

Agenda Item No: 8
Report To: Audit Committee
Date of Meeting: 21 March 2017
Report Title: Audit & Assurance Plan 2017/18
Report Author & Job Title: Rich Clarke – Head of Audit Partnership



Summary: This report sets out the proposed plan for Mid Kent Audit's work at Ashford Borough Council during 2017/18. Furthermore, it provides an overview of the range of areas for potential future examination by Internal Audit. It is based on the outcomes of risk assessments and consultation, and considers the resources available to the partnership.

Key Decision: NO

Significantly Affected Wards: All

Recommendations:

1. That the Audit Committee **APPROVES** the Audit & Assurance Plan for 2017/18.
2. The Committee **NOTES** the longer term issues recorded by Mid Kent Audit.
3. The Committee **ENDORSES** the view of the Head of Audit Partnership that the plan sets out sufficient resource to complete a work programme leading to a Head of Audit Opinion on the Councils' internal controls, risk management and governance.
4. The Committee **NOTES** the Head of Audit Partnership's assurance that the plan is compiled independently and without inappropriate influence from management.

Policy Overview: The Public Sector Internal Audit Standards (the "Standards") require an audit service to produce and publish a risk based plan, at least annually, for approval by Members. The plan must consider input from senior management and Members.

Financial Implications: The work programme set out in the plan is produced to be fulfilled within agreed resources for 2017/18 and so makes no new resource requests.

Legal Implications: The Council is required by Accounts & Audit Regulations to operate an internal audit service, including agreeing a plan at least annually (as described in the appendix). Therefore the Council must approve an internal audit plan to maintain

regulatory conformance.

Risk Assessment: The audit plan draws on the Council's risk management in considering the areas for audit examination. In turn increased involvement in risk management will allow audit findings to provide feedback on the identification, management and controls operating within the risk management process.

Equalities Impact Assessment: No direct implications

Other Material Implications: N/A

Exempt from Publication: N/A

Background Papers: Appendix I: Audit & Assurance Plan 2017/18, includes extracts from the Public Sector Internal Audit Standards and the KPMG Audit Committee Handbook. It also draws on information from 2016/17 Audit Plans published across the local government sector. Further background papers, including detailed resource calculations, risk assessments and notes from consultation meetings with officers and Members, can be made available on request.

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Report Title: Audit & Assurance Plan 2017/18

Introduction & Background

1. The Standards set out the requirements that a Head of Audit must meet in setting out the plan. We extract relevant sections from the Standards in the appendix to this report.
2. Furthermore, the Standards explicitly direct that Head of Audit must keep the plan flexible and responsive to emerging and changing risks across the year.
3. Please note that the Standards have not been updated this year with respect to the purpose and scope of the Internal Audit Charter. Therefore the Charter approved by this Committee in March 2016 remains current and does not require review and update for 2017/18.

Purpose of this Report

4. This report is provided to allow the Committee to consider and approve the Audit & Assurance Plan 2017/18. It sets out the proposed audit work, comprising both assurance rated projects and other work. The Audit Partnership undertakes this work to support assessing the Council's internal control, risk management and corporate governance.

Implications & Risk Assessment

5. The risks associated with not approving an audit plan are considered below.

Equalities Impact Assessment

6. The report does not require an equalities impact assessment.

Other Options Considered

7. The Standards mandate compiling a risk based plan for management comments and Member approval. Although by convention that plan is presented annually around the start of the financial year, the Standards do not specifically require that action. The Council could, potentially, move to a shorter planning cycle which would allow more flexibility for responding to risk. There are other examples of authorities that take a similar approach.
8. However, that move would strike against a practice considered to work well, and one which allows a degree of certainty to resource requirements that helps ensure stability in a service spread across four authorities.

9. PSIAS does not mandate any specific work for the plan, so its content is at the discretion of the internal audit provider (subject to the comments of management and approval of Members) and have an enormous range of possibilities with respect to the areas that could be examined. The attached document represents the currently proposed responses to the risks assessed at the Council.

Consultation

10. We circulated an initial draft to Heads of Service and Directors across the four authorities (and including Heads of Shared Services) in January ahead of individual meetings to discuss proposed projects in their areas. We also met the relevant Cabinet Member to discuss proposed areas of audit examination. Those meetings have now taken place and the attached represents an adaptation of the original draft reflecting comments received.
11. The overall resource allocation was included in a paper to Shared Service Board in early January and received no comment.

Conclusion and Next Steps

12. The appendix to this report sets out the 2017/18 audit plan in fulfilment of the Standards. If the plan is endorsed as outlined, the next step will be for us to write to each Head of Service to communicate the audit projects in their service areas for the year.
13. We will continue to consider and, where necessary, reflect in the plan responses to changes in the Councils' risks and priorities. Progress against the plan will be reported to Members midway through the year.

Portfolio Holder's Views

14. The portfolio holder with responsibility for audit is a member of this Committee and was consulted as part of the planning process.

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Internal Audit & Assurance Plan 2017/18



Ashford Borough Council



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Introduction

1. Internal audit is an independent and objective assurance and consulting service designed to add value and improve the Council's work. It helps the Council achieve its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance.
2. Statutory authority for internal audit lies within the Accounts and Audit Regulations 2015, specifically Regulation 5:

Internal audit

5.—(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

3. For Ashford Borough Council, its internal auditors are Mid Kent Audit; a four-way partnership including Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils. The total service spend of the four authorities (£76m in 2016/17) makes us the fourth largest provider of audit services to English District Councils.
4. Since becoming a four-way partnership in April 2010, we have refreshed our collaboration agreement which now runs until March 2019. The agreement fixes our day-to-day supervision to a Shared Services Board including the Council's Head of Finance (s151 Officer). Also in 2015 we were the first local authority audit service assessed by the IIA as being in full conformance with the Public Sector Internal Audit Standards (the "Standards").
5. The Standards set out demands on the Head of Audit Partnership on compiling a plan of work to deliver that effective internal audit service to evaluate the Council's risk management, control and governance. The Standards¹ include:

2010 Planning

The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.

¹ As described in the Audit Charter, at the Council "Chief Audit Executive" in the Standards is the Head of Audit Partnership. "Board" is the Audit Committee. "Senior Management" is the Executive Management.

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Interpretation:

The chief audit executive is responsible for developing a risk-based plan. The chief audit executive takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation. If a framework does not exist, the chief audit executive uses his/her own judgment of risks after consideration of input from senior management and the board. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems, and controls.

Public sector requirement

The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.

2010.A1

The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

2010.A2

The chief audit executive must identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinions and other conclusions.

2010.C1

The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements must be included in the plan.

2020 Communication and Approval

The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.

2030 Resource Management

The chief audit executive must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.

Interpretation:

Appropriate refers to the mix of knowledge, skills and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimises the achievement of the approved plan.

Public sector requirement

The risk-based plan must explain how internal audit's resource requirements have been assessed.

Where the chief audit executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board.

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6. This document sets out that plan in fulfilment of the Standards' demands and to explain to the Committee our assessment of risk and response for 2017/18.
7. However, as the Standards make plain, our risk assessment and evaluation of the Council's priorities does not end with approval of this document. We will continue to reflect and consider our responses as the Council's risks and priorities may change across the year. We will report a specific update to Members around midway through the year. We may also consult with the Committee (or its Chairman) on any other significant changes should the need arise.
8. We must also clarify that our audit plan cannot address all risks across the Council and represents our best use of inevitably limited resources. In approving the plan, the Committee recognises this limit. We will keep the Committee abreast of any changes in our assessment of need as we oversee the risks posed to the Council. In particular we will undertake a full evaluation of need during each annual planning round.

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Available Resources and Evaluation

9. Based on anticipated personnel and productivity within the audit team for 2017/18 we expect to have **1,820** days available for completing audit plans across the four authorities. This is an increase of 110 days (7%) on 2016/17 and reflects a settled team in 2017/18, a continued increase in productivity as trainees gain experience and the over-performance of management time against forecasts for 2016/17.
10. As agreed by Shared Service Board in late 2014, the total days are allocated between the partners in line with their financial contribution to the Partnership's costs (which are set out in our collaboration agreement). Note that projects examining shared services are split between authorities.

Category	2016/17	2017/18
Total contracted days available (i.e. total working days less leave entitlements)	2,435 (11.2fte)	2,521 (11.6fte)
Forecast chargeability (i.e. %age of time spent on plan work rather than admin, training, personnel management &c)	70.2%	72.2%
Audit days available (i.e. total days available x chargeability)	1,710	1,820
Ashford Borough Council (23%)	395	420
Maidstone Borough Council (29%)	500	530
Swale Borough Council (26%)	440	470
Tunbridge Wells Borough Council (22%)	375	400

11. Therefore the total Mid Kent Audit service share to Ashford BC in 2017/18 is **420 days** an increase of 25 days from the 2016/17 level. Guidance within the Standards sets out various factors Heads of Audit must consider when evaluating whether the resources available – in quantity and ability – are enough to fulfil responsibilities.
12. We present that analysis on the following page:

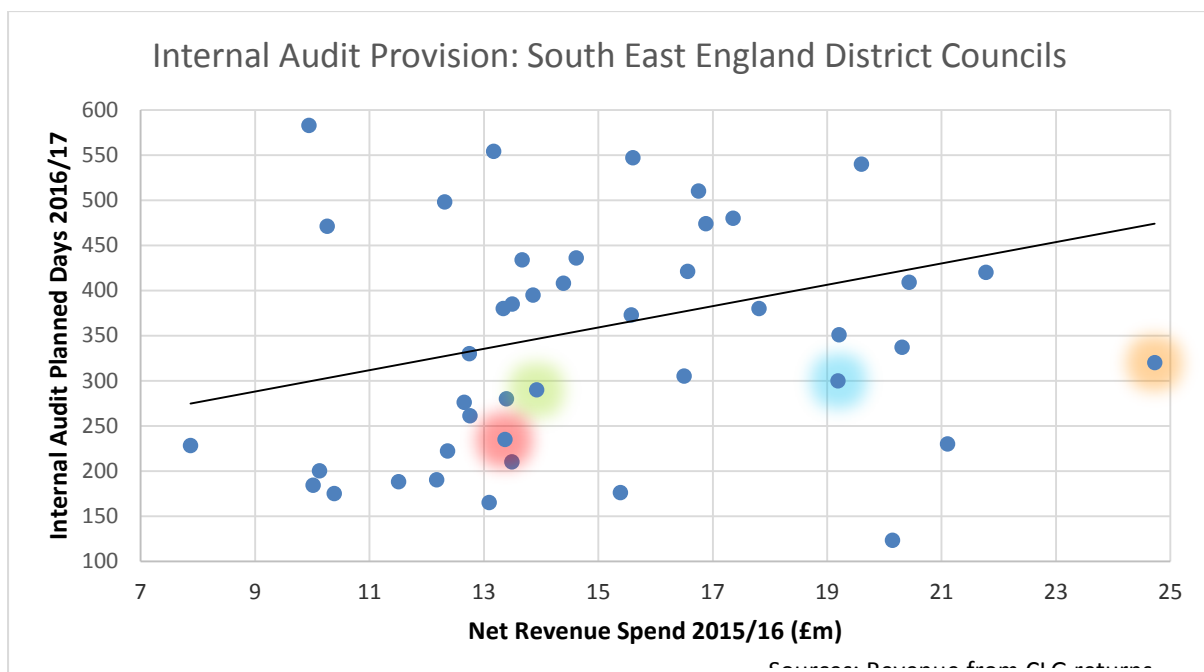
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Audit Resource Evaluation 2017/18			
Step	Question to consider	Response	Resource Indication
1	Did you have sufficient resource to complete your prior year plan?	Yes, anticipated fulfilment of 395 audit days (282 days, or 71% complete at end of January), including flexibility to address new areas of risk arising in year.	No change
Changes to the Organisation			
2	How has the size of the organisation changed?	No significant change	No change
3	How has the complexity of the organisation changed?	Subsidiary companies add to business complexity but no immediate impact for extent of internal audit coverage.	No change
4	How has the risk appetite of the organisation changed?	While not formally documented as yet, our risk work over the course of the year indicate the Council is increasingly willing to take on (or support) more ambitious projects to realise its goals.	Marginal increase in audit resource required
5	How has the risk profile of the organisation changed?	Continuing external threats such as challenging funding environment and diversifying responsibilities suggest a greater risk profile.	Marginal increase in audit resource required
6	How has the organisation's control environment changed?	No significant new changes to control environment and continued good outcomes to financial audits.	Less audit resource required
Changes to the Audit Service			
7	What was the outcome of the QAIP/EQA?	Full conformance	No change
8	What changes have there been to audit professional standards and guidance?	Some minor changes on the role of CAE in broader assurance opens up possibilities the Council is keen to explore by expanding our involvement particularly in risk management processes.	Marginal increase in audit resource required
9	What efficiencies have there been within the audit service?	Embedding of new audit manual during 2016/17 and continued growth in experience leading to efficiencies. Also note we have largely cleared backlog work and so will be in a position to begin 2017/18 plan relatively early in comparison to previous years.	Less audit resource required.

13. There is no definitive guidance on the level or quality of audit needed to deliver a robust internal audit opinion. KPMG's Audit Committee Institute Handbook – a guide aimed at Committees of FTSE250 companies – cites an average for companies with revenue of less than £400m of audit costs being 0.37% of revenue cost.

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14. Considered across the Partnership, the equivalent figure at Mid Kent Audit is around 0.52% based on total net service spend² across the councils of £76m. However, a local authority offers a breadth of services compared with a listed company. We must also consider the special governance needs on public money and that – even taken together – the four authorities are at the smaller end of that scale. Therefore, we’re satisfied the benchmark suggests a reasonable audit provision.
15. Another benchmark is to examine the levels of audit provision at similar authorities. The chart below plots net revenue spend against number of audit days (excluding ancillary roles) on the plan for each non-metropolitan district council in South-East England. We highlight the four Mid Kent authorities (Ashford in green).



Sources: Revenue from CLG returns, audit days from published IA plans

16. While there is not a strong correlation between size and audit days (prior year audit days is the single strongest predictor), there is a general tend towards larger authorities having greater audit provision. By that marker all four Mid Kent Authorities lie below the trendline but there are a (smaller) number of authorities who provide an audit opinion for fewer days.
17. In conclusion, we feel on current assessment the Audit Partnership has enough resources in both quantity and ability to deliver the audit plan and a robust overall audit opinion.

² We’ve used net service spend rather than gross to remove large bulk costs such as Housing Benefits which are (largely but not entirely) reimbursed by Government and have separate certification arrangements.

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Other Assurance Work

18. Beyond direct assurance projects, we have various responsibilities and work in supporting the Council's governance. These include roles in counter fraud, risk, training (for officers and Members) and other consultancy work. We consider how much of the available time we are likely to need for those tasks by anticipating known work scheduled for 2017/18 and considering results for the year.

Other Assurance Work	2016/17 Plan Days	2016/17 Outturn (to Jan-17)	2017/18 Plan Days
Risk	20	9	35
Counter Fraud	0	1	5
Member Support	6	12	15
Follow-Up	30	32	30
Audit Planning	0	11	10
Contingency	22	22	35
Total Other Assurance Work Days	78	84	130
Days In Audit Plan	395	395	420
Days Remaining for Assurance Projects	317	311	290

19. We provide more details below in turn on each area of other assurance work.

Risk

Description of current role and specific tasks in 2016/17	Anticipated role and specific tasks in 2017/18
After advising on compilation of a new framework our role for 2016/17 has been one of support and ad-hoc training and advice as the Council seeks to implement the new approach across its business.	At request of management we will be working more closely with the Council to continue the advancement of the risk management process. This will include co-ordinating risk monitoring and reports similar to our role at the partner authorities. Our Charter sets out our independence considerations in taking this role.
Resource evaluation requirement for 2017/18	In anticipation of expanded role, increase to 35 days for 2017/18. This is consistent with budgetary requirements for roles of similar extent elsewhere.

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Counter Fraud

Description of current role and specific tasks in 2016/17	Anticipated role and specific tasks in 2017/18
The Council has a well established counter fraud team which leads on policy creation, training, investigation and NFI. Our role has been consultative and operating as a path for people to raise concerns of a whistleblowing or money laundering nature (though none in 2016/17).	No change anticipated in 2017/18 although we expect at some stage in the year CIPFA will issue Counter Fraud Standards for local government. In consultation with the Council's fraud team we will reconsider our role as and if appropriate.
Resource evaluation requirement for 2017/18	Five budget days allocated in recognition of potential of the role, although its use will be heavily dependent on demand.

Member Support

Description of current role and specific tasks in 2016/17	Anticipated role and specific tasks in 2017/18
We attend each Committee and present to most, including taking part in Chairman's briefing and agenda setting meetings ahead of each Committee. We also provide Member training and briefings on areas of Committee interest, at the request of Members.	We will continue and expand, where possible, the range of Member briefings in 2017/18. This may be relevant to help publicise our expanded role in risk, for example.
Resource evaluation requirement for 2017/18	Move to 15 days in recognition of 2016/17 anticipated outturn

Follow-Up

Description of current role and specific tasks in 2016/17	Anticipated role and specific tasks in 2017/18
During 2016/17 we have been tracking over 50 risk-rated audit recommendations.	We continue to enjoy, in general, a good response from officers on implementation and do not expect any significant change in the number or range of recommendations.
Resource evaluation requirement for 2017/18	Retain at 30 days. Outturn in 2016/17 has reflected extended and repeated follow up on some high priority recommendations we do not anticipate recurring in 2017/18.

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Audit Planning

Description of current role and specific tasks in 2016/17	Anticipated role and specific tasks in 2017/18
Extensive risk assessment, review and consultation involved in putting together the annual audit plan. Planning for individual audit projects is within the budget of each project.	As the second year in our planning cycle, the extent of risk assessment needed will reduce.
Resource evaluation requirement for 2017/18	Recognise as a separate task with 10 days in 2017/18, noting reduced scope of risk assessment.

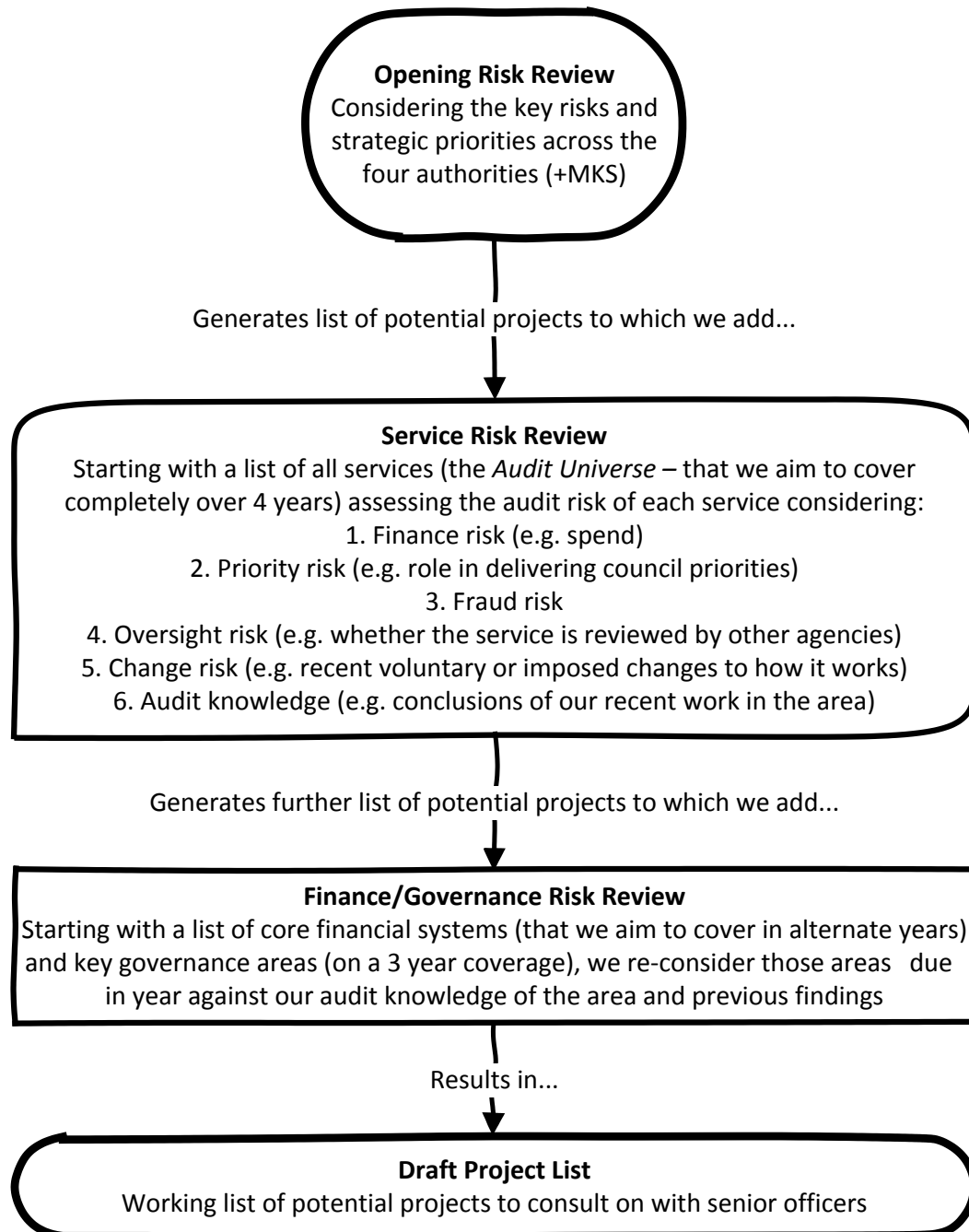
Contingency

Description of current role and specific tasks in 2016/17	Anticipated role and specific tasks in 2017/18
<p>Time reserved in the budget for extra tasks arising. In 2016/17 this has included, for example:</p> <ul style="list-style-type: none"> - extending scope of audit reviews - advice on procurement compliance - consultation on project management - other general advice and guidance requests. <p>This section also includes around 12 days of work for external clients, producing income in cash and kind for the Partnership of around £8k.</p>	<p>We have no specific projects identified in 2017/18. Should any tasks need the form of an audit project we will add them to the plan and advise the Committee.</p>
Resource evaluation requirement for 2017/18	In line with good practice elsewhere we aim to achieve 10% contingency except where reduced by specific known and budgeted projects (as was the case in 2016/17). For 2017/18 we can restore contingency closer to a 10% level.

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Project Risk Assessment

14. The Standards demand we base our plan on a documented risk assessment, and consider views of senior management. We fulfil this through the process outlined:



15. We then undertook extensive consultation with Heads of Service and Senior Management across the Council. That consultation has produced the list of audit assurance projects detailed on the next page..

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2017/18 Operational Audit Plan: Assurance Projects List

Project Title & Indicative Scope	Plan Days
Core Finance Reviews	
Accounts Payable - To review and test operational controls within the accounts payable system	10
Housing Benefits - To review and test process changes, including payments and overpayments	15
Payroll - To review and test process changes, including starters and leavers	12
Rent Accounting - To document process for rent accounting and test key controls	15
Treasury Management - To review compliance with CIPFA Code and Finance Procedure Rules	10
Governance Reviews	
Freedom of Information - To review processes for legislative compliance and efficiency	15
IT Disaster Recovery - To consider effectiveness of IT backup and recovery arrangements	15
Project Management - To review compliance with project management toolkit and best practice	15
Operational Reviews	
ABC Lettings - To review lettings service operation including fees and charges administration	15
Building Control - To examine controls around income including discretionary fees	12
CCTV - To review provision to external clients, including LifeLine	12
Contract Management - To consider against a checklist of good quality contract management an overview of how contracts are managed at the authority	15
Development Management - To review processes and controls for planning enforcement (held from 2016/17)	15
Food Safety - To examine controls working to ensure legal compliance, including operation of establishment food hygiene ratings	15
Grounds Maintenance - To review service operation including health and safety compliance, use of fuel cards and asset management	15

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Project Title & Indicative Scope	Plan Days
Home Improvement Grants - To examine administration and controls around distributing grants for home improvement (including disabled facilities grants)	15
Insurance - To review identification and management of insurance risks and claims handling	10
Recruitment - To review compliance with recruitment procedures	10
Residents' Parking - To review administration of permits and income handling	12
Single Grants Gateway - To review award and monitoring of grant funding	10
Workforce Planning - To review approach to workforce planning, including recruitment and retention and need evaluation	15
Cross Authority Reviews³	
Corporate Governance - To consider one or more areas in the Corporate Governance Code	5 ³
Financial Planning - To consider how each authority undertakes medium to long-term financial planning and review, learning from NAO work in the area	7 ³
Independent Review	
Risk Management - To review effectiveness of risk management. Review from the Head of Audit of Medway Council in exchange for Mid Kent Audit delivering Introduction to Internal Audit Training to the Medway team	0

³ Reviews not of shared services, but parallel reviews of similar work undertaken at two or more authorities resulting in a single output report

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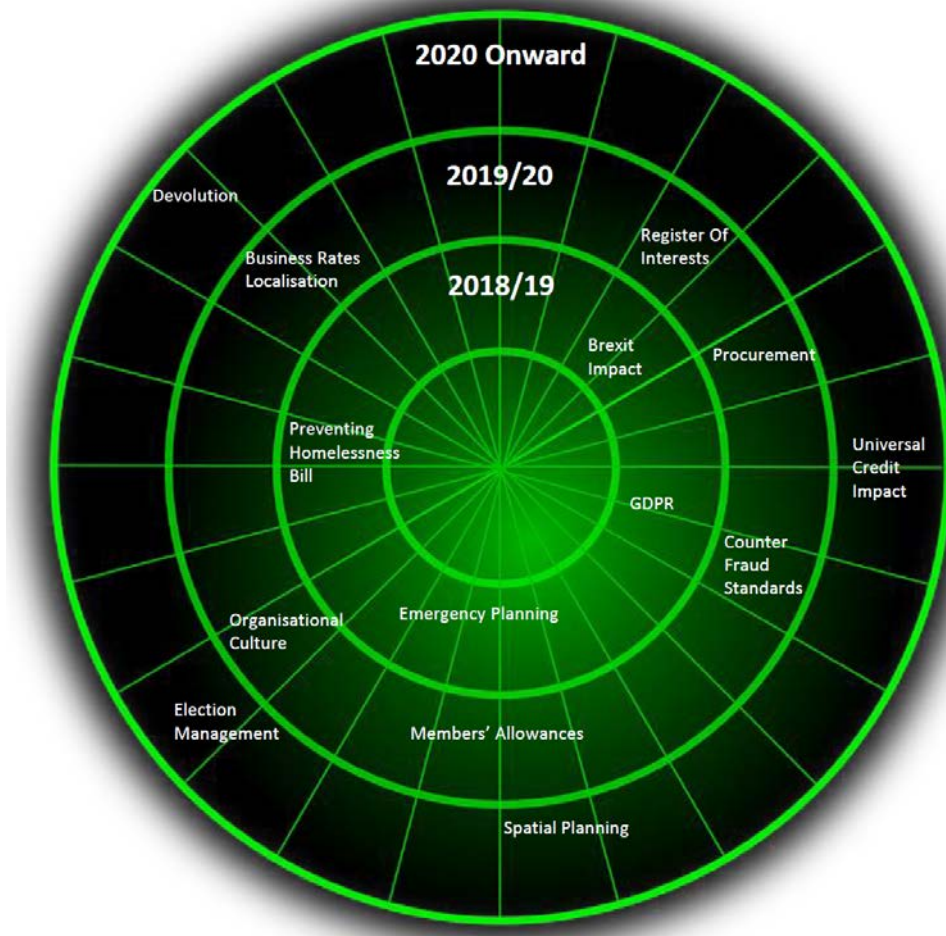
2017/18 Audit & Assurance Plan: Overall Summary Ashford BC

Work Type	Plan Days	Planned Reports
Core Financial Systems	62	5
Corporate Governance	45	3
Operational Reviews	171	13
Cross Authority & Independent Reviews	12	3
Total Project Work	290	24
Risk	35	2 (biannual to Members)
Counter Fraud	5	n/a (in annual reporting)
Member Support	15	2 (biannual to Members)
Follow-Up	30	4 (quarterly to Management)
Audit Planning	10	1 (annual to Members)
Contingency	35	n/a
Total Non-Project Work	130	9
Total Audit & Assurance Plan 2017/18	420	33

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Beyond 2017/18 – Other Issues on Audit’s Radar

16. During our planning and risk assessment we considered several areas where direct review was not suitable for 2017/18. Sometimes this is because the relatively low risk allows for longer period between reviews. In others we are aware of forthcoming changes to the service or environment that make review in 2018/19 or later more useful. In other cases we rely on our cyclical approach to scheduling reviews which happens to omit 2017/18.
17. The chart below shows some areas we expect to feature in planning in future years. At the beginning of each year we will consider afresh audit resource availability and risks when considering which areas to include in our planning. However, these are also areas we keep under review and so potentially examination could come forward if risks change.



18. We include a full listing of areas of audit interest (the “audit universe”) in appendix A.

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Delivering Audit Work

19. The risk-based approach taken to forming the plan integrates with our approach to individual projects. Besides any specific objectives agreed with the audit sponsor when drawing up the audit scope, each project considers the strategies, risks and objectives relevant to the service area under review. This includes identifying, and agreeing with management, suitable evaluation criteria to judge how well an area performs.
20. We will conduct each review in line with our standard audit method aligned to the Standards. Our Audit Charter sets out roles and responsibilities for successful delivery of audit projects. Members of this Committee approved the Charter in March 2016.
21. Each review results in an assurance rated report, giving our view on whether the particular area is performing effectively. We will keep these rating levels consistent with our reviewed approach adopted first in 2014/15. We include details of the assurance levels in this report at appendix C.
22. We will also, where fitting, recommendation for improvements. We grade our recommendations as set out in appendix C and follow them up when due for action. Where we find officers have not acted on a recommendations and so left the Council at risk we report first to the Management Team. Also, the Audit Committee may demand that Senior Managers responsible for services that consistently fail to address audit recommendations attend to provide further explanation to Members.
23. Our plan also recognises the broader assurance work we deliver using our experience and expertise to aid the Council in pursuit of its priorities. We undertake this work in line with the arrangements set out in the Charter, in particular with those safeguards aimed at preserving our independence and objectivity.
24. Typically, our broader assurance work will not result in an assurance graded report but rather an alternative format relevant to the engagement agreed with the work's sponsor. In any event, we will tell the Committee results of other assurance work through our interim and year end reports.

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Monitoring Delivery

25. We undertake our audit work against our standard audit approach, assessed in our EQA as consistent with the Standards. Also we adhere to the IIA's Code of Ethics and the roles and responsibilities set out in the Charter.
26. As part of this approach we are careful to ensure the quality and consistency of our work. With individual audit projects, each undergoes internal review focusing on each stage from compilation of the original brief, through completion of fieldwork and last our reporting.
27. We undertake broader quality assurance of our work as detailed in our annual reports which include a full self-assessment against the Standards.
28. The Audit Shared Service Board also oversees our work each quarter. Ben Lockwood is Ashford's representative on the Board. The Board receives performance and financial reports on the progress of the service. This includes the set of performance indicators noted below, and we also report results to the Committee twice a year.
29. We also continue to develop and strengthen the professional expertise and experience of our audit team. In 2017/18 we will have four members of the team studying for professional qualifications to add to the nine already held across the team. We include more details about the audit team and the work to support and their development within appendix B.

Performance Indicator Set 2017/18

- | | |
|----------------------------------|-------------------------------------|
| - Cost per audit day | - % Satisfied with assurance |
| - % Projects completed on budget | - % Final reports on time |
| - % Chargeable days | - % Satisfied with auditor conduct |
| - PSIAS conformance | - % Implemented recommendations |
| - % Projects completed on time | - % Exam success |
| - % Draft reports on time | - % Satisfaction with auditor skill |

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Appendix A: Audit Universe

The table below sets out, in headline, the “audit universe”, comprising the recurring range of areas of potential examination by internal audit at Ashford BC. The review areas noted will have specific scopes beneath which cover a broad and shifting range of specific topics. For example a “payroll” review may examine statutory deductions in one year, starter and leaver procedures in another, expenses and special payments in another and so on. So the scope of the audit may be broader or narrower than suggested by the title alone.

The table includes only the assurance rated reviews where we reported results to Members. It therefore excludes our advice, consultancy and follow-up work.

Last, the table excludes assurance work undertaken as one-off exercises where we do not expect a repeat review in the near to medium term.

A final note that in 2014/15 we changed our assurance ratings to the scheme detailed at Appendix C. Previously, our scale ran (from greatest to least assurance): High – Substantial – Limited – No Assurance. Although there are important differences in the detailed definitions, as a broad analogy these map to our current scale so we have employed a consistent colour scheme between the two scales.

Review Area	Last Reported: Date	Last Reported: Rating	Planned Next Review	Notes
Freedom of Information	2007/08	Limited	2017/18	Sequencing may vary depending on legislative change
Recruitment	2008/09	Limited	2017/18	Elements previously examined in payroll reviews, but no specific analysis of procedural compliance
Building Control	2009/10	Substantial	2017/18	
Residents’ Parking	2009/10	Substantial	2017/18	
Grounds Maintenance	2010/11	Limited	2017/18	Previously scheduled for 2015/16 but delayed pending decision on bringing service in-house
Food Safety	2011/12	Substantial	2017/18	
Home Improvement Grants	2011/12	Substantial	2017/18	
Insurance	2011/12	Substantial	2017/18	
Treasury Management	2011/12	Substantial	2017/18	
CCTV	2012/13	Substantial	2017/18	

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Review Area	Last Reported: Date	Last Reported: Rating	Planned Next Review	Notes
Contract Management	2014/15	Sound	2017/18	Individual contracts examined from time to time, this is a more general review of approach
Development Control	2014/15	Substantial	2017/18	
Housing Benefits	2014/15	Strong	2017/18	
ICT Disaster Recovery	2014/15	Weak	2017/18	Followed-up extensively through 2015/16 and 2016/17
Housing Rents	2015/16	Sound	2017/18	
Budget Management	2016/17	tbc	2017/18	
Corporate Governance	2016/17	N/A	2017/18	
Creditors	2016/17	tbc	2017/18	
Payroll	2016/17	tbc	2017/18	
Project Management	2016/17	N/A	2017/18	
Grant Giving			2017/18	Individual grants examined previously, this will review overall process at the Council
Lettings			2017/18	Previously examined as part of allocations, separate review focussing on ABC lettings
Workforce Planning			2017/18	Individual elements (e.g. recruitment) reviewed but this work has broader scope on planning
Emergency Planning	2007/08	Substantial	2018/19	
Complaints	2008/09	Limited	2018/19	
Credit Cards	2008/09	Substantial	2018/19	Limited spend, likely to be part of creditors rather than specific review
Land Charges	2011/12	Substantial	2018/19	May change timing depending on Land Registry plans
Section 106 Agreements	2012/13	Substantial	2018/19	Will examine broader planning gains
VAT Management	2013/14	Limited	2018/19	Limited risk given changes to partial exemption. Likely to be part of creditors rather than specific review
Cemeteries	2014/15	Sound	2018/19	
Health & Safety	2014/15	Substantial	2018/19	Have reviewed elements in services, this will review general approach
Housing Allocations	2014/15	Substantial	2018/19	May vary timing depending on impact of Homelessness Prevention Bill currently in Parliament
Waste Collection	2014/15	Limited	2018/19	Also followed up through 2015/16

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Review Area	Last Reported: Date	Last Reported: Rating	Planned Next Review	Notes
Car Parking	2015/16	Strong	2018/19	Will consider cash and electronic payment methods
Data Protection	2015/16	Weak	2018/19	Also followed up through 2016/17. Timing may vary depending on GDPR requirements
Safeguarding	2015/16	Weak	2018/19	Also followed up through 2016/17
General Ledger	2016/17	tbc	2018/19	
ICT Security	2016/17	tbc	2018/19	
Pest Control	2013/14	Substantial	2019/20	
Licensing	2014/15	Strong	2019/20	
Register of Interests	2014/15	Sound	2019/20	Timed to include examining arrangements for new Members
Debtors	2015/16	Sound	2019/20	
Homelessness	2015/16	Strong	2019/20	May vary timing depending on impact of Homelessness Prevention Bill currently in Parliament
Housing Maintenance	2015/16	Strong	2019/20	
Training & Development	2015/16	Strong	2019/20	
Banking	2016/17	tbc	2019/20	
Business Continuity	2016/17	Sound	2019/20	
Business Rates	2016/17	tbc	2019/20	
Council Tax	2016/17	Strong	2019/20	May vary depending on CTRS developments
Customer Services	2016/17	Sound	2019/20	
ICT Development & Support	2016/17	Sound	2019/20	
Members' Allowances	2016/17	Sound	2019/20	Will consider arrangements for new Members
Procurement	2016/17	Sound	2019/20	May vary timing depending on legislative changes
Property Income	2016/17	tbc	2019/20	May vary timing if income levels change significantly
Spatial Planning	2009/10	High	2020/21	Timing may vary depending on local plan inspection timetable
Communications	2016/17	tbc	2020/21	
Counter Fraud	2016/17	tbc	2020/21	May vary depending on CIPFA Counter Fraud Standards
Democratic Services	2016/17	Sound	2020/21	May bring forward to align with new Members in 2019

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Review Area	Last Reported: Date	Last Reported: Rating	Planned Next Review	Notes
Elections & Registration	2016/17	Strong	2020/21	Will consider timing around General Election 2020
Equalities	2016/17	Sound	2020/21	May vary timing dependent on legislative changes
Street Cleansing	2016/17	Sound	2020/21	
Subsidiary Company Governance	2016/17	tbc	2020/21	May bring forward if company arrangements vary significantly
Tourism	2016/17	N/A	2020/21	

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Appendix B: Team Biographies

Management

Rich Clarke CPFA ACFS (Head of Audit Partnership): Rich became head of the audit partnership in April 2014 joining from KPMG. At KPMG he had various internal and external audit clients across the public sector including LB Islington, Woking BC, East Kent Hospitals University NHS Trust, the Foreign and Commonwealth Office and the Civil Aviation Authority. Rich is a Chartered Accountant (CPFA) and during 2015 undertook and passed further study to become an Accredited Counter Fraud Specialist (ACFS). Rich is also UK Local Government representative on the Internal Audit Standards Advisory Board, the body charged with updating the Public Sector Internal Audit Standards. In 2016 Rich also began ancillary work as a CIPFA associate, delivering training on CIPFA's behalf across the country on managing and improving internal audit teams. In addition, Rich is Chairman of the Kent Audit Group and an Executive Board Member of the London Audit Group, both groups comprising Heads of Audit from across the public sector.

Russell Heppleston CMIIA (Deputy Head of Audit Partnership): Russell started working for the Maidstone / Ashford partnership in November 2005, and continued his role as Auditor for the Mid Kent Audit Service on its creation in 2010. He progressed through professional qualifications with the Institute of Internal Auditors (IIA) to achieve both Practitioner and Chartered member status. Russell became Audit Manager for Swale and Maidstone in 2013, and later Deputy Head of Audit Partnership in the 2015 restructure. Russell is studying the International Diploma of Risk Management with the Institute of Risk Management.

Frankie Smith CMIIA (Audit Manager – Swale & Tunbridge Wells): Frankie Smith has worked in internal audit for 16 years, starting as an auditor at Maidstone Borough Council. During this time Frankie has completed audits at Ashford, Maidstone, Swale and Tunbridge Wells. Frankie achieved Chartered Auditor (CMIIA) status in August 2015 and became that same month Audit Manager at Swale and Tunbridge Wells.

Alison Blake ACCA, CIRM (Audit Manager – Ashford & Maidstone): Alison joined the internal audit partnership in 2012 and took on the role of Audit Manager in January 2016. Before this Alison worked for South Coast Audit for 7 years where she undertook internal audit work across various NHS clients in East Kent. During Alison's career she has completed a wide range of audit work with the aim of supporting the in achieving their objectives and the objectives of the organisation as a whole. In 2014 Alison achieved the Certificate qualification from the Institute of Risk Management.

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Senior Auditors

Mark Goodwin ACFT (Senior Auditor): Mark joined Ashford Borough Council in January 1999 having previously worked at Maidstone Borough Council in an audit role. He was a founder member of the Ashford and Maidstone Internal Audit Partnership before this developed into the four-way Mid Kent Audit Partnership in April 2010. He is an experienced auditor who has audited extensively the full range of council services across various local authorities. Mark achieved the Accredited Counter Fraud Technician (ACFT) designation from CIPFA in March 2016.

Claire Walker (Senior Auditor): Claire joined the audit partnership in September 2010, and has wide experience in various areas. These include Local and Central Government, Arts, Broadcasting, Financial Services, NGOs and Not for Profit Sector, also Lottery Fund distribution and associated grant making programmes. Claire delivered some training and mentoring projects for the FCO, DFID and the World Bank as well as work on European Social Fund projects. Within Local Government Claire has undertaken a wide range of audits with a focus on legal compliance, contracts and governance arrangements. Other audit experience covers outsourcing functions, due diligence, and fraud investigations.

Jo Herrington PIIA CIA (Senior Auditor): Jo joined the audit partnership on 30 September 2013. Before this Jo worked for Gravesham BC for nearly nine years where she gained experience of working in the Finance department and the Revenues department before settling in the Internal Audit team in September 2009. As part of the Internal Audit team she gained broad experience conducting audit reviews, as well as involvement in working groups across the authority. Jo became Senior Auditor in 2015 and has since gained qualifications as a Practitioner of the Institute of Internal Auditors (PIIA) in October 2015 and as a Certified Internal Auditor (CIA) in June 2016.

Jen Warrillow PIIA (Senior Auditor): Jen joined Mid Kent Audit in September 2013 from Kent County Council where she trained as an Internal Auditor. She undertook a wide range of audits including financial, governance and grant funding internally for the Council and externally for Parish Councils. Jen was previously an investigator at Swale BC and then moved on to Tonbridge & Malling BC. Having recently returned from maternity leave, she is now studying to become a Chartered Member of the Institute of Internal Auditors. Jen became a Senior Auditor in 2015.

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Auditors

Paul Goodwin AAT (Auditor): Paul started with Tunbridge Wells Borough Council over 25 years ago, and has since worked mainly in Internal Audit. Paul is a qualified Accounting Technician.

Andy Billingham (Auditor): Andy joined the Partnership in December 2015. He had previously worked for Swale Borough Council for 10 years within the Revenues and Benefits department. During this time, he gained extensive knowledge of local government, dealt with complex disputes and represented the authority at Tribunals. Andy holds a degree in History as well as an Institute of Revenue Rating and Valuation qualification. He is studying towards the Certified Internal Auditor (CIA) qualification.

Trainee Auditors

Ben Davis (Trainee Auditor): Ben joined the team in March 2015 as a trainee auditor. He holds a degree in Modern History from UEA and has previous experience in finance teams in the private and voluntary sectors. Ben began training towards achieving a professional qualification through the Chartered Institute of Public Finance and Accountancy (CIPFA) and has progressed successfully through the qualification. He aims to achieve the full professional qualification in mid 2018.

Louise Taylor (Trainee Auditor): Louise joined the team in November 2015 as audit team administrator and became a trainee auditor in August 2016. Louise had previously worked in the Planning department of Maidstone Borough Council and has extensive experience working with local authorities. In early 2017 Louise began training to become a Certified Internal Auditor (CIA) with the Institute of Internal Auditors (IIA). She also holds an MA in Planning, Policy and Practice and a degree in Human Geography.

The Audit Team Administrator role is vacant but we plan to recruit in April 2017.

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Appendix C: Assurance & Recommendation Ratings

Assurance Ratings 2017/18 (unchanged since 2014/15)

Full Definition	Short Description
<p>Strong – Controls within the service are well designed and operating as intended, exposing the service to no uncontrolled risk. There will also often be elements of good practice or value for money efficiencies which may be instructive to other authorities. Reports with this rating will have few, if any, recommendations and those will generally be priority 4.</p>	<p>Service/system is performing well</p>
<p>Sound – Controls within the service are generally well designed and operated but there are some opportunities for improvement, particularly with regard to efficiency or to address less significant uncontrolled operational risks. Reports with this rating will have some priority 3 and 4 recommendations, and occasionally priority 2 recommendations where they do not speak to core elements of the service.</p>	<p>Service/system is operating effectively</p>
<p>Weak – Controls within the service have deficiencies in their design and/or operation that leave it exposed to uncontrolled operational risk and/or failure to achieve key service aims. Reports with this rating will have mainly priority 2 and 3 recommendations which will often describe weaknesses with core elements of the service.</p>	<p>Service/system requires support to consistently operate effectively</p>
<p>Poor – Controls within the service are deficient to the extent that the service is exposed to actual failure or significant risk and these failures and risks are likely to affect the Council as a whole. Reports with this rating will have priority 1 and/or a range of priority 2 recommendations which, taken together, will or are preventing from achieving its core objectives.</p>	<p>Service/system is not operating effectively</p>

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Recommendation Ratings 2017/18 (unchanged since 2014/15)

Priority 1 (Critical) – To address a finding which affects (negatively) the risk rating assigned to a Council strategic risk or seriously impairs its ability to achieve a key priority. Priority 1 recommendations are likely to require immediate remedial action. Priority 1 recommendations also describe actions the authority **must** take without delay.

Priority 2 (High) – To address a finding which impacts a strategic risk or key priority, which makes achievement of the Council's aims more challenging but not necessarily cause severe impediment. This would also normally be the priority assigned to recommendations that address a finding that the Council is in (actual or potential) breach of a legal responsibility, unless the consequences of non-compliance are severe. Priority 2 recommendations are likely to require remedial action at the next available opportunity, or as soon as is practical. Priority 2 recommendations also describe actions the authority **must** take.

Priority 3 (Medium) – To address a finding where the Council is in (actual or potential) breach of its own policy or a less prominent legal responsibility but does not impact directly on a strategic risk or key priority. There will often be mitigating controls that, at least to some extent, limit impact. Priority 3 recommendations are likely to require remedial action within six months to a year. Priority 3 recommendations describe actions the authority **should** take.

Priority 4 (Low) – To address a finding where the Council is in (actual or potential) breach of its own policy but no legal responsibility and where there is trivial, if any, impact on strategic risks or key priorities. There will usually be mitigating controls to limit impact. Priority 4 recommendations are likely to require remedial action within the year. Priority 4 recommendations generally describe actions the authority **could** take.

Advisory – We will include in the report notes drawn from our experience across the partner authorities where the service has opportunities to improve. These will be included for the service to consider and not be subject to formal follow up process.