

By: Jonathan Idle – Head of Internal Audit

To: Governance and Audit Committee – 21st July 2020

Subject: **INTERNAL AUDIT AND COUNTER FRAUD PLAN
2020-21**

Classification: Unrestricted

Summary: This report details the proposed Internal Audit and Counter Fraud Plan for 2020-21 as well as the Audit Charter, which underpin the plans and practice of the KCC Internal Audit team.

Recommendation: FOR DECISION

Introduction

1. This paper sets out the proposed plan for 2020-21, detailing a breakdown of audit and counter fraud areas of work together with resources. It includes the Internal Audit Charter, a required document under Public Sector Internal Audit Standards that sets out our purpose, authority and responsibility and this has been reviewed and updated. The review of the Anti- Fraud and Corruption Strategy is included in a separate Agenda item.

Audit and Counter Fraud Plan for 2020-21

2. The need for a plan is stipulated in the Public Sector Internal Audit Standards as well as being the mechanism for planning and controlling the Internal Audit and Counter Fraud service.
3. The Internal Audit Plan for 2020-21 detailing audits and activities is attached at Appendix A. This includes work providing assurance against core critical systems and corporate risks as shown at Appendix B.
4. As per normal practice, the outcomes from the 2020-21 Plan will provide:
 - Overall opinion and assurance to support the Annual Governance Statement.
 - Assurance against the mitigation of key corporate risks
 - Coverage of the critical systems of the Council
 - Integrated work around value for money and efficiency opportunities
 - Underpinning counter fraud processes and activity across the Council as well as resources for reactive work such as special investigations
 - On-going advice and information on controls to management

5. The Plan has been developed through a risk-based planning process that has incorporated the following elements:
 - Discussions with Cabinet Members, Corporate Directors, Directors and key Heads of Service
 - Utilising audit cumulative knowledge and experience to map audit activity against the corporate risk register
 - Coverage necessary to provide an opinion on corporate governance, risk management and internal control, which in turn contributes to the Head of Internal Audit's opinion as part of Annual Governance Statement
 - Work to provide assurance to the Corporate Director of Finance as Section 151 that controls are in place and operating effectively for a selection of key financial and contracting systems
 - Management requests for assurance on areas of concern
 - Previous cyclical audit work and the need for formal follow up
 - Facilitating proactive fraud work
 - Integrating our work with other assurance providers across the Council ranging from commissioning to safeguarding
6. As members will be aware, new and significant risks have emerged in recent months as a consequence of the Covid-19 pandemic and it should be emphasised that the Internal Audit Plan for 2020-21 will need to be flexible and dynamic to meet a potentially changing risk landscape throughout the year.
7. Excluded from Appendix A are detailed plans for:
 - Internal audit coverage of the KCC's current LATCos, more particularly Commercial Services, Invicta Law, Cantium and The Education People where KCC Internal Audit are the appointed internal auditor.
 - Income generating and shared service work with Tonbridge and Malling Borough Council, Kent and Medway Fire and Rescue Service, Parish Councils and audits of selected grants. Work has also been attained to provide internal audit services for an increasing number of academies.

Resources, Priorities and Timing

8. Overall, there is have a total productive audit and counter fraud resource of approximately 2936 days, which is 200 days short of current available resources, this being reflective of vacancies being held prudently in 2019-20. It is, however, intended to review the Internal Audit resource position in detail with the Corporate Director Finance, which will include how the budget can be used effectively to meet the demands of the service.
9. In respect of Counter Fraud resourcing, due to the increase in referrals and continued risk of fraud within KCC and its trading companies, a review of resources identified the need for an increase. A Business Case was reviewed and approved by the Corporate Director Finance, which will increase the Counter Fraud staffing levels by 0.8 fte to 5.4 fte.

10. The 2020-21 Internal Audit Plan has been compiled on the base assumption that productive resources available for Internal Audit activity and delivery will be broadly comparable to those estimated at the beginning of 2019-20.
11. Several factors impacting upon the resourcing levels of the Internal Audit service will continue to be reviewed within 2020-21, these including:
 - The need to review and/or restructure the Internal Audit service (vacancies currently being held).
 - How specialist IT audit provision will be procured in 2020-21.
 - The aspiration to allocate more resources for training and development.

Internal Audit Charter

12. It is a requirement of the Public Sector Internal Audit Standards (the Standards) that the purpose, authority and responsibility of Internal Audit is formally defined in an internal audit charter and that this be periodically reviewed and presented for approval to senior management and the Board (defined as the Audit Committee in the Local Government Application Note by Cipfa). The Charter has been reviewed and updated to ensure it remains fit for purpose to support delivery of the 2020-21 Plan and is compliant with the Standards; the revised version is attached at Appendix C.

Conclusions

13. Overall, it is considered that the available resource to provide maximum benefit to the County Council has been focused, particularly concentrating our work on assurance against the key risks and challenges that are being faced.

Recommendations

14. Members are asked to:
 - Agree the proposed Internal Audit and Counter Fraud Plan for 2020-21, and
 - Approve the Internal Audit Charter

Appendices

Appendix A - Internal Audit and Counter Fraud Plan and detailed resourcing

Appendix B – Plan Mapped against Corporate Risk Register

Appendix C - Internal Audit Charter

Jonathan Idle

Head of Internal Audit

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Kent County Council

Internal Audit and Counter Fraud Plan

April 2020 - March 2021

1. Core Assurance

To provide assurance on core aspects of internal control authority wide

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|---|------|--------------------|---|---|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| CA01 - 2021 | Annual Governance Statement for 2019/20 | 15 | Q1 | An audit is to provide assurance that directorate AGS returns are timely, appropriate, accurate and complete, and issues identified are managed adequately and effectively to meet service and corporate objectives. In forming our conclusions, we will take into account the CIPFA/ SOLACE Delivering Good Governance in Local Government framework (2016), the associated statutory guidance and any other best practice frameworks. | David Cockburn <i>Head of Paid Service</i> Ben Watts <i>General Counsel</i> |
| CA02 - 2021 | Corporate Governance | 20 | Q4 | A review bringing together audit and other relevant outcomes/ sources of assurance across KCC to form a view of corporate governance arrangements in the council. This will include an assessment of compliance with the Code of Corporate Governance. | David Cockburn <i>Head of Paid Service</i> Ben Watts <i>General Counsel</i> |
| CA03 - 2021 | Records Management | 15 | Q4 | A review of the records management processes across the Council to provide assurance that the Council is compliant with the Data Protection Act 2018. The scope will include storage/ archiving and record retention and destruction. | David Cockburn <i>Head of Paid Service</i> Barbara Cooper <i>Corporate Director, Growth, Environment and Transport</i> Ben Watts <i>General Counsel</i> James Pearson <i>Head of Libraries and Archiving</i> |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|---|------|--------------------|---|---|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| CA04 - 2021 | Risk Management | 5 | Q4 | Risk management will be audited in a number of key audit assignments in 2020-21 and the results and themes drawn into a Council-wide report. The focus of this is yet to be determined, but may include adequacy of risk mitigating controls, planned actions or understanding and application of service risk appetite. | David Cockburn <i>Head of Paid Service</i> David Whittle <i>Director of Strategy, Policy, Relationships and Corporate Assurance</i> |
| CA05 – 2021 | Information Governance - DSP Toolkit annual audit | 10 | Q3 | An annual audit of the council's self-assessment of compliance with the NHS Data Protection and Security Toolkit. Reaching a satisfactory level of compliance with all aspects of the Toolkit is required for continued access to NHS data for ASCH and Public Health. | David Cockburn <i>Head of Paid Service</i> Ben Watts <i>General Counsel</i> David Whittle <i>Director of Strategy, Policy, Relationships and Corporate Assurance</i> |
| CA06 – 2021 | Information Governance - advisory/ attendance at IG steering group. | 3 | Ongoing | Watching brief undertaken through Audit attendance at operational and strategic level Information Governance groups. | David Cockburn <i>Head of Paid Service</i> Ben Watts <i>General Counsel</i> |
| CA07 – 2021 | Information Governance – Remote working | 15 | Q2 | Review of information governance compliance of the shift to remote / home working for a significant proportion the Council workforce. This will include review of any communications and training delivered to raise awareness. | David Cockburn <i>Head of Paid Service</i> David Whittle <i>Director of Strategy, Policy, Relationships and Corporate Assurance</i> |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|------------------------------|-----------------|--------------------|--|--|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| CA08 - 2021 | Strategic Delivery Plan | 10 | Q2 | Audit of the framework for development of the Strategic Delivery plan and the adequacy and robustness of the plan to deliver the KCC's strategic objectives. NOTE - Audit deferred from 19/20. | David Cockburn <i>Head of Paid Service</i> David Whittle <i>Director of Strategy, Policy, Relationships and Corporate Assurance</i> |
| CA09 – 2021 | Office Cleaning Arrangements | 15 | | A key risk / concern identified from staff surveys in response to Covid-19 and working implications is lack of staff confidence in the effectiveness of cleaning arrangements in office accommodation. The audit would review the contractual arrangements both in place and planned to manage this risk including whether there are robust procedures and processes in place when staff identify concerns in relation to office cleanliness. | David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> |
| | | 108 days | | | |

2. Core Financial Assurance

To provide assurance on core aspects of financial internal control

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|----------------------------|------|--------------------|--|---|
| | | | | Outline Scope / Rationale | Lead Officer |
| CS01 - 2021 | Imprest accounts Follow-up | 10 | Q3 | A follow up on the actions taken to address the issues identified in the 2019-20 Imprest audit, which received a Limited assurance opinion. | David Cockburn <i>Head of Paid Service</i> Zena Cooke <i>Corporate Director of Finance</i> Cath Head <i>Head of Finance (Operations)</i> |
| CS02 - 2021 | Social Care Client Billing | 20 | Q2 | An audit to provide assurance over the adequacy and effectiveness of client billing arrangements for residential and non-residential care, following the implementation of MOSAIC in 2019-20. Note - due to the timing of the system implementation this audit was deferred from the 19/20 plan | David Cockburn <i>Head of Paid Service</i> Zena Cooke <i>Corporate Director of Finance</i> Richard Smith <i>Corporate Director of Adult Social Care and Health</i> Cath Head <i>Head of Finance (Operations)</i> |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|--|------|--------------------|---|--|
| | | | | Outline Scope / Rationale | Lead Officer |
| CS03 - 2021 | Non-residential care payments through Finestra | 20 | Q3 | A review covering the adequacy of processes and controls put in place over Finestra, the new system being brought in as part of the MOSAIC project to pay non-residential care providers. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Zena Cooke <i>Corporate Director of Finance</i></p> <p>Richard Smith <i>Corporate Director of Adult Social Care and Health</i></p> <p>Cath Head <i>Head of Finance (Operations)</i></p> |
| CS04 - 2021 | Respite Overpayment - Follow up | 5 | Q3 | A follow up on the actions taken to address the issues identified in the 2019-20 Respite Overpayment audit, which received a Limited assurance opinion. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Zena Cooke <i>Corporate Director of Finance</i></p> <p>Richard Smith <i>Corporate Director of Adult Social Care and Health</i></p> <p>Cath Head <i>Head of Finance (Operations)</i></p> |
| CS05 - 2021 | Schools Financial Services (TEP) | 5 | Q4 | Annual audit of the system of school compliance visits to provide assurance over the adequacy of the system of schools' audit. This work will support the S151 Officer's certification of the Schools Financial Value Standard. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Zena Cooke <i>Corporate Director of Finance</i></p> <p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>TEP Management</p> |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|---|------|--------------------|--|--|
| | | | | Outline Scope / Rationale | Lead Officer |
| CS06 - 2021 | Capital Planning and Prioritisation | 25 | Q4 | A review of the arrangements for capital planning across KCC, encompassing the role and effectiveness of the Capital Strategy Group. This will consider the prioritisation of capital spend against competing demands from areas such as the school's capital programme, highways infrastructure and KCC property. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Zena Cooke <i>Corporate Director of Finance</i></p> <p>Barbara Cooper <i>Corporate Director, Growth, Environment and Transport</i></p> <p>Rebecca Spore <i>Director of Infrastructure</i></p> <p>Simon Jones <i>Director Highways, Transportation and Waste</i></p> |
| CS07 - 2021 | Kent Pension Fund Investment Governance - Follow up audit | 15 | Q2 | Follow-up on Limited Assurance audit report produced in 2019/20. To include update on how fund performance is monitored and scrutinised. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Zena Cooke <i>Corporate Director of Finance</i></p> |
| CS08 - 2021 | ACCESS Pool | 15 | Q2 | To provide assurance that the ACCESS investment pool has adequate and effective procedures for setting its risk appetite, for transparently managing its funds within the agreed parameters, and for fee structures that are commensurate with the advantages linked to the size of the fund. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Zena Cooke <i>Corporate Director of Finance</i></p> <p>Barbara Cheatle <i>Head of Pensions</i></p> |
| CS09 2021 | Payment Project | 10 | | To provide embedded assurance / critical friend support in the Council-wide Payment Project initiated by the Finance Division. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Zena Cooke <i>Corporate Director of Finance</i></p> |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|--|-----------------|--------------------|---|---|
| | | | | Outline Scope / Rationale | Lead Officer |
| CS10 - 2021 | Finance - Urgent Payments Process | 15 | | Review of the Urgent Payment Process and associated controls. The Corporate Director of Finance has requested this review due to concerns regarding the number and value of FD629 payments which relate to manually created invoices for which no purchase order is required to be raised. | David Cockburn <i>Head of Paid Service</i> Zena Cooke <i>Corporate Director of Finance</i> |
| CS11 - 2021 | Covid-19 risk - Supplier Distress Payments | 20 | | The government issued guidance to local authorities regarding the need to support key suppliers during the Covid-19 pandemic and Supplier Relief payment arrangements were made on a 'pay now, reconcile later' basis. This audit will assess the controls in place around these Supplier Relief payments, including capture of all relevant information and the prevention of fraud. | David Cockburn <i>Head of Paid Service</i> Zena Cooke <i>Corporate Director of Finance</i> Vincent Godfrey <i>Strategic Commissioner</i> |
| CS12 - 2021 | Covid-19 expenditure | 20 | | A review of Covid-19 expenditure and income losses to provide assurance that there are mechanisms in place to ensure that there is effective challenge and oversight of actual and forecast expenditure and income loss attributed to Covid-19. The audit will be conducted in two stages - the first stage will concentrate upon Guidance and Awareness for. finance staff and budget holders - the second stage will involve sample testing and review of expenditure and income losses attributed to Covid-19 | David Cockburn <i>Head of Paid Service</i> Zena Cooke <i>Corporate Director of Finance</i> Cath Head <i>Head of Financial Management</i> |
| | | 180 days | | | |

3. Risk / Priority Based

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

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|---|---|------|--------------------|---|--|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| 3.1 Strategic and Corporate Services | | | | | |
| RB01 - 2021 | Revised Equality Impact Assessment (EQIA) process | 15 | | An audit of the effectiveness of arrangements in place to ensure that Equality Impact Assessments (EQIA) are completed when necessary and are to a high standard. The EQIAs provide assurance that equality analysis has been systematically undertaken and considered through the commissioning of services, policy development and decision making, and as such are an important tool across the Council. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>David Whittle <i>Director of Strategy, Policy, Relationships and Corporate Assurance</i></p> <p>Rebecca Spore <i>Director of Infrastructure</i></p> |
| RB02 - 2021 | Strategic Commissioning Follow-up | 20 | | <p>A follow-up review of Strategic Commissioning processes and the controls to be carried out once the actions from the 2018/19 audit have reached their planned implementation date.</p> <p>Scope to include: Contract registers, contract management standards & guidance, communication and support provided by Strategic Commissioning, planning for major procurements /contract re-lets and consistency across the council.</p> | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Vincent Godfrey <i>Strategic Commissioner</i></p> |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|-------------------------------|------|--------------------|--|---|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| RB03 - 2121 | Replacement of Oracle | 10 | | On-going audit engagement with the project considering the future of the Oracle system which is used by KCC for financial accounting, HR and Payroll functions. This will involve audit input as the project progresses and reporting at key project stages. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Zena Cooke <i>Corporate Director of Finance</i></p> <p>Vincent Godfrey <i>Strategic Commissioner</i></p> <p>Rebecca Spore <i>Director of Infrastructure</i></p> <p>Amanda Beer <i>Corporate Director of People and Communication</i></p> |
| RB04 - 2021 | Health and Wellbeing Strategy | 15 | | Following the increased focus on staff wellbeing over the last 2 years, a review of the uptake of support and the impact this is having. This will include a review of the response to staff changes in working arrangements as a result of Covid-19 and the impact of any increase in staff wellbeing concerns in the new work environment. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Amanda Beer <i>Corporate Director of People and Communication</i></p> <p>Diane Trollope <i>Head of Engagement & Consultation</i></p> |
| RB05 - 2021 | Succession Planning | 15 | | An audit of the succession planning process across the Council, focussing on senior roles where there has been significant change in the last year. This will cover identification of key staff/ roles for which succession planning is required and the arrangements in place to train and retain officers. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Amanda Beer <i>Corporate Director of People and Communication</i></p> |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|--|------|--------------------|---|---|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| RB06 - 2021 | Data Analytics development - Payroll | 10 | | The development of data analytics tools to provide regular and ad-hoc interrogation of Payroll data to identify anomalies for investigation and potential duplicate payments. | David Cockburn <i>Head of Paid Service</i> Amanda Beer <i>Corporate Director People and Communication</i> |
| RB07 - 2021 | Future of Sessions HQ | 10 | | On-going audit engagement in the project to set the direction for the future of Sessions House and take this forward to implementation. This is currently at a very early stage, with audit assurance to be provided at key points as it progresses. | David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> |
| RB08 - 2021 | Property Infrastructure - Functions and Processes Transferred to KCC from Gen2 | 20 | | An audit of the key functions transferred from GEN2 to KCC, with particular focus on performance monitoring and reporting to verify whether the changes made have had a positive impact on service delivery. | David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> |
| RB09 - 2021 | Covid-19 risk - Asset Control of Laptops and Other Equipment | 15 | Q1 | An audit to provide assurance over asset management controls at a time of change in response to the Covid-19 pandemic and the need to support staff in working remotely – in most cases from home. The scope will include the purchase, logging and distribution of new ICT assets (e.g. laptops) and the re-distribution of ancillary assets such as monitors, keyboards etc to support staff in their new working environments. | David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> Andy Cole <i>ICT Commissioner</i> |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|---|-----------------|--------------------|--|--|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| RB10 - 2021 | Covid-19 risk - Procurement and Contracts | 10 | | <p>During the Covid-19 pandemic there has, of necessity, been some relaxation of procurement controls for new contracts and the extension of some existing contracts.</p> <p>This audit will assess the controls in place to ensure that all procurements and contracts let/ re-let in the period were completed in accordance with procurement rules, and where this has not been possible, the exceptions (and any associated risks) are understood.</p> | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Vincent Godfrey <i>Strategic Commissioner</i></p> |
| | | 140 days | | | |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|---|------------------------------|------|--------------------|--|---|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| 3.2 Adult Social Care and Health | | | | | |
| RB11 - 2021 | Safeguarding - Assurance Map | 5 | | The conclusion of the development of an assurance map for Adults safeguarding, summarising the sources and reliability of assurances available. This will be shared with senior management within ASCH. | Richard Smith <i>Corporate Director of Adult Social Care and Health</i> |
| RB12 – 2021 | Shaping the Market | 20 | | Review of the ASCH market to include market challenges, market shaping, commissioning and contracts and sustainability. Procurement has now moved to the County Placements Team. Assessment of the achievement of the aim to drive a sustainable, evidence based equitable process across the county | Richard Smith <i>Corporate Director of Adult Social Care and Health</i> Vincent Godfrey <i>Strategic Commissioner</i> Clare Maynard <i>Head of Commissioning Portfolio – Outcome 2 and 3</i> |
| RB13 – 2021 | Quality Assurance Framework | 10 | | Assurance based review of the self-assessment of delivery against performance quality practice standards (Std 2 – strengths-based assessment). | Richard Smith <i>Corporate Director of Adult Social Care and Health</i> Julie Davidson <i>Head of Strategic Safeguarding, Policy and Practice (PSW)</i> |
| RB14 - 2021 | Partnership Working – NHS | 20 | | Review of the integration with Health as a partner as opposed to an integrated team to include governance arrangements, monitoring of performance and assignment of roles and responsibilities. | Richard Smith <i>Corporate Director of Adult Social Care and Health</i> |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|--|------|--------------------|---|--|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| RB15–2021 | Mosaic - post implementation | 10 | | A post-implementation review of the functionality of the Mosaic system. The scope will focus on key features and whether it meets business needs, rather than the system as a whole. | Richard Smith <i>Corporate Director of Adult Social Care and Health</i> Helen Gillivan <i>Head of ASCH Business Delivery Unit</i> |
| RB16 – 2021 | Workforce – Recruitment & Retention of Staff | 15 | | Review of performance against the workforce retention and recruitment plan to include the academy and the apprenticeship scheme. | Richard Smith <i>Corporate Director of Adult Social Care and Health</i> |
| RB17 – 2021 | Capital Investment in Good Day Program | 15 | | The precise scope of this review will be discussed with management but will incorporate a review of the effectiveness of the project which implements the investment. | Richard Smith <i>Corporate Director of Adult Social Care and Health</i> |
| RB18 – 2021 | ASCH Covid-19 Response Plan | 10 | | To review the extent to which the ASCH Directorate was prepared for the Covid-19 crisis and the adequacy and effectiveness of the Directorate's planned response in terms of developing flexible and adaptable arrangements. | Richard Smith <i>Corporate Director of Adult Social Care and Health</i> |
| RB19 - 2021 | Covid-19 risk - PPE Distribution and Stock Control | 20 | | In response to the Covid-19 pandemic, an audit of Personal Protective Equipment (PEE) to provide assurance over aspects of KCC's response such as: - understanding PPE requirements and prioritisation of demand - recording and monitoring stock levels - arrangements to prevent and detect stockpiling and theft - security of PPE in storage - distribution to approved recipients | Richard Smith <i>Corporate Director Adult Social Care and Health</i> Vincent Godfrey <i>Strategic Commissioner</i> |
| RB20 – 2021 | Project KARA - ASCH Digital Assistive Technology Project Board | 10 | | To provide embedded assurance / critical friend support for Project Kara. | Richard Smith <i>Corporate Director of Adult Social Care and Health</i> |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|-----------------------|-----------------|--------------------|--|--|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| RB21 – 2021 | Charging Arrangements | 20 | | To review compliance with Council statutory requirements in respect of charging service users. | Richard Smith <i>Corporate Director of Adult Social Care and Health</i> |
| RB22 – 2021 | ASCH Contingency | 30 | | Resources to be allocated based on ongoing review of assurance needs | Richard Smith <i>Corporate Director of Adult Social Care and Health</i> |
| | | 185 days | | | |

| Ref. | Audit Title | Days | Indicative Quarter | | |
|---|--|------|--------------------|---|--|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| 3.3 Children, Young People and Education | | | | | |
| RB23 - 2021 | Accommodation for young people/ care leavers | 20 | | <p>An audit of arrangements in place to provide safe and suitable accommodation for care leavers and other young people.</p> <p>Potential areas of coverage include reviewing accommodation commissioning arrangements. The precise scope will be discussed in further details with Directorate Management.</p> | <p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Sarah Hammond <i>Director Integrated Children's Services (East) and Social Care Lead</i></p> <p>Vincent Godfrey <i>Strategic Commissioner</i></p> <p>Christy Holden <i>Senior Commissioning Manager</i></p> |
| RB24 - 2021 | Schools Themed review | 40 | | To review the management of Cyber Security risks within schools. There has been an increase in referrals from schools on spear phishing including cyber-attacks resulting in loss of IT access. | <p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>David Adams <i>Director of Education, Planning and Access (Interim)</i></p> |
| RB25 - 2021 | Children Missing Education | 20 | | A review to provide assurance that children missing education are identified and that robust processes are followed to ensure that they return to or receive an appropriate education. | <p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>David Adams <i>Director of Education, Planning and Access (Interim)</i></p> |

| Ref. | Audit Title | Days | Indicative Quarter | | |
|-------------|--|------|--------------------|--|---|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| RB26 - 2021 | Delivery of Statutory Services – Contract Management - TEP | 15 | | A review of the management of the contractual arrangements to ensure that the Council's statutory requirements are being delivered by TEP. | <p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>David Adams <i>Director of Education, Planning and Access (Interim)</i></p> |
| RB27 - 2021 | Adoption | 20 | | To review the effectiveness of governance arrangements of the Regional Adoption Agency Partnership. | <p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Sarah Hammond <i>Director Integrated Children's Services (East) and Social Care Lead</i></p> |
| RB28 - 2021 | Change for Kent Children | 10 | | To provide embedded assurance / critical friend support in the Change for Kent Children Programme. | <p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Stuart Collins <i>Director Integrated Children's Services (West) and Early Help Lead</i></p> <p>Sarah Hammond <i>Director Integrated Children's Services (East) and Social Care Lead</i></p> |
| RB29 - 2021 | Assurance Map - Safeguarding | 10 | | To complete a review commenced in 2019-20 in relation to the mapping of assurances the Directorate has in relation to safeguarding children. | <p>Matt Dunkley <i>Corporate Director of Children, Young People and Education</i></p> <p>Stuart Collins <i>Director Integrated Children's Services (West) and Early Help Lead</i></p> <p>Sarah Hammond <i>Director Integrated Children's Services (East) and Social Care Lead</i></p> |

| Ref. | Audit Title | Days | Indicative Quarter | | |
|-------------|---|-----------------|--------------------|--|---|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| RB30 - 2021 | Provision of Laptops to service users | 20 | | To review the control and effectiveness of the issuing of laptops to children and young people including asset control, funding /costs and information governance arrangements. | Matt Dunkley <i>Corporate Director of Children, Young People and Education</i> |
| RB31 – 2021 | Establishments themed review - children's LD respite | 20 | | A review of key controls in place in a sample of Children's LD Respite establishments covering a range of finance and other areas (such as health and safety, safeguarding, medication control etc). Following completion of the site visits, a report will be produced drawing out themes and any cross-cutting issues. | Matt Dunkley <i>Corporate Director of Children, Young People and Education</i> |
| CS04 - 2021 | Respite Overpayment - Follow up (added for completeness) | N/A | | A follow up on the actions taken to address the issues identified in the 2019-20 Respite Overpayment audit, which received a Limited assurance opinion. | Zena Cooke Corporate Director of Finance Richard Smith Corporate Director of Adult Social Care and Health Cath Head Head of Finance (Operations) |
| | | 175 days | | | |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|--|---|------|--------------------|---|---|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| 3.4 Growth, Environment and Transport | | | | | |
| RB32 - 2021 | Resilience and Emergency Planning Service | 15 | | Business Continuity Plans have been used during the outbreak of Covid-19 and Management are likely to have identified changes to the criticality of systems and/or services and identified aspects of the plans which did not meet their needs. This audit will focus on lessons learned from enacting the plans since March 2020 and making necessary updates to the BCPs. | Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> Stephanie Holt-Castle <i>Director Environment, Planning and Enforcement</i> |
| RB33 - 2021 | Gypsy and Traveller Service - Pitch allocation and charging | 15 | | An audit of the processes and controls in place for the allocation of sites and charges raised and collected, to ensure that they are fair, transparent and in accordance with the Pitch Allocation and Site Management Policy. | Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> Stephanie Holt-Castle <i>Director Environment, Planning and Enforcement</i> |
| RB34 - 2021 | Kent Scientific Service | 20 | | A deep dive audit into the Kent Scientific Service, including assessment of key procedures and controls for the delivery and management of the service. | Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> Stephanie Holt-Castle <i>Director Environment, Planning and Enforcement</i> |
| RB35 - 2021 | EU Transition Planning | 10 | | Provide advisory support to the Council in Brexit transition planning. | Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> Stephanie Holt-Castle <i>Director Environment, Planning and Enforcement</i> |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|-------------|---|-----------------|--------------------|---|---|
| | | | | Outline Scope / Rationale | Lead Officer(s) |
| RB36 - 2021 | KCC support to Kent businesses - e.g. Kent and Medway Business Fund | 20 | | An audit to provide assurance over the procedures for assessment of applications to the Kent and Medway Business fund and the payment (and repayment) of grants and loans. | Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> David Smith <i>Director Economic Development</i> |
| RB37 - 2021 | Blue Badge Applications process | 15 | | An audit of the processes and controls in place within KCC's Blue Badge service which handles applications for new and replacement badges. To include an assessment of key controls to manage workflow and assess the validity of applications. | Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> David Smith <i>Director Economic Development</i> |
| RB38 - 2021 | Highways Term Services Commissioning Project (HTSCP) | 15 | | A continuation of the on-going audit engagement with the Highways Term Services Commissioning Project. As well as advice and challenge to the project, this will include the production of assurance reports at key project stages. | Barbara Cooper <i>Corporate Director Growth, Environment & Transport</i> Simon Jones <i>Director of Highways, Transportation and Waste</i> |
| | | 110 days | | | |

4. ICT Audit

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

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|--------------|---|------|--------------------|---|--|
| | | | | Outline Scope / Rationale | Corporate Director & Lead Officer |
| ICT01 - 2021 | IT Cloud Strategy, Security and Data migration | 25 | | <p>A review of ICT Cloud security and data migration as the council moves towards increased use of cloud-based storage and systems. To include areas such as:</p> <ul style="list-style-type: none"> • Cloud strategy, business case and plans in place • Contract initiation and management for cloud storage • Data centre migration arrangements and security • Procedure for verifying security controls within hosted environments. • Encryption for data at rest and data in transit, and interface security between physical network and cloud. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Rebecca Spore <i>Director of Infrastructure</i></p> <p>Andy Cole <i>Head of ICT Commissioning</i></p> |
| ICT02 - 2021 | IT Access Controls/ User Accounts – for DSP Toolkit | 15 | | <p>An audit to support the Council's annual Data Security and Protection Toolkit submission. The scope will include an assessment of the robustness of controls over ICT access to ASCH and Public Health systems and include the following assertions:</p> <ul style="list-style-type: none"> • 4.2.5 Unnecessary user accounts removed or disabled • 4.4.1 The activities of users with high system privileges should be logged and only available to appropriate personnel. | <p>David Cockburn <i>Head of Paid Service</i></p> <p>Rebecca Spore <i>Director of Infrastructure</i></p> <p>Andy Cole <i>Head of ICT Commissioning</i></p> <p>David Whittle <i>Director of Strategy, Policy, Relationships and Corporate Assurance</i></p> |

| Ref. | Audit Title | Days | Indicative Quarter | Audit Details | |
|--------------|---|----------------|--------------------|--|--|
| | | | | Outline Scope / Rationale | Corporate Director & Lead Officer |
| ICT03 - 2021 | Cyber Security - Management of Backups for Applications, Data and active Network Devices. | 20 | | An audit of management of data backups, including: - Backup Strategy for Systems, Data and Infrastructure devices; - Backup procedure; Backup failures; - Security of backup locations; - Resilience of backup systems | David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> Andy Cole <i>Head of ICT Commissioning</i> |
| ICT04 - 2021 | Cyber Security - Management of Firewall rulesets/ Anti-virus and Anti-Malware Software | 10 | | A review of a specific area of cyber security controls, with the focus to be agreed. Options include Management of Firewall rulesets, or deployment and updates of Anti-virus and Anti-Malware Software | David Cockburn <i>Head of Paid Service</i> Rebecca Spore <i>Director of Infrastructure</i> Andy Cole <i>Head of ICT Commissioning</i> |
| | | 70 days | | | |

5. Work to Prevent and Pursue Fraud and Corruption

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

| Ref. | Audit | Days | Indicative Qtr | Outline Scope / Rationale | Audit Details |
|---|---|------|----------------|--|--|
| | | | | | Corporate Director & Lead officer |
| Anti-fraud work – to raise awareness | | | | | |
| CF01 2021 | Fraud Awareness / Detection and Prevention Authority Wide | 10 | Ongoing | Plan and deliver a fraud awareness campaign in 2020-210 that is supported by the leadership team and includes both internal and external communications. The latter should raise awareness across clients and customers and include 'good news' stories such as successful prosecution or fraud prevention activity. | Zena Cooke <i>Corporate Director of Finance</i> |
| Fraud prevention work – to remove weaknesses that could be exploited | | | | | |
| CF02 – 2021 | NFI | 20 | | Coordinate the Council's and its LATCO's participation in the National Fraud Initiative | Zena Cooke <i>Corporate Director of Finance</i> |
| CF03 – 2021 | Review Policies & Procedures <ul style="list-style-type: none"> • Anti-Fraud Strategy • Whistleblowing • Bribery • Code of Conduct | 10 | | Review each policy annually ahead of the April G&A Committee and ensure that this is presented to CMT and once agreed to be communicated across KCC management via Kmail for managers. | Zena Cooke <i>Corporate Director of Finance</i> |
| CF04 – 2021 | Kent Intelligence Network | 20 | | Actively participate in the Kent Intelligence Network and develop data matching proposals to increase detection of fraud at KCC and across Kent authorities | Zena Cooke <i>Corporate Director of Finance</i> |

| Ref. | Audit | Days | Indicative Qtr | Outline Scope / Rationale | Audit Details |
|-------------|--|------|----------------|---|--|
| | | | | | Corporate Director & Lead officer |
| CF05 – 2021 | Relationship Management Strategy for Senior Stakeholders - Including Fraud, Bribery and Risk Assessments | 50 | | To ensure that key Senior Stakeholders are kept up to date on the fraud risks and mitigation: <ul style="list-style-type: none"> • Leader as Portfolio Holder • CMT (In particular, Head of Paid Service, S.151 and Monitoring Officer) • Corporate Directors • Governance and Audit Committee • Directorate/ Divisional Directors | Zena Cooke <i>Corporate Director of Finance</i> |
| CF06 - 2021 | Proactive Fraud Exercise - Schools | 20 | | Provide Fraud awareness sessions to school finance staff, emerging leaders and governors. Including existing and emerging risks | Zena Cooke <i>Corporate Director of Finance</i> |
| CF07 - 2021 | Proactive Fraud Exercise - Blue Badges | 25 | | Provide regular attendance at the parking managers meetings to inform them of latest guidance, what's working well what needs improving. Provide enforcement awareness sessions to district CEOs. | Zena Cooke <i>Corporate Director of Finance</i> |
| CF08 - 2021 | Proactive Fraud Exercise - Social Care | 25 | | Review the Financial Abuse Toolkit to support Social Care in identifying and managing financial abuse. | Zena Cooke <i>Corporate Director of Finance</i> |
| CF09 - 2021 | Proactive Fraud Exercise - Commissioning | 25 | | Work with Commissioning in assessment the fraud risks within the supply chain. | Zena Cooke <i>Corporate Director of Finance</i> |
| CF10 - 2021 | Reactive Investigations | 430 | | To manage and complete investigations. | Zena Cooke <i>Corporate Director of Finance</i> |
| CF11 – 2021 | Data Analytics Development - Payments | 10 | | To identify a way to use data analytics to help identify fraud and error within the payments systems. | Zena Cooke <i>Corporate Director of Finance</i> |

| Ref. | Audit | Days | Indicative Qtr | Outline Scope / Rationale | Audit Details |
|-------------|---|-----------------|----------------|--|--|
| | | | | | Corporate Director & Lead officer |
| CF12 – 2021 | Data Analytics Development - Procurement Card Usage | 15 | | To identify a way to use data analytics to help identify fraud and error within the procurement card systems. | Zena Cooke <i>Corporate Director of Finance</i> |
| CF13 – 2021 | Covid-19 Fraud Risk Assessments | 10 | | To updated COVID-19 Fraud Risk assessments as new threats emerge. | Zena Cooke <i>Corporate Director of Finance</i> |
| CF14 – 2021 | Supporting Internal Audit on specific audits where there is a fraud risk, through planning, fieldwork and reporting stages as required. | 35 | | Provide advice and support on key fraud controls in specific audits, support in testing and reporting as required. | Zena Cooke <i>Corporate Director of Finance</i> |
| | | 705 days | | | |

6. Summary

| Audit | Planned Days | |
|---|--------------|-------------------|
| KCC Core Assurance | 108 | |
| KCC Core Financial Assurance | 180 | |
| KCC Risk Based Audits | 610 | |
| KCC IT Audit Plan | 70 | |
| KCC Proactive and Reactive Counter fraud work | 705 | |
| KCC Follow up of issues with high/medium priority rating | 30 | |
| KCC Liaison, advice and information/support for emerging risks and service developments | 70 | |
| KCC Grant certifications | 180 | |
| KCC Contingency for audit of emerging risks | 40 | |
| TOTAL FOR KCC | | 1,993 days |
| Commercial Activities and other external provision | | |
| - Kent HoldCo Ltd and LATCos (Commercial Services, Cantium Business Solutions, Invicta Law and The Education People) | 505 | |
| - Tonbridge and Malling District Council – Management of Audit and Counter Fraud Service | 130 | |
| - Kent and Medway Fire & Rescue Authority | 72 | |
| - GDPR Compliance reviews | 48 | |
| - IC24 | 40 | |
| - Parishes | 22 | |
| - Academies | 28 | |
| - Other (Charity accounts & Grant claims other certifications for external organisations) | 28 | |
| TOTAL FOR EXTERNAL ORGANISATIONS | | 873 days |
| Internal Quality Assurance Initiatives and Improvement (including EQA) | 70 | |
| TOTAL DAYS | | 2,936 days |

Plan Mapped Against Corporate Risk Register

CRR0001

Safeguarding – protecting vulnerable children (High)

| | |
|------|--|
| RB23 | Accommodation for young people/ care leavers |
| RB25 | Children Missing Education |
| RB26 | Delivery of Statutory Services – Contract Management - TEP |
| RB27 | Adoption |
| RB28 | Change for Kent Children |
| Rb29 | Assurance Map - Safeguarding |

CRR0002

Safeguarding – protecting vulnerable adults (High)

| | |
|------|--|
| RB11 | Safeguarding - Assurance Map |
| RB13 | Quality Assurance Framework |
| RB15 | Mosaic - post implementation |
| RB16 | Workforce – Recruitment & Retention of Staff |
| RB17 | Capital Investment in Good Day Program |
| RB20 | Project KARA - ASCH Digital Assistive Technology Project Board |

CRR0003

Securing resources to aid economic recovery and enabling infrastructure (High)

| | |
|------|-------------------------------------|
| CS06 | Capital Planning and Prioritisation |
|------|-------------------------------------|

CRR0004
Emergency Response and Resilience (High)

| | |
|------|---|
| RB32 | Resilience and Emergency Planning Service |
|------|---|

CRR0005
Development of Integrated Care System (ICS) / Integrated Care Programmes (ICPs) in Kent and Medway NHS system (Medium)

| | | |
|------|---------------------------|--|
| RB14 | Partnership Working – NHS | |
|------|---------------------------|--|

CRR0006
Resourcing implications arising from increasing complex adult social care demand (High)

| | |
|------|--|
| RB02 | Strategic Commissioning Follow-up |
| RB12 | Shaping the Market |
| RB13 | Quality Assurance Framework |
| RB16 | Workforce – Recruitment & Retention of Staff |
| CF08 | Proactive Fraud Exercise - Social Care |

CRR0007
Resourcing implications arising from children’s services demand (High)

| | |
|------|--|
| RB02 | Strategic Commissioning Follow-up |
| RB30 | Provision of Laptops to service users |
| RB31 | Establishments themed review - Children's LD respite |
| CF08 | Proactive Fraud Exercise - Social Care |

CRR0009
Future financial and operating environment for local government (High)

| | |
|--|--|
| | |
|--|--|

CRR0014**Cyber-attack threats and their implications (High)**

| | |
|-------|---|
| ICT01 | IT Cloud Strategy, Security and Data migration |
| ICT03 | Cyber Security - Management of Backups for Applications, Data and active Network Devices. |
| ICT04 | Cyber Security - Management of Firewall rulesets/ Anti-virus and Anti-Malware Software |

CRR0015**Managing and working with the social care market (High)**

| | |
|------|-----------------------------------|
| RB02 | Strategic Commissioning Follow-up |
| RB12 | Shaping the Market |

CRR0016**Delivery of New School Places is constrained by capital budget pressures and dependency upon the Basic Need allocation and the Education and Skills Funding Agency (ESFA) (High)**

| | |
|------|-------------------------------------|
| CS06 | Capital Planning and Prioritisation |
|------|-------------------------------------|

CRR0039**Information Governance (High)**

| | |
|-------|---|
| CA03 | Records Management |
| CA05 | Information Governance - DSP Toolkit annual audit |
| CA06 | Information Governance - advisory/ attendance at IG steering group. |
| CA07 | Information Governance – Remote working |
| RB21 | Charging Arrangements |
| ICT02 | IT Access Controls/ User Accounts – for DSP Toolkit |

CRR0040**Financial, governance and service delivery risks associated with KCC's Local Authority Trading Companies (High)**

| | |
|------|----------------------|
| CA02 | Corporate Governance |
|------|----------------------|

CRR0042**Post-Transition UK/EU border systems, infrastructure and regulatory arrangements (*Risk being revised*)**

| | |
|------|-------------------------------------|
| CS06 | Capital Planning and Prioritisation |
| RB35 | EU Transition Planning |

CRR0044**High Needs Funding shortfall (High)**

| | |
|--|--|
| | |
|--|--|

CRR0045**Effectiveness of governance within a Member-led Authority (*Risk being revised*)**

| | |
|------|---|
| CA02 | Corporate Governance |
| CS07 | Kent Pension Fund Investment Governance - Follow up audit |

CRR0047**Adequacy of support for children with Special Educational Needs and Disabilities (SEND) – response to Written Statement of Action (High)**

| | |
|--|--|
| | |
|--|--|

CRR0048**Maintenance and modernisation of the KCC estate (High)**

| | |
|------|--|
| CA09 | Office Cleaning Arrangements |
| CS06 | Capital Planning and Prioritisation |
| RB07 | Future of Sessions HQ |
| RB08 | Property Infrastructure - Functions and Processes Transferred to KCC from Gen2 |

CRR0049
Fraud and Error (High)

| | |
|------|--|
| CS01 | Imprest accounts Follow-up |
| RB06 | Data Analytics development - Payroll |
| RB09 | Covid-19 risk - Asset Control of Laptops and Other Equipment |
| CS04 | Respite Overpayment - Follow up |
| CF01 | Fraud Awareness / Detection and Prevention |
| CF03 | Review Policies & Procedures (Anti-Fraud Strategy, Whistleblowing, Bribery, Code of Conduct) |
| CF06 | Proactive Fraud Exercise - Schools |
| CF07 | Proactive Fraud Exercise - Blue Badges |
| CF08 | Proactive Fraud Exercise - Social Care |
| CF09 | Proactive Fraud Exercise - Commissioning |
| CF10 | Reactive Investigations |
| CF11 | Data Analytics Development - Payments |
| CF12 | Data Analytics Development - Procurement Card Usage |
| CF13 | Covid-19 Fraud Risk Assessments |

KENT COUNTY COUNCIL

Internal Audit Charter

INTRODUCTION

This Internal Audit Charter formally defines the purpose, authority and responsibility of the Internal Audit service within Kent County Council. It is consistent with the mandatory requirements of the Public Sector Internal Audit Standards (PSIAS) and the supporting Local Authority Guidance Note (LGAN) produced by the Chartered Institute of Public Finance and Accountancy (and the Chartered Institute of Internal Auditors (IIA). The Charter will be reviewed at least annually to ensure it is up-to-date and reflects the PSIAS).

PURPOSE

The definition of Internal Audit is a mandatory part of the PSIAS and is as follows:

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

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

AUTHORITY

The requirement for the Council to 'maintain an adequate and effective system of internal audit of its accounting record and its systems of internal control' is contained in the Accounts and Audit Regulations 2015. This supplements the requirements of Section 151 of the Local Government Act 1972 for the Council to make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has responsibility for the administration of those affairs. The Council has delegated this responsibility to the Corporate Director of Finance.

STATUS OF INTERNAL AUDIT WITHIN THE ORGANISATION

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

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

The Head of IA & CF has direct access to the Chair of the Governance and Audit Committee and has the opportunity to meet with the Governance and Audit Committee in private.

The Chair of the Governance and Audit Committee will be involved in the appointment and termination of the Head of IA&CF.

RESPONSIBILITY

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

Internal Audit will contribute to the corporate governance process by providing an assurance on the effectiveness of these systems of risk management and internal control, making practical recommendations for enhancements where considered necessary. Management has responsibility to implement agreed actions in relation to issues raised by audit or to accept the risks resulting from not acting. However, Internal Audit will consider taking matters to higher levels of management or to the Governance and Audit Committee, if it is felt that the risk should not (or need not) be borne, or management fails to implement agreed actions timely.

PROFESSIONAL STANDARDS

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

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

Compliance, by all those involved in the delivery of Internal Audit services with the Code of Ethics laid down in the PSIAS enhances the environment of trust between Internal Audit and senior management. Fundamentally, the following ethical standards are observed:

- Integrity – performing work with honesty, diligence and responsibility;
- Objectivity – making a balanced assessment of relevant circumstances not unduly influenced by personal interests or by others in forming judgements;
- Confidentiality – respecting the value and ownership of information obtained and not disclosing without appropriate authority, unless there is a legal or professional obligation to do so;
- Competence and Due Professional Care – applying the knowledge, skills and experience needed in the performance of work.

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

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

INDEPENDENCE AND OBJECTIVITY

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

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

Committee.

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

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

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

Should the independence or objectivity of the Internal Audit service be impaired in fact or appearance, the Head of IA & CF will disclose details of the impairment to the Corporate Director of Finance and /or the Chair of the Governance and Audit Committee depending upon the nature of the impairment.

When requested to undertake any additional roles or responsibilities outside of Internal Auditing, the Head of IA & CF must highlight to the Governance and Audit Committee any potential or perceived impairment to independence and objectivity having regard to the principles contained within the Code of Ethics. The Governance and Audit Committee must approve and periodically review any safeguards put in place to limit impairments to independence and objectivity.

SCOPE & NATURE OF INTERNAL AUDIT

Internal Audit activity will be undertaken to provide assurance to senior management (Corporate Directors / Corporate Management Team) and the Governance and Audit Committee (referred to as 'Board' in the PSIAS) as to the adequacy and effectiveness of the Councils' systems for corporate governance, risk management and internal control. This effectively means that Internal Audit has independent oversight of all of the Council's operations, resources, services and processes and includes:

- Reviewing the soundness, adequacy and application of financial and other management controls to manage the risks to achieve the Council's objectives;
- Reviewing the extent of compliance with, relevance and financial impact on strategic and operational goals of established policies, plans and procedures;
- Reviewing the extent to which the organisation's assets and interests are accounted for and safeguarded from losses arising from:
 - Fraud and other offences
 - Waste, extravagance and inefficient administration, poor value for money and other causes;
- Reviewing the suitability and reliability of financial and other management data developed within the organisation;
- Reviewing awareness of risk and its control and providing advice to management on risk mitigation and internal control in financial or operational areas where new systems are being developed or where improvements are sought in the efficiency of existing systems;

- Promoting and raising awareness of fraud and corruption;
- Investigating allegations of fraud and corruption;
- Providing advice (consultancy) to Directorates for a variety of issues, such as project assurance, controls advisory requests, areas of concern and lessons learnt reviews.

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

Where the Head of IA & CF considers that the scope of audit work is being restricted, the Corporate Director of Finance and the Governance and Audit Committee will be advised.

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

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

FRAUD AND IRREGULARITY

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

RIGHT OF ACCESS

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

INTERNAL AUDIT RESOURCES

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

REVIEW OF THE EFFECTIVENESS OF THE SYSTEM OF INTERNAL AUDIT

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

Committee; this was last undertaken in 2016 with the next review to occur in 2020-21. This review incorporates a review of Internal Audit compliance with the PSIAS and the planning and commissioning of the review will be agreed by members of the Governance and Audit Committee. The Head of IA&CF will review the Charter annually and attach a revised document to the annual Plan.

PROVISION OF ASSURANCE TO THIRD PARTIES

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

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

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

QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

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

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

Signed by:

Head of Internal Audit and Counter Fraud

Chairman of the Governance and Audit Committee

VERSION CONTROL

Document Owner: Jonathan Idle, Head of Internal Audit and Counter Fraud.

| Version | Reviewed/Due for Review | Reviewer | Approver | Date approved |
|-----------------|-------------------------|--------------------------------|---------------------------------------|---------------|
| Original | | | | |
| 2 | 23 February 15 | Head of Internal Audit | Governance and Audit Committee | |
| 3 | April 2016 | Head of Internal Audit | Governance and Audit Committee | |
| 4 | March 2019 | Strategic Audit Manager | Governance and Audit Committee | |
| 5 | July 2020 | Head of Internal Audit | Governance and Audit Committee | |