

**By:** Jonathan Idle – Head of Internal Audit  
**To:** Governance and Audit Committee – 27 April 2022  
**Subject:** **INTERNAL AUDIT PLAN 2022/23**  
**Classification:** Unrestricted

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**Summary:** This report details the proposed Internal Audit Plan for 2022/23; the Internal Audit Charter, which underpins the plans and practice of the Internal Audit team and the key performance indicators to be tracked and monitored during 2022/23.

**Recommendation: FOR DECISION**

## Introduction

- The Public Sector Internal Audit Standards (PSIAS) require the Internal Audit service to produce a risk-based audit plan. This paper sets out the proposed 2022/23 Internal Audit Plan (Plan), including a summary of the available resources.
- The 2022/23 Plan will be a rolling 6-month plan, to allow more flexibility to incorporate changing and emerging risks into the Plan, replacing the previous fixed annualised audit planning approach.
- This paper sets out the following:
  - The priority audits for June – November 2022. These Audits have been prioritised using our risk-based assessment and evaluation methodology, following the criteria detailed below.
  - Some further Priority 1 audits and Priority 2 audits to be considered for the latter part of 2022/23. The Priority 1 audits have been assessed as ‘must do’s’ and Priority 2 audits have been assessed as ‘could do’s’. The significance and priority of all potential audits identified within the audit planning process, will be continually risk assessed throughout the year.
  - The Internal Audit Charter. The Charter is a mandatory requirement of the Public Sector Internal Audit Standards, which should be reviewed and updated periodically. The Charter sets out the purpose, authority and responsibility of Internal Audit.
  - The key performance indicators to track and monitor audit plan delivery and service performance during 2022/23.

## 2022-23 Internal Audit Plan

- The Public Sector Internal Audit Standards (PSIAS) stipulates the need for the development of an Audit Plan.
- The Kent County Council Internal Audit service has traditionally produced an Annual Plan, covering a 12-month period. This practice is in-line with the requirement to produce an annual opinion at the end of the year on overall systems of risk management, governance, and internal control.
- To enable the Internal Audit service to be more flexible and adaptive to changing priorities and emerging risks, the Plan for 2022/23 will be a 6-month rolling Plan. This dynamic approach will ensure optimum value to the Council and stakeholders and more effective deployment of audit resources.
- The Plan will be reviewed every 3 months by completing an assessment of all potential audits identified against the following criteria:

**Significance** How important is the activity to the Council in achieving its objectives, key plans and managing its risks?

**Sensitivity** How much interest would there be if things went wrong and what would be the reputational impact?

**Time** When is the best time for the audit to be completed?

- The quarterly review will also consider an evaluation of relevant business intelligence to identify new priorities / emerging risks and potential audit areas.
- Another key consideration when reviewing and updating the Plan throughout the year, will be to ensure there continues to be sufficient coverage of the 8 themes of Corporate Health, which are utilised to ensure there is sufficient coverage for the Head of Internal Audit's Annual Opinion in July 2023.
- Any amendments to the Plan will be reported to the Governance and Audit Committee.
- The Plan for June – November 2022 is attached at **Appendix A**. This includes 26 audits, which are spread across the Directorates as follows:

Directorate	Number of Audits
Cross-Directorate	7
Adult Social Care & Health	2
Children, Young People and	2
Growth, Environment & Transport	2
Strategic & Corporate Services	10
ICT	3
<b>Total Audits</b>	<b>26</b>

- The Priority 1 and Priority 2 audits detailed within **Appendix B** and **Appendix C** will be considered for coverage between December – May 2023.
- The Plan has been developed through a risk-based planning process, including the following elements:
  - A review of the corporate and division risk registers and discussion with the Corporate Risk Manager
  - Discussions with Corporate Directors, Directors and Heads of Service
  - Attendance at Directorate Management Team meetings
  - Horizon scanning to identify emerging risks and issues
  - A review of audits deferred from the 2021/22 Plan
  - Undertaking an assessment to determine the required coverage needed for the Head of Internal Audit's Annual Opinion for 2022/23
  - A review of the Council's Annual Governance Statement
  - A review of previous cyclical / core audit work
  - Identification of audit reviews to be followed up
  - Consideration of other sources of assurance.
- The Plan includes some audits with specific scope areas where this has already been identified and some audits where scope is still to be determined.
- The Plan does not detail the number of days to be assigned to the individual audits, but it does illustrate the total days / resources available.
- **Appendix D** sets out how the audits listed on the 6-month Plan for June to November 2022 map to the Reasonable Assurance – 8 Themes of Corporate Health.
- **Appendix E** sets out how the audits listed on the Plan mapped to KCC's Corporate Risks.
- In addition to the projects listed on the Plan, we also have **220** days set aside for grant certification work.
- The outcomes from the 2022/23 Plan will provide the following:
  - Overall opinion and assurance to support the 2022/23 Annual Governance Statement.
  - Assurance against the mitigation of key corporate risks.
  - Assurance over the critical systems of the Council.
  - On-going advice and information to management on risks and controls.
  - Opportunities to provide management with value for money support and advice.

- Excluded from Appendix A are detailed plans for:
  - Internal Audit coverage of the Kent HoldCo Ltd and its subsidiary companies LATCos (Commercial Services, Invicta Law, Cantium and The Education People).
  - Income generating and shared service work with Tonbridge and Malling Borough Council, Kent and Medway Fire and Rescue Service, Parish Councils, Academies and audits of selected grants.

## Resources

- Based on the current Team resources, the total days available for 2022/23 is **2,697** days.
- The number of audit days available for the KCC 2022/23 Audit Plan is estimated to be **900**. This will be split equally between June – November 2022 and December – May 2023.
- A summary of the overall Audit Plan is illustrated below:

<b>2022/23 KCC Audit Plan</b>		<b>Days</b>
KCC (June – November 2022)		450
KCC (December – May 2023)		450
<b>Sub-Total</b>		<b>900</b>
<b>Other Factors</b>		<b>Days</b>
2021/22 Audit Plan carry forward		100
Management		250
Client liaison / advice		100
Contingency		170
KCC Follow Ups		50
Pentana (Audit Software) Development		50
<b>Sub-Total</b>		<b>720</b>
<b>External Clients</b>		
Academies		30
Grant Certifications		220
Kent HoldCo		300
Kent Fire & Rescue Services		95
Other		10
Parish Councils		40
Tonbridge & Malling Borough Council		382
<b>Sub-Total</b>		<b>1,077</b>
<b>Total</b>		<b>2,697</b>

26. Based on the current staffing levels and assumptions, there is sufficient resource to deliver the 2022/23 Audit Plan. However, some further recruitment activity is planned during 2022/23 to provide greater resilience within the team.

## **Internal Audit Charter**

- 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, which is attached at **Appendix F** has been reviewed to ensure it remains fit for purpose to support delivery of the 2022/23 Plan and is compliant with the Standards. No amendments have been made to the Charter previously submitted in July 2021.

## **Key Performance Indicators**

- **Appendix G** sets out the Key Performance Indicators (KPI's) to be tracked and monitored during 2022/23. There are two sets of KPI's detailed; those reportable to key stakeholders and those to be internally monitored for the purpose of tracking team performance and to drive service improvements.

## **Conclusions**

- The Plan provides sufficient coverage of the Council's current and emerging risks and priorities, with sufficient flexibility to add further reviews onto the plan as needed. There will be sufficient resources to deliver the proposed Plan.

## **Recommendations**

- Members are asked to:
  - Agree the proposed Internal Audit Plan for June to November 2022
  - Note Priority 1 and Priority 2 audits to be considered for the remainder of 2022/23
  - Approve the Internal Audit Charter
  - Note the Key Performance Indicators for 2022/23

## **Appendices:**

Appendix A - Internal Audit Plan and Resourcing

Appendix B - Priority 1 Audits

Appendix C - Priority 2 Audits

Appendix D - Audit Plan mapped against 8 Themes of Corporate Health

Appendix E - Audit Plan mapped against Corporate Risk Register

Appendix F - Internal Audit Charter

Appendix G - 2022/23 Key Performance Indicators

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# Kent County Council

## Internal Audit Plan

June 2022 – May 2023

# 1. Cross-Directorate

Audit Title	Nature of Work	Scope
Assurance Mapping (1)	Consultancy	To complete an assurance mapping exercise for a selected risk from the Corporate Risk Register
Data Mapping	Assurance	To provide assurance regarding robustness of data mapping across the Council
Inflation	Consultancy	To establish how the Council is managing / mitigating the risks linked to increasing inflation
Informal Governance	Assurance	Review of Informal Governance arrangements
Operating Standards	Consultancy	To advise whether the compliance statements detailed in the Annual Governance Statement assurance statements, in relation to Operation Standards are accurate – to include procurement and contract signing
SEND Transport	Lessons Learned Review / Assurance	Ongoing lessons learned review carried forward from 2021/22
Talent Management	Assurance	To provide assurance that the Council has adequate arrangements in place for talent management To review the adequacy and effectiveness of controls over staff retention risks

## 2. Risk Based Audits

### 2.1 Adult Social Care and Health (ASCH)

Audit Title	Assurance / Consultancy	Scope
Individual Contracts with Care Providers	Assurance	To review the adequacy and effectiveness of controls over individual contracts with care providers
Making a Difference Every Day (MADE)	Embedded Assurance	Ongoing embedded assurance of MADE programme, to include work to prepare for Social Care Reform

### 2.2 Children, Young Persons and Education (CYPE)

Audit Title	Assurance / Consultancy	Scope
Change for Kent Children	Consultancy - Embedded Assurance	Ongoing embedded assurance review on the Change for Kent Children programme
Recruitment and Retention of Social Workers (CYPE)	Assurance	To determine whether the Council is getting best value from the new Social Worker resourcing contract  To assess the adequacy and effectiveness of controls to recruit and retain experienced social workers and to manage positive health and well being

## 2.3 Growth, Environment and Transport (GET)

Audit Title	Assurance / Consultancy	Scope
Climate Change	Assurance	<p>There are several potential areas for this review, which include:</p> <p>To provide assurance over the implementation of the Kent and Medway Energy and Low Emissions Strategy by KCC</p> <p>Or</p> <p>To review the Council's preparedness for Climate Change in consideration of funding, development of strategies / policies, decision making and commissioning of services</p> <p>The precise scope will be determined prior to the review</p>
Highways Term Contract	Consultancy - Embedded Assurance	Ongoing embedded assurance in relation to the re-tendering of the Highways Term contract

## 2.4 Strategic and Corporate Services

Audit Title	Assurance / Consultancy	Scope
Annual Governance Statement	Assurance	To provide assurance that the information received at all levels for the Annual Governance Statement gives an accurate assessment of the organisation and to verify evidence behind the assurance statements
Budget Savings	Assurance	To review the effectiveness of the monitoring of the delivery of savings set out for 2022/23
Decision Making	Assurance	To review compliance across the Council with Decision Making as set out in the KCC Constitution, for example Standing Delegations, Delegated Decisions, Executive Decisions, Non-Executive Decisions and Key Decisions
Estate Management / Maintenance	Assurance	Maintenance of KCC estate / buildings To examine the funding arrangements and management of processes
Health & Safety	Assurance	To provide assurance regarding the effectiveness of KCC Health and Safety Function processes
Imprest Accounts	Assurance	To review the use and control of Imprest Accounts
Information Governance	Assurance	There are several potential areas for this review, which include:  To determine whether Information Asset Owners currently in place understand what and where data they are responsible for  Or  To establish whether physical information stored in Council offices is held securely

## 2.4 Strategic and Corporate Services

Audit Title	Assurance / Consultancy	Scope
Modern Slavery	Assurance	<p>To determine whether the Council's procurement and commissioning activities include sufficient probity checks of tenderers / suppliers to ensure the contracted work force is recruited</p> <p>To consider whether the Council provides sufficient training / awareness of modern slavery to key teams / workforce</p>
Procurement	Assurance	Compliance with the Council's Contract Standing Orders
Purchase Cards	Assurance	To review the adequacy and effectiveness of controls over the administration, allocation, authorisation monitoring and management of purchase cards – including the removal / suspension of cards

### 3. ICT Audits

Audit Title	Assurance / Consultancy	Scope
Cyber Security Patch Management	Assurance	To review the effectiveness of Patch Management arrangements as part of IT Security.
Data Centre Outage Lessons Learned Review	Assurance	Continuation of on-going follow up work against the consolidated action plan
Information Technology Risk Management	Assurance	ICT02-2022 Information Technology Risk Management audit deferred from 2021/22

<b>Priority 1 Audits</b>	
<b>Adult Social Care &amp; Health</b>	<b>Children, Young People and Education</b>
Public Health Provider Invoicing (Follow Up) Quality Assurance Framework	Special Educational Needs and Disabilities Unregulated Care Placements
<b>Growth, Environment &amp; Transport</b>	<b>Strategic and Corporate Services</b>
Traveller Service (Follow Up)	Commissioning Counter Fraud Data Security and Protection (DSP) Toolkit LATCO Governance Arrangements Pension Scheme Admin Records Management (Follow Up) Risk Management Schools Financial Services – Compliance Review Social Care Debt Recovery Treasury Management
<b>Cross Directorate</b>	<b>ICT</b>
Assurance Mapping (2)	Cyber Security Disaster Recovery

<b>Priority 2 Audits</b>	
<b>Adult Social Care &amp; Health</b>	<b>Children, Young People and Education</b>
Direct Payments Financial Sustainability (Budget Deficit) Health Visitor (Backlogs) Preparedness for CQC Inspection Provider Failure / Capacity Safeguarding (ASCH) Workforce Planning (ASCH)	School Placements to Independent / Specialist Schools Safeguarding (CYPE) Unaccompanied Asylum-Seeking Children (National Transfer Scheme)
<b>Growth, Environment &amp; Transport</b>	<b>Strategic and Corporate Services</b>
Coroners Enterprise Payments Local Enterprise Partnership (Funding Arrangements) Management of Border Checks (Post 1 July 2022) Management of Street Works and Lane Rental SEND Transport Tender (Post Implementation Review) Waste and Recycling Centres Waste Strategy	Bank Reconciliations Budget Monitoring and Control Client Financial Services (Financial Assessments) High Needs Funding (Budget Monitoring and Control) Data Protection Domestic Abuse Facilities Management Procurement Engagement of Consultants Payment Card Industry Data Security Standards (PCI DSS)
<b>Cross Directorate</b>	<b>ICT</b>
Family Placement Payments (via Controcc) Increasing Demand for Council Services Performance Management (KPI Reporting)	Software Licensing Supply Chain Total Replacement Programme

**Audit Plan mapped to Reasonable Assurance – 8 Themes of Corporate Health**

<p><b>Risk Management</b></p> <p>Climate Change          Cyber Security – Patch Management          Inflation          Making a Difference Every Day          Modern Slavery          SEND Transport</p>	<p><b>Corporate Governance</b></p> <p>Annual Governance Statement          Assurance Mapping          Climate Change          Decision Making          Health &amp; Safety          Informal Governance          Operating Standards          Making a Difference Every Day</p>
<p><b>Financial Control / VFM</b></p>	<p><b>Commissioning, Procurement &amp; Partnerships</b></p>
<p>Budget Savings          Inflation          Individual Contracts with Care Providers          Imprest Accounts          Purchase Cards          Estate Management / Maintenance          Procurement          Change for Kent Children          Making a Difference Every Day          SEND Transport</p>	<p>Highways Term Contract          Informal Governance          Individual Contracts with Care Providers          Operating Standards          Modern Slavery          Procurement          SEND Transport</p>
<p><b>Change Management and Programme / Projects</b></p>	<p><b>Asset Management</b></p>
<p>Change for Kent Children          Making a Difference Every Day          SEND Transport</p>	<p>Estate Management / Maintenance          Health &amp; Safety          Recruitment and Retention of Social Workers (CYPE)          Talent Management</p>
<p><b>Information Governance</b></p>	<p><b>Counter Fraud</b></p>
<p>Cyber Security – Patch Management          Data Centre Outage Lessons Learned          Data Mapping          Information Governance          Information Technology Risk Management</p>	<p>Imprest Accounts          Purchase Cards</p>

**Audit Plan Mapped Against Corporate Risk Register**

Risk	Audits
CRR0001 – Safeguarding (Children)	
CRR0002 – Safeguarding (Adults)	
CRR0003 – Securing resources to aid economic growth & enabling infrastructure	
CRR0004 – Simultaneous Emergency Response, Recovery and Resilience	
CRR0009 – Future financial and operating environment	Budget Savings Inflation
CRR0010 – Suitable provision for Unaccompanied Asylum-Seeking Children	
CRR0014 – Technology Resilience and Information Security	Cyber Security - Patch Management
CRR0015 – Managing and working with the social care market	Individual Contracts with Care Providers Making a Difference Every Day
CRR0039 – Information Governance	Cyber Security – Patch Management Data Centre Outage Lessons Learned Data Mapping Information Governance Information Technology Risk Management
CRR0042 – Post-Transition border systems	
CRR0044 – High Needs Funding	
CRR0047 – Adequacy of support for Children with Special Educational Needs & Disabilities	Change for Kent Children SEND Transport
CRR0049 – Fraud and Error	Imprest Accounts Purchase Cards
CRR0050 – Chemical, Biological, Radiological and Nuclear Incidents	
CRR0051 – Maintaining or improving workforce health, well-being and productivity	Health & Safety Talent Management
CRR0052 – Impact of Climate Change	Climate Change
CRR0053 – Impact of fulfilment of Statutory Duties due to Capital Programme affordability	Estate Management / Maintenance
CRR0054 – Supply chain and market challenges	

Audits Mapped to Directorate Risk Registers	
Annual Governance Statement Assurance Mapping Decision Making Inflation Highways Term Contract	Modern Slavery Operating Standards Procurement Recruitment & Retention of Social Workers (CYPE)

# KENT COUNTY COUNCIL

## Internal Audit Charter

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### 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 in a timely manner.

### 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 most recent peer review was completed in May 2021.

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, Monitoring Officer? 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, 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;

## Appendix F

- 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 governance arrangements, 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 control. 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 March 2021. 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 accounts 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.

### VERSION CONTROL

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

Version	Reviewed	Reviewer	Approver
<b>Original</b>			
2	February 2015	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
6	July 2021	Head of Internal Audit	Governance and Audit Committee
7	April 2022	Head of Internal Audit	Governance and Audit Committee

**2022/23 Internal Audit Key Performance Indicators**

Reportable	
KCC KPI	Target
% completion of audits within the Annual Internal Audit Plan to at least draft stage, subject to agreed revision by the Governance and Audit Committee	90%
% Positive Client feedback	90%
Annual Management Perception Survey - % positive responses in respect of perceived benefits and value of Internal Audit service	80%
% of High and Medium issues reported to management agreed	90%

Management Information	
KCC KPI	Target
Draft Reports to be issued by the date specified in the Engagement Plan	90%
Elapsed time from start of audit fieldwork to issue of Draft Report within 40 working days.	80%
Elapsed time from issue of Draft Report to Final Report within 30 working days.	90%
Final Report to be issued within 5 days of agreement by auditee	90%
Client Satisfaction Questionnaires to be completed and returned within 10 working days of Final Report	-
Average cost per audit	-
Delivery of audit within budgeted days	90%
Productive time (Time associated directly with audit/ projects)	80%