing so, he brought forward a review scheduled for 21 June 2019.

Although there was publicly available information that would have highlighted WEIF's liquidity difficulties, this was not collected and made available to the Committee. In the absence of such information, the Committee decided to sell all the Fund's shares.

KCC's Finance Function placed the order to sell all the shares. Before the sale was executed the authorised directors of WEIF, Link Fund Solutions (Link), suspended all trading in WEIF's shares.

Link never reopened WEIF and on 15 October 2019 dismissed the fund manager, Woodford Investment Management Limited, and decided to wind down the fund. At the time of writing, the exact loss to the Kent Pension Fund was unknown, but, at the time of compilation of the Audit Report and based upon the reporting of the Fund value reported to the Superannuation Committee in November 2019, was estimated to be more than £60 million, an amount representing more than 23% of the original investment.

In light of the Fund's and KCC's association with the closure of WEIF, Internal Audit conducted a review of the controls around the Committee's investment decision making. Internal Audit found:

- There is no independent assurance that the Fund's published Investment Strategy Statement complies with the regulations or meets best practice standards.
- Between June 2018 and September 2019, the published Investment Strategy Statement did not reflect major changes in the Fund's investment strategy.
- There is an undocumented convention that includes commissioning professional investment advice from the Fund's independent investment adviser, Mercer. When reviewing the investment in WEIF, however, the Committee did not commission any independent investment advice.
- In advance of the May 2019 Committee meeting, the Chairman had investigated aspects of the investment in WEIF. In doing so, he formulated views about key aspects relating to Woodford Investment Management Limited's communications and the value of the transfer of assets between WEIF and Woodford Patient Capital Trust. Internal Audit considers that these influential views were not as well-grounded as they should have been. KCC's Finance Function was aware of the Chairman's views but did not commission any work to verify, and if necessary, correct them.
- Contrary to the Investment Strategy Statement, the papers for the March 2019 Committee meeting did not include a review of risks at investment manager level, despite heightened concerns about the WEIF investment. Furthermore, the Committee did not maintain an up to date risk register for the Fund.
- The Treasury & Investments Team does not oversee the Fund's investment managers on a day-to-day basis. This contributed to the situation that when the Committee decided to sell all the shares in WEIF, it was influenced by press reports rather than up-to-date market information about WEIF, which would have provided a more accurate picture.
- In Kent, the remit of the Local Pension Board (LPB) does not extend to considering whether the Committee has effective investment governance arrangements in place, something that The Pensions Regulator identifies as a role for the LPB.

Key Strengths

- There is clarity that KCC, as the administering authority, has fully delegated to the Committee all powers to make investment decisions on behalf of the Fund.
- Committee members consider the Chairman approachable and supportive.
- When supported by commissioned advice, knowledgeable discussion between Committee members is a key source of assurance for Committee members that the Committee is making informed decisions.
- Investment decisions included on the published agenda for Committee meetings are well supported by reports from Officers, commissioned advice from Mercer (investment adviser) & market commentary from investment fund managers.
- After the Committee has decided to invest funds in an asset class, it follows its convention by inviting 2 or 3 leading investment fund managers suggested by Mercer to attend a Committee meeting. Each fund manager is given an opportunity to present their case for why they should be given the mandate. Having won the mandate, the fund manager will be invited to provide updates at Committee meetings once every two years. Between meetings, the Treasury & Investments Team provides the Committee with formal performance updates at four Committee meetings a year.
- Mercer is a firm registered with the Financial Conduct Authority to provide investment advice.
- Mercer won a procurement competition against two other firms to review the Fund's investment strategy and provide the Committee with commissioned ad hoc investment advice.
- The Lead Adviser from Mercer maintains her registration with the Financial Conduct Authority and professional qualifications by providing annual records that her knowledge and understanding of financial matters meets the relevant requirements of the different bodies.
- Committee members have a good understanding of the risk reduction benefits to the Fund from holding a diverse portfolio of investments.
- Where the Committee agrees to reduce risks on the recommendation from Mercer, the changes are well documented in the papers.

Areas for Development

- There is a general lack of awareness of the Terms of Reference for the Committee. There are gaps in the understanding of the Fund's investment strategy, how it is developed and how it is expected to deliver its objectives.
- The Terms of Reference for the Committee are spread across several documents, but there are inconsistencies including different descriptions of the powers and duties delegated to the Committee.
- At an asset class level, there is a continuous cycle of reviewing the investment strategy. In May 2019, when the Committee decided to sell the shares in WEIF, the Investment Strategy Statement was seriously out of date and there was no easy means for Committee members, themselves, to know the status of the investment strategy.
- In September 2019, the Committee approved updated versions of the Investment Strategy Statement and the Governance Compliance Statement without any scrutiny. Changes from the previous versions were not highlighted and there was no assurance sought that the documents complied with regulatory requirements.
- Internal Audit found that the Governance Compliance Statement, the Funding Strategy Statement and the Investment Strategy Statement did not fully comply with statutory regulations and/or with good practice.
- There are a lot of parties engaged in the development and implementation of the Fund's investment strategy, but there is no chart that maps out the roles and responsibilities.
- There is an undocumented set of steps that the Committee follows to make informed investment decision-making. The Committee did not adhere to all these steps when it decided to sell shares in WEIF, in particular, it did not commission investment advice from the Committee's investment adviser.
- The Committee is not supported by an independent investment adviser that proactively engages in Committee meetings.
- The Committee does not receive investment risk updates at investment fund manager level. The papers for the March 2019 Committee meeting did not include a review of risks at investment manager level, despite heightened concerns about the investment in WEIF.

- At Committee meetings, investment risks are not formally reported, tracked and updated.
- Tracking investment decisions back to the sources of investment advice and determining the reliance that the Committee placed on various sources of advice cannot be determined from the minutes of the Committee's meetings.
- The Treasury & Investments Team does not oversee investment fund managers on a day-to-day basis. Consequently, when there were negative press reports about WEIF, the team did not have access to market data that would have provided an accurate picture to the Chairman and other Committee members.
- Committee members informed Internal Audit that they expect Officers to identify material lessons that the Committee has learnt and to share these with the Committee at appropriate times. Relevant lessons are not always brought to the Committee's attention.
- The concentration of knowledge in a small number of Officers is a known risk. In the proposed mitigation there is no mention of how and/or what is being done to ensure that the lessons that key individuals are aware of are documented for sharing with their future replacements.
- The remit of the Local Pension Board is very limited. It does not extend to considering whether effective investment governance arrangements are in place, something that The Pensions Regulator identifies as a role for the board.
- There is limited understanding amongst Committee members about the role, responsibilities and duties of the Local Pension Board.

Prospects for Improvement

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

- All interviewed Committee members positively engaged with the review and expressed willingness to learn lessons and improve the Committee's investment decision-making processes.
- Mercer conducted an extensive review of the Fund's investment strategy in late 2017/early 2018 and proposed three alternatives to the then existing asset allocation, each aimed at securing higher returns with less concentration of risk.
- The Treasury & Investments Team prepares annual business plans that identify proposed investment strategy activities.
- All LPB members will be expected to complete the training in The Pensions Regulator's online toolkit.
- Committee members consider that, when they need investment advice, the Chairman will support the commissioning of the requested advice.
- All Committee members consider that managing the balance between the different classes of assets is a key feature of the Committee's work.
- There is very good awareness across Committee members that the prime objective of the Committee is to ensure that the Fund has the means to meet its liabilities to all its beneficiaries.
- At the September 2019 meeting, the Committee commissioned Mercer to provide risk reviews for each of the equity investment managers at each future Committee meeting.
- The General Counsel and Corporate Director Finance engaged positively with Internal Audit's findings and proposed a suite of management actions intended to close out the areas for development listed above.

Summary of Management Responses

	Number of Issues Raised	Management Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	9	9	0
Medium Risk	6	6	0
Low Risk	1	1	0

B2 - Customer Feedback

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

The Customer Feedback Policy aligns with the Council's Strategic Objectives and details the standards expected of services when handling customer feedback. Associated with the policy there is an array of procedures and guidance for staff to help them correctly manage customer feedback in the iCasework system.

Overall, the iCasework system facilitates a consistent approach in the Council for the handling of customer feedback and audit testing confirmed that the majority have appropriate timely responses.

It should be noted that this review did not cover the Adult Social Care and Health Directorate, as separate work is on-going to provide support in a review of their customer feedback procedure.

Key Strengths

- There are various routes a customer can use to provide customer feedback – including online or email.
- There are approved procedures for using the iCasework system for the end to end processing of customer feedback. These are available to staff on KNet.
- The iCasework system is a central resource for all services to process and share data in a control manner and to secure customer feedback data in compliance with the Data Protection Act 2018. This system provides real-time information.
- A recent review of the iCasework implementation (including lessons learnt) has been presented to the People and Communications Divisional Management Team.
- Users have received full training in the use of iCasework.
- The responses issued were generally well written and easy to understand.
- The Kent Communications Team is proactive in supporting services through training, offering advice and processing system change control requests.

- The Delivery Manager (who is also the Local Government Ombudsman (LGO) link officer), supports services with their handling of LGO requests/complaints in a compliant manner.
- Services can configure and run reports from iCasework on a monthly, quarterly or weekly basis to support performance and data quality reviews.
- Performance reports covering customer feedback are regularly presented to the Governance and Audit Committee and Customer Feedback performance is discussed at Corporate Management Team meetings.
- The financial year 2018/19 was the first full year of using iCasework and for reporting customer feedback performance to the Governance and Audit Committee. This provides a useful baseline for future reporting.

Areas for Development

- The Customer Feedback Policy does not include reference to the Data Protection Act 2018, or other information such as policy ownership, next review date, version control etc. Similar updates would also enhance the customer feedback procedures documents.
- The iCasework training attendance lists could be improved by adding information such as department, post, type of training attended, training delivery and user profile of attendee.
- There are some inconsistencies in the application of the Customer Feedback Policy and procedures, in particular with the timeliness of responses.
- Officers select the reason for a complaint from a drop-down menu in iCasework, but there are perhaps too many options to choose from, leading to incorrect selection.
- Half of the upheld complaint cases tested had no clear lessons learnt recorded and there were similar omissions for 'partially upheld' and 'not upheld' cases.
- Both the annual and quarterly customer feedback reports presented to the Governance and Audit Committee are rich in quantitative information, but this is not balanced with qualitative information.

Prospects for Improvement

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

- The Delivery Manager is an active champion for promoting the benefits of iCasework across the services and is very knowledgeable and experienced in the area of customer feedback and wider customer services.
- KCC has a representative on the national iCasework user group (hosted by the vendor) and participates in the sharing of good/best practices with other professional practitioners in the field.
- A discussion paper is to be presented to senior management, which proposes the benefits of seeking formal industry standard accreditation for customer services in the Council which includes customer feedback.
- Some services have reported improved efficiencies in handling customer feedback (e.g. reduction in paper-based systems) following the introduction of iCasework.

- The service Customer Feedback group has been disbanded.

Summary of Management Responses

	Number of Issues Raised	Management Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	0	0	0
Medium Risk	3	3	0
Low Risk	4	4	0

B3 - Members ICT Review

Audit Opinion	**Adequate**
Prospects for Improvement	**Good**

There is overall positive assurance over the security framework to protect the Council's IT network from security breaches, the communication channels between Members and VIP Service Desk and the process for resolving Member ICT issues. While there is a generally sound system of controls, there are a small number of areas of weakness which can put some of the service objectives at risk.

Key Strengths

- The New Member Induction Booklet has been developed for the new joining members. It includes the Usage of Mobile and Smartphones, accessing KCC email from a non KCC PC, ICT Security, and Data Protection Essentials training.
- It was confirmed that all the VIP Service help desk requests for new ICT equipment have to be authorised by the budget holder before issuing the equipment.
- For a sample of ICT Support tickets raised by the Members, it was found that there was an average response time of five hours for service tickets which is in line with the service level agreement with Cantium Business Solutions. This was an average of three hours for high priority service tickets and eight hours for low priority.

- The Strategic Members Development Plan for 2018-2022 aims to ensure every Member has access to the learning and development they need to effectively fulfil their roles – however see Area for Development.
- There is a programme of Personal Development Planning (PDP) to help Members develop the knowledge and skills they require for their current role as well as for their future aspirations.
- A Member Development Steering Group has been established to ensure that development is Member-led and is accountable to the Council, although supported and advised by Council Officers.
- It was observed that access to the active directory is controlled by two-factor authentication using the SMS and email verification codes.
- Cantium Business Solutions have deployed McAfee Virus Scan Enterprise on all the end point devices, servers, Member devices (laptops, tablets, iPhones). Furthermore, devices are disabled from the network if there is inactivity of 60 days.
- Mod.gov is a Members specific application that automatically downloads meeting papers for subscribed committees, supporting the move to reduce use of paper. There is a restricted version of the Mod.gov application to provide users with secure access to internal or restricted meeting papers that are available only on Member iPads.
- Cantium Business Solutions undertakes daily checks on the Member's net (which is available only for members) for any abnormal activity on the network.

Areas for Development

- A variety of ICT training and support is available on request for Members; however, it was found that take-up has been low. There are plans in place to undertake detailed ICT training needs analysis for Members and provide additional support to improve IT skills.
- There is an ICT Acceptable Use Policy in place, but it maybe be useful to have a separate policy focusing on ICT use for Members.

Prospects for Improvement

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

- The Council is working with Cantium Business Solution to migrate from AirWatch to Microsoft Intune to manage mobile devices and end point devices. The Member ICT User Group will be the trial group for rolling out Intune, which is planned to start migration by March 2020. Intune will bring improved functionality to mobile device management.
- Democratic Services and the Member Hub group plan to provide one to one support sessions to Members, including ICT support as necessary.
- There is a Members ICT User Group which was established for Members to raise issues and obtain feedback. This informal group last met before the changes in cabinet posts in October 2019 and has not yet been reconstituted.
- Members continue to raise ICT issues with the VIP service desk and through the Members ICT User Group. Review of the service ticket descriptions indicate that these are recurring problems. Whilst these tickets were resolved within the SLA timescales; more detailed ICT training needs analysis should allow the root causes of these issues to be addressed (e.g. failed login attempts).

Summary of Management Responses

	Number of Issues Raised	Management Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	0	N/A	N/A
Medium Risk	2	2	0
Low Risk	0	N/A	N/A

B4 - Software Licensing Review

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

Cantium Business Solutions is responsible for installing and maintaining software for the Council. The Council obtained a Microsoft Enterprise Agreement (EA) in April 2018 covering the majority of its Microsoft products and this license is valid for three years.

The processes for the control and management of software licenses at the Council were found to be operating effectively. Overall, there are good controls in place to ensure that only authorised software is installed. While there is a general sound system, there are minor areas of weakness which can put some of the system objectives at risk.

Key Strengths

- There is an ICT Asset Management policy in place which sets out roles and responsibilities for the governance and control of ICT assets (including software) required to support KCC's services and facilities.
- The ServiceNow application is used to manage information relating to all software and applications in use across the Council.
- Installation of standard software that is listed on the ServiceNow customer page goes through the Council's procurement process by seeking approval from the budget holder.
- Any non-standard software requests have to be approved by the Council's Compliance and Risk Team (CART) before they can be installed.
- Documented procedures outline the process to be followed to fulfil ServiceNow requests for desktop application software.
- Software is deployed using System Centre Configurations manager (SCCM) or manually by the regional support engineers, remote support engineers and service request team.
- Software in use by the Council is automatically detected by SCCM clients installed on all servers.
- There is a formal documented procedure covering the process for transferring licensed application software between users.

- Microsoft licensing is controlled via the Enterprise Agreement (EA) in operation with a third-party vendor, Bytes.
- The Council works in conjunction with Cantium Business Solutions to review the Microsoft licenses held against users logged on each month and 'true-up' (a flexible model used as part of the EA whereby the Council is required to inventory any new hardware and software products and update their licenses) to ensure that no breaches occur.

Areas for Development

- There is no formal documented procedure/policy for software license management.
- The Council has not listed all required licencing information within the Software inventory and does not have a process in place to review the inventory on a regular basis.

Prospects for Improvement

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

- There is a road map for implementing Applocker, an application whitelisting technology which will be used to specify an index of approved software applications that are permitted to be present and active on a computer system, to protect computers and networks from potentially harmful applications. This will allow the Council to create rules to allow or deny apps from running based on unique identifiers of files and to specify which users or groups can run those apps.
- There is a plan to move the current software licensing structure to a subscription-based environment.
- Implementation of InTune (which is due to be completed in early 2020/21) will allow machines to be tracked against users.

Summary of Management Responses

	Number of Issues Raised	Management Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	0		
Medium Risk	2		
Low Risk	0		

B5 - Combined Members Grant Scheme

Audit Opinion	**Adequate**
Prospects for Improvement	**Good**

Internal Audit found that for the sample of grants reviewed there was a clear link to KCC strategic objectives, and the application and payment processes had been consistently followed. Payments had been processed on a timely basis and had been appropriately coded. Monitoring information, however, and associated evidence to support that the grant had been spent in accordance with the intended purpose was inconsistent.

The Member Handbook requires update and requires clearer guidance and inclusion of further information for Members to ensure that the guidelines are not open to interpretation. Internal Audit also identified that there is no separate policy regarding the Combined Member Grants Scheme and that training specifically focused on Members Grants is not mandatory.

Key Strengths
- There was a clear link to KCC strategic objectives for the grants sampled.
- For the sample of high value grants tested (greater than £5000), all applications had been approved by the relevant Cabinet Member.
- Guidance available for applicants on the Kent County Council (KCC) website clearly details the application process and the types of organisations and activities that can be supported by the Combined Member Grant Scheme.
- The application form makes provision to capture information regarding the applicant/organisation, the purposes for the grant being requested, previous funding to the applicant/organisation through the Combined Members Grant Scheme and details of any other funding being requested from other sources.
- The application requires applicants to sign a declaration regarding their group/organisation and to agree to the full terms and conditions of the Combined Members Grant Scheme.

- The information requested (if fully completed by the applicant) is adequate to enable further checks to be completed on the applicant/organisation and to enable a decision to be made regarding whether to approve the application.
- Members and Member Hub Support Officers (MHSOs) are required to declare any pecuniary interests on the application form; where Members had declared an interest, the application had been signed by an alternative Member for the area.
- A clear process exists for approving applications for grants; sample testing confirmed that the process is being followed in practice with supporting documentation retained.
- A clear process exists for making grant payments once the acceptance form has been received. Sample testing showed that payments had been made timely to appropriate business/organisation bank accounts and that copies of the acceptance forms and payment authorisation forms are retained.
- Each MHSO is fully aware of grants being processed for the Members in their own areas, the team leader has oversight of all grants being signed off and the Business Support Officer runs checks prior to making payments to ensure that duplicate payments are not made.

Areas for Development

- A policy decision is required on low value grants. The Member Handbook states that "to ensure administrative costs remain commensurate with the size of the grants awarded, the minimum community grant amount is £300". Sample testing identified 22 individual grants awarded with a value of less than £300.
- There is no specific detail in the application guidance regarding what constitutes a properly constituted group or organisation or the evidence that would be requested to prove the status of the organisation.
- There are insufficient controls in place for the design and application of the monitoring process resulting in monitoring performed not being effective and insufficient evidence being requested and retained.
- Cases were identified where monitoring information received advised that part of the grant had not been spent for the original requested purpose and a request had been made to allocate the funding to another purpose within the organisation. For three cases, no evidence could be identified in the file of the member agreeing to this despite the payment having been made.
- There is no separate policy regarding the Combined Member Grant Scheme.
- The Member Handbook is out of date and requires clearer guidance and inclusion of further information for members to ensure that the guidelines are not open to interpretation e.g. cross district funding, rollovers etc.
- There is no requirement for mandatory training for members on the administration of the Combined Members Grants Scheme.
- Details of projects funded through the Combined Member Grant Scheme are required to be published annually, however search of the Kent County Council website identified that the most recent grant information published is for 2014/2015.
- Internal Audit could not evidence any check in the application and authorisation process to ensure that grants are not being awarded to areas/organisations which are already covered under KCC contracts.

Prospects for Improvement

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

- A working group has been formed to review the Members Grant Scheme Handbook and draft an updated version for approval.
- The new team of MHSOs have now been in post for 10 months and are establishing relationships and dialogue with members.
- Processes have been established for processing applications and are understood and followed by MHSOs.

Summary of Management Responses

	Number of Issues Raised	Management Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	4		
Medium Risk	5		
Low Risk	0		

C1 - In-House Foster Care

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

There was a consistent understanding of risks and issues across the service and staff interviewed were positive about the future direction of travel. Crucially, there is an appropriate set of measures in place to provide management assurance on the delivery of a safe service and to improve quality where this is required. Significant progress had been made since the last audit in 2015.

Areas for development include weaknesses in communication across departments which are hindering effective working, including in matching, creation of safe care plans and ensuring that the voice of the child is at the centre of the process. Internal Audit (IA) also identified some exceptions regarding placements outside current approvals and with training compliance. The Service is currently facing challenges with a shortage of carers; this was evident in the lack of placement choice available. As a result, the key priorities for the Service are recruitment and retention of carers. Whilst there are actions in place for these issues, it will be important that the service continually reviews the effectiveness of its actions, including the associated resources, and is able to amend strategies where necessary. There was also an emerging tension between the desire to retain carers and the desire to continually improve quality of foster care practice. Careful management will be required to ensure that priorities are appropriate.

Key Strengths

- Significant changes & improvements since the last full Internal Audit in January 2015.
- Strong evidence base for the priorities & objectives in the Business Plan; these had been created using a variety of relevant information including foster carer feedback.
- Actions identified to meet these objectives were in progress.
- Despite a recent restructure, which has inevitably created some initial pressures, staff expressed a positive view of the future direction of the service and there was a common understanding of risks and issues.

- A good training programme for Foster Carers including core training as well as a variety of other options for carers to select courses most relevant to them. Evidence of consultation with carers when developing the programme and constant review of the training programme to ensure continued alignment with need.
- Sample testing confirmed training is reviewed & discussed as part of the Annual Review process; it was also discussed in 25/30 supervisions sampled.
- KPIs demonstrate the service is close to full compliance with the mandatory annual reviews & unannounced home visits (99% and 98% respectively); testing confirmed the underlying source data is robust.
- Annual Review process is robust. The layer of independence provided by the Reviewing Team added value and a greater level of scrutiny to the cases reviewed by IA.
- There was evidence of learning from Serious Case Reviews, including embedded changes to processes and practice.
- Assurance framework was comprehensive, with a variety of tools to provide assurance over the Council's compliance with statutory requirements and quality outcomes.
- There was evidence of LADO oversight for all allegations reviewed, which had also been reported (or were due to be reported) to Panel where appropriate.
- In most cases, management oversight was evident in standards of care issues. Evidence of recent managerial case supervision in 26/30 records sampled.
- A Safe Care Plan was available for 86% of placements sampled.
- Sample testing identified referrals to the Total Placement Service had been quality assured prior to matching commencing and that resultant issues had been addressed.
- IA confirmed that, mostly, discussions had taken place between the social worker & foster carer prior to a match being agreed. As the conversations are not documented, however, assurance cannot be provided that potential gaps in skills or support are discussed and addressed.

Areas for Development

- There were some discrepancies between the Fostering Business Plan and linked plans; there were also no objectives in the Business Plan relating to the new structure or for staff within the service.
- Recruitment and retention, including provision of support for foster carers, are key priorities in the Business Plan. Due to the current difficulties with availability of carers and placements, it will be important that the service continues to review both the actions taken and the available budget to ensure that they are having the desired effect and that changes can be made if required.
- There were some weaknesses in communication between different departments, or between Council officers and carers, which were having a detrimental impact on the service provided.
- The service aims to ensure that the voice of the child is paramount; whilst there was evidence of this, Internal Audit has highlighted some areas where this is not working as well as intended in accordance with the Business Plan.
- Through data matching and analysis Internal Audit found that the training record for approximately 20% of relevant carers did not evidence that they had received First Aid, Safe Care or Child Sexual Exploitation (CSE) training. Further, approximately 30% of relevant carers were not recorded as having received the additional training required in Year 2.
- Internal Audit identified a small number of connected carer placements which were outside regulation and for which the relevant approval, and confirmation that this was in the best interests of the child, was not on file.
- Internal Audit also identified a small number of carers with more children in placement than the usual fostering limit, and carers with placements outside the terms of their approval, where relevant permissions had either been granted late, or had not been granted at all.
- There was no safe care plan on file for a minority of placements tested (14%). There was also no evidence for approximately two thirds of placements tested that the safe care plan had been triangulated with the child's social worker.

- There are appropriate arrangements in place for oversight of allegations, but sharing of themes, outcomes and learning is inconsistent on a county-wide basis.
- Through sample testing of 30 files, Internal Audit identified one exception where a practice issue had been raised as part of an Annual Review but there was no evidence that the Fostering Social Worker had followed this up. There was also no evidence of recent case supervision in 4 cases. Internal Audit discussed these exceptions with Team Managers, and, in our view, they are as a result of recent changes to staffing and structures which, for a period of time, had created additional pressures. Internal Audit has not raised an issue in this regard, as the service is now returning to business as usual and performance information is available to allow managers to review the timeliness of case supervision.

Prospects for Improvement

Our overall opinion of **Adequate** for Prospects for Improvement reflects that whilst internally the Service is in a strong position, with all teams under Corporate Parenting and managers committed to quality of outcomes, the external environment continues to present significant risks and challenges which may impede further progress:

- It was apparent throughout the audit that the lack of available carers is having a significant impact. In 75% of new placements sampled, there was only one choice of placement available to the social worker and many staff interviewed expressed the opinion that there are too many exemptions as a result of no available placements. Whilst there are actions in place to address, this is a national trend and therefore it is not clear the extent to which the Council will be able to influence this.
- Shortage of placements is also not restricted to in-house care; our audit of external placements in 2018/19 highlighted a similar lack of choice. In addition to national shortages in the Foster Care market, the issue in Kent is exacerbated due to the prevalence of external agencies; the Council is in competition with approximately 80 Independent Fostering Agencies (IFAs) in the county when recruiting carers.
- There was, to an extent, an underlying tension between the desire to retain foster carers due to shortage of placements and the desire to improve practice.
- In September, the Service further strengthened arrangements for oversight of allegations through quarterly area meetings consisting of all stakeholders including the LADO, the Children in Care Service Managers and the Assistant Director.
- Staff interviewed were very positive in their approach and outlook.
- There is a culture of continuous improvement which is led from the top and the Service has responded positively to the audit findings.

Summary of Management Responses

	Number of Issues Raised	Management Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	2	2	0
Medium Risk	5	5	0
Low Risk	0	NA	NA

C2 - Troubled Families

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

Broadly the level of claims has been maintained since moving to earned autonomy. Although claims are projected to fall just below the target of 9200, performance is good compared to other local authorities and there are plans to deliver the targeted number by March 2020.

Key milestones set in the MoU have been achieved, and the pilots described have been completed and evaluated. The current MoU is now 2 years old and the transformation programme in Children and Young People directorate has moved on leaving the contents of the MoU out of date.

Key Strengths

- There is a performance framework that covers the key headline outcomes and brings in information from partner organisation. This is provided at a district level.
- The latest iteration shows no indicators that are significantly below target.
- Where indicators are below target there is evidence that actions have been identified to drive improvement.
- Where targets have been found to be unobtainable, changes have been made with the agreement of the Ministry of Housing, Communities and Local Government.
- There is a robust Quality Assurance system in place to check the cases that are to be included in Kent's TF programme target. This includes checks to ensure that duplicate claims are not made.
- The practice development function is now within the remit of the new Safeguarding and Quality Assurance unit. This is directorate wide and ensures integration with practice with other children's services.
- Early Help Units are now included in the Safeguarding and Quality Assurance unit's practice audits, although the first round of findings and identified improvements are yet to be analysed and presented for the first time.

- Although the restructure has led to changes in responsibilities and reporting lines, and subsequently gaps in communication and relationships, this has been identified and addressed. Actions taken include changes to the attendance of the Troubled Families Best Practice Forum.
- Actions from the Troubled Families Best Practice Forum are recorded and followed up at future meetings.
- The Key deliverables set out in the Key Milestones section of the Memorandum of Understanding have been achieved, and evaluation of pilots has led into further transformation workstreams.

Areas for Development

- There are issues with the implementation of a directorate education system. As a result, education data is still awaited which has prevented some cases from being claimed.
- The target of 100% of silver claims being reviewed has not been met. The results of Area Partnership Manager's checks found a significant number (38%) of silver cases reviewed were subsequently deemed to be claimable, meaning there are potential cases not being claimed for which has a detrimental impact on reaching the programme target.
- The content of the existing MoU is largely out of date and needs revising if funding for the Troubled Families Programme is to continue.

Prospects for Improvement

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

- TBC

Summary of Management Responses

	Number of Issues Raised	Management Action Plan Developed	Risk Accepted and No Action Proposed
High Risk	0		
Medium Risk	1		
Low Risk	1		

D1 - CRC Energy Efficiency Scheme

Audit Opinion	**Compliant**
Prospects for Improvement	**N/A**

Internal Audit undertook a review of the 2018/19 Carbon Reduction Commitment (CRC) Energy Scheme return for Kent County Council as part of the agreed annual Audit Plan for 2019/20. The return was submitted by Commercial Services on behalf on the Council on 24 July 2019.

The aim of the audit was to provide assurance on the accuracy of the base data used for measuring carbon usage in relation to the CRC Energy Scheme and the associated calculation of carbon consumption. Management processes put in place were also assessed and the content of the supporting evidence pack was reviewed to give assurance that it is complete, accurate and up to date.

Internal Audit selected a sample of electricity and gas consumption figures for KCC properties and confirmed that the usage data was accurate based on the information held in the energy database (SystemLink). The data supporting the Feed-In-Tariff Scheme was also tested and found to have been accurately compiled and reported. In addition, it was confirmed that the data extracted from Systemlink and used for the annual return conformed with the requirements and methodology set out in the Environment Agency CRC Guidance.

The CRC return for 2018/19 was completed and submitted to the Environmental Agency via an on-line portal on 24 July 2019 within the required timescales.

Our evaluation of data and supporting documents within the evidence pack confirmed that it adheres to the requirements of the Environmental Agency. The Head of Energy Management at LASER (Commercial Services) is responsible for reviewing and signing off the evidence pack and it was evidenced that this was completed by the deadline of 30 July 2019.

Key Strengths

- The energy consumption base data for the report is accurately and correctly collated in line with Environment Agency guidance.
- Responsibilities are clearly defined and followed.
- The CRC return was accurately produced, reflecting the energy base data.
- The evidence pack adheres to the requirements of the Environment Agency and was reviewed and signed off prior the audit.

No issues or errors were identified.

E1 - Homecare

As part of the 2018/19 Audit Plan, it was agreed that Internal Audit would undertake a review of Home Care. Several significant changes however took place in 2019/20, including the roll-out of Phase One Care and Support in the Home contracts and implementation of the new Case Management system, MOSAIC. Consequently, the audit took the form of an advisory lessons learnt report, as the findings related to previous arrangements.

Issues raised for consideration include periodic review of tolerance levels for matching invoices to services ordered / delivered prior to payment, late payment of invoices (some of which was linked to large numbers of queries raised on invoices) and use of non-framework providers including uplifts.

A further review of Home Care to encompass the new contractual arrangements is scheduled for the current financial year.

E2 - Mosaic

Internal Audit have conducted consultancy and advice to the Swift replacement project. The new case management system was procured, and the project commenced in March 2018. Since the start of the project, Internal Audit have attended the project steering group in an advisory capacity, with the aim of improving governance and risk management for the project. This has included the review of key documentation such as the Term of Reference, project plans, strategies and highlight reports that have been presented to the group.

During the attendance at the project steering group, and consultation with project staff additional advice has been provided, specifically in relation to financial systems and controls, including the development and transition to the new provider portal for the payment of Domiciliary providers, and application of financial authority levels for the procurement of adult social care services.

Through the lifetime of the project there have been numerous key decisions, particularly regarding the delay of the roll out of the new system. Internal Audit advice was provided at each occasion. The Mosaic system went live on 8th October 2019. Prior to the final decision, Internal Audit wrote to both the Corporate Director of Adult Social Care and Health and to the Corporate Director of Finance to ensure the outstanding risk and issues were clearly understood and could be sufficiently considered before the final decision was made.

Mosaic is live although a few outstanding processes and ancillary systems are due to follow before the end of the financial year.