

MID KENT AUDIT

**Annual Internal Audit
Report and Opinion
2019/20**

**September 2020
Ashford Borough Council**

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Introduction

1. The IIA gives the mission of internal audit: to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.
2. The mission and its associated [code of ethics](#) and [Standards](#) govern over 200,000 professionals in businesses and organisations around the world. Within UK Local Government, authority for internal audit stems from the [Accounts and Audit Regulations 2015](#). The Regulations state services must follow the [Public Sector Internal Audit Standards](#) – an adapted and more demanding version of the global standards. Those Standards set demands for our annual reporting:

2450 Overall Opinions

When an overall opinion is issued, it must take into account the strategies, objectives and risks of the organisation and the expectations of senior management, the board and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant and useful information.

Interpretation:

The communication will include:

- the scope including the time period to which the opinion pertains
- scope limitations
- consideration of all related projects including the reliance on other assurance providers
- a summary of the information that supports the opinion
- the risk or control framework or other criteria used as a basis for the overall opinion, and
- the overall opinion, judgment or conclusion reached.

The reasons for an unfavourable overall opinion must be stated.

Public sector requirement

The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Independence of internal audit

3. Mid Kent Audit works as a shared service between Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils. A Shared Service Board including representatives from each council supervises our work based on our collaboration agreement.

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4. Within Ashford BC during 2019/20 we have continued to enjoy complete and unfettered access to officers and records to complete our work. On no occasion have officers or Members sought or gained undue influence over our scope or findings.
5. I confirm we have worked with full independence as defined in our Audit Charter and Standard 1100.

The Impact of Covid-19

6. As soon as the Covid Emergency hit in Mid-March we activated our part of the emergency plan. This essentially recognised audit as a 'back office' service. We suspended our audit plan save for work sought specifically by officers and instead made our team available for redeployment across the four partner authorities. I'm pleased to report the audit team was in high demand: we have supported the authorities with more than 300 days' redeployed work, helping support community hubs and manage grants to local businesses.

Effect on 2019/20 Audit Plan

7. At the Mid-March point we suspended work on the audit plans, they were some way short of completion. We would normally plan a reasonable chunk of work in the final quarter to allow for full-year coverage of key systems. However a disrupted year with vacancies and secondments meant we had more than usual outstanding. We had a plan to complete the remaining work, including confirming a large order with our main contract audit supplier that we had to postpone when they placed their public audit staff on furlough following a collapse in demand across the country.
8. The audit team began to return from late May onwards. At this point we began to think how we could reconfigure the remaining work to produce enough quantity and quality for a robust year end opinion.
9. The plan we developed included some temporary changes to our audit approach, which we felt was a better way of preserving audit coverage rather than dropping individual engagements. However we have elected to remove the following:
 - A20-AR05 (Developer Contributions): Removed because of the pressure currently facing the planning service. We aim to return to this work as soon as is practical.

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10. We made the changes to our audit plan and approach after discussion and with the support of the Council's s151 Officer. We also shared details with the Chair and Vice Chair of this Committee in an email on 19 June.
11. The two key temporary changes we have made to our service are:
 - **Assurance Ratings** – Condensing over 100 hours work into a 15-20 page report is challenge enough, but further summarising in a single word (e.g. “Sound”) can lead inevitably to extended discussions between auditors and officers. With officer time at a premium we decided to focus instead on the narrative conclusion as a summary, and our recommendations for improvement. Therefore engagements completed later in the year have “N/A” as an assurance rating, though we still include the full executive summary in this report.
 - **Risk Focus** – In planning our work we are always responsive to officer needs to help shape the focus of our work to where we can deliver improvement. However, with reduced timescales, we have decided to focus on only the controls that present the highest risk using work programmes with a less tailored, more generic approach. This means the audit, temporarily, becomes more ‘tick box’ but does allow us to better support the overall opinion. Where there are topics of lower risk highlighted, we may return to them as part of next year’s plan.
12. By working in this way we have been able to conclude the audit plan sufficiently to support the Head of Internal Audit’s Opinion.

2020/21 Plan

13. We presented our 2020/21 audit plan to Members on [19 March](#) based on a then-current view of the risks faced by the authority. Clearly since then the risk landscape has changed substantially. We must also reflect our reduced capacity given the extended overhang of 2019/20 plan completion arising from staff redeployment.
14. We present a revised plan for Members as appendix 1 of this report.

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Head of Internal Audit Opinion

Scope and time period

15. I provide this opinion to Ashford Borough Council (the Council) to include in its Annual Governance Statement, as published alongside its financial statements for the year ended 31 March 2020.

Scope limits

16. The role of internal audit need not cover only assurance and may extend towards consultancy, advice and strategic support. We have agreed with the Committee the overall scope of our work in our [Internal Audit Charter](#) and the specific scope of our work this year in our approved [Internal Audit & Assurance Plan 2019/20](#).
17. However our audit plan cannot address all risks across the Council and represents our best use of inevitably limited capacity. In approving the plan, the Committee recognised this limit. Beyond this general disclaimer, I have no specific limits of our scope to report to the Committee.

Consideration of work completed and reliance on others

18. I have drawn my opinion from the work completed during the year. I first set out the work in the plan approved by Members on 19 March 2019 and later developed it in line with emerging risks and priorities. I particularly ask that Members note the adjustments set out above following on from the Covid-19 pandemic. I set out in this report the extent and findings from our work in greater detail.
19. In completing my work I have placed no specific reliance on external sources.

Information supporting the opinion

20. The rest of this report summarises the work completed in delivering the internal audit plan through 2019/20.
21. My opinion draws on the work carried out by Mid Kent Audit during the year on the effectiveness of managing those risks identified by the Council and covered by the audit programme or associated assurance. Not all risks fall within our work programme. For risks not directly examined I am satisfied an assurance approach exists to provide reasonable assurance on effective management.

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Risk and control

22. The Council is responsible for ensuring it undertakes its business within the law and proper practices. The Council must also ensure it safeguards and properly accounts for its resources, using them economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to seek continuous improvement in exercising its roles.
23. The Council has described key parts of its internal control and risk management within the Local Code of Governance and Risk Management Framework.
24. Organisations design internal controls to manage to an acceptable level rather than remove the risk of failing to achieve objectives. So, internal controls can only provide reasonable and not complete assurance of effectiveness. Designing internal controls is a continuing exercise designed to identify and set priorities around the risks to the Council achieving its objectives. The work of designing internal controls also evaluates the likelihood of those risks coming about and managing the impact should they do so.
25. In completing our work we have considered the control environment and objectives in place at the Council.

Conformance with standards

26. Mid Kent Audit has conducted its work following the Standards and good practice as represented in our internal quality assurance. This includes working to an agreed audit manual with satisfactory supervision and review.
27. During 2019/20, as the Standards demand, we undertook an external quality assessment. After a competitive procurement we commissioned an external assessor from the Chartered Institute of Public Finance and Accountancy (CIPFA) to report on our conformance with the Standards and the quality of the service more generally.
28. The assessor concluded that Mid Kent Audit works in full conformance with the Standards. We include the full report as an appendix and summarise its findings later in this report.
29. We also describe later in this report our efforts towards continuing improvement and the results of our Quality and Improvement work.

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Overall conclusion

Internal Control

30. I am satisfied that during the year ended 31 March 2020 the Council managed its internal controls to offer sound assurance on control effectiveness.

Governance

31. I am satisfied that Council's corporate governance arrangements for the year ended 31 March 2020 comply in all material respects with guidance on proper practices¹.

Risk Management

32. I am satisfied the risk management arrangements at the Council for the year ended 31 March 2020 are effective and provide sound assurance.

Other Matters

33. I have no other matters to report as part of my opinion.



Rich Clarke CPFA ACFS
Head of Audit Partnership

11 September 2020

¹ "Proper practices" are defined by CIPFA/SOLACE and set out in [Delivering Good Governance in Local Government Framework](#) (2016).

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Internal Control

34. Internal control is how the Council ensures achievement of its objectives with effectiveness and efficiency; achieving reliable financial reporting and compliance with laws, regulations and policies.
35. We gain audit evidence to support the Head of Audit opinion on internal control principally through completing the reviews set out within our agreed audit plan.

Ashford Audit Plan Work 2019/20

36. This Committee approved our *Internal Audit & Assurance Plan 2019/20* on 19 March 2019. The plan set out an intended number of days devoted to each of various tasks. We began work on the plan during April 2019 and continued working through to March 2020. After a period of suspension due to the Covid-19 pandemic we resumed work in May and concluded in July 2020.
37. The table below shows progress in total number of days delivered against the original plan, and the revisions we made to account for staff redeployment.

Category	2019/20 Original Plan	2019/20 Revised Plan	2019/20 Outturn
2019/20 Engagements	319	240	214
Non-Project Assurance Work	81	47	59
Unallocated Contingency	40	20	20
Total	440	307	293
Concluding 2018/19 work	0	0	4

38. Our final delivery was 293 audit days. This represents, accounting for revisions and changes to approach and risk, approximately 95% completion of the plan.
39. In our original plan we detailed 25 audit potential engagements, 7 High and 18 Medium priority. Our aim was to complete all the High priority engagements and half of the Medium priority engagements. We have actually completed 5/7 High Priority and 7/18 Medium priority.
40. Taking into account the broader assurance sources described in this report, I am satisfied this provides sufficient evidence to support a robust year end opinion. We detail the specifics, and results, of this progress further in this report.

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Results of Audit Work

41. The tables below summarise audit engagement findings up to the date of this report. Where there are material matters finished before the committee meeting we will provide a verbal update (* - joint work with other authorities).

Completed Assurance Engagements

	Title	Priority-Rated Agreed Actions	Report Issue	Rating	Notes
2018/19 Assurance Engagements Completed After 1 April 2019					
	Health & Safety	2 x Med , 5 x Low	Apr-19	Sound	Reported to Members in June 2019. Not repeated in this report.
	Right To Buy	1 x Low	Apr-19	Strong	
	Leaseholder Charges	None	Jun-19	Strong	
	General Data Protection Regulations*	None	Jul-19	N/A	Reported to Members in January 2020. Not repeated in this report.
	Safeguarding	2 x Med , 4 x Low	Jul-19	Sound	
	Pre-Application Planning	4 x Low	Sep-19	Sound	
Planned 2019/20 Assurance Engagements Completed					
I	Discretionary Housing Payments	1 x Low	Aug-19	Strong	Reported to Members in December 2019. Repeated to give full picture of 2019/20 work.
II	Risk Management	1 x Med , 2 x Low	Oct-19	Sound	
III	Business Rates	None	Nov-19	Strong	
IV	Car Parking Enforcement	None	Dec-19	Strong	
V	Taxi Licensing	None	Jan-20	Strong	
VI	Cemeteries	15 x Low	May-20	N/A	
VII	Elections Management	1 x Med , 2 x Low	Jun-20	N/A	
VIII	Absence Management	8 x Low	Jun-20	N/A	

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	Title	Priority-Rated Agreed Actions	Report Issue	Rating	Notes
IX	IT Asset Management	2 x Med , 6 x Low	Jun-20	N/A	
X	ICT Technical Support	2 x Low	Sep-20	N/A	
XI	Homelessness	2 x Med	Sep-20	N/A	
XII	Land Charges	2 x Med , 4 x Low	Sep-20	N/A	

Assurance Engagements Removed from 2019/20 Plan

Title	Rationale
(1) Developer Contributions	As set out in <i>Impact of Covid-19</i> section above.
(2) Budgetary Control, (3) Rent Deposit Scheme, (4) Leisure Services, (5) Public Consultations, (6) Tourism Support, (7) Conservation & Heritage, (8) Community Safety Partnerships, (9) Emergency Planning, (10) Environmental Enforcement, (11) Legal Services, (12) Staff Performance Management, (13) Workforce Planning	Medium Priority projects not taken up in 2019/20.

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I: Discretionary Housing Payments (August 2019)

42. Our opinion based on our audit work is that the service has **Strong** controls in place to manage its risks and support achievement of its objectives relating to the processing of Discretionary Housing Payments (DHP).
43. Our review concludes controls are well designed and correctly operated in practice. Our testing for a sample of cases returned positive results which confirmed that all claimants met the criteria for being awarded a DHP with the relevant supporting documentation retained. There are strong controls over payments including separate checks on over £1k payments.
44. Consistent with an audit of this rating we raise only one low priority recommendation to ensure the most recent DHP guidance is published on the Council's website.

II: Risk Management (October 2019)

45. Our opinion based on our audit work is that the Council has **Sound** controls in place to manage its risks and support achievement of its objectives with respect to risk management. The Council's risk management approach fits its developing risk maturity. We found clear evidence of its influence on the Council's work, including managers routinely dealing with risks as prescribed. This includes keeping risks current and reflecting developments in both internal control and the wider environment. The Management Team and Audit Committee also regularly receive and review information on key risks.
47. However, we found still some work to do on embedding risk management in the Council, for example in creating and supporting a training programme. Also, while the Council's risk appetite statement is clear and coherent, we found little overt evidence of its use in decision-making.

III: Business Rates (November 2019)

48. Our opinion based on our audit work is that the Service has **Strong** controls in place to manage its risks and support achievement of its objectives relating to the administration of Business Rates exemptions and reliefs.
49. There is a range of various exemptions and reliefs available to business ratepayers provided the specific eligibility criteria outlined by the government are met. It is the responsibility of the Revenues and Benefits Team to manage

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the borough's business rates accounts, which includes the processing of exemption and relief claims. When the government introduces new forms of exemption and relief, the team is also responsible to ensure that the Northgate system is updated to reflect any newly eligible accounts.

50. The main source of an account holder's eligibility to claim an exemption or relief can be attributed to the property's rateable value. The Valuation Office Agency (VOA) provides regular updates on the rateable value of properties which our testing confirmed are actioned promptly and accurately.
51. Our testing on a sample of accounts where an exemption or relief had been applied returned positive results and in all cases supporting evidence confirmed the account changes.

IV: Car Parking (December 2019)

52. We found the controls in place to mitigate the risks surrounding parking enforcement are well designed and correctly operating.
53. All services and functions set out in the agency agreement with Kent County Council to provide on-street enforcement are being met by the service. Our testing also confirmed that parking enforcement activities comply with the Traffic Management Act 2004.
54. The controls in place over the accounting and reconciliation of PCN income are suitably designed and operate in practice to ensure all income is accounted for.

V: Taxi Licensing (January 2020)

55. In the interest of public protection and accessibility, all Ashford borough based Hackney Carriage and Private Hire vehicles are required to be appropriately licensed to ensure that these are safe, comfortable, properly insured and available where and when required. Similarly, vehicle drivers are required to be appropriately licensed to ensure a suitable level of conduct is maintained when taxis are in operation.
56. Our work confirmed that the service is operating with up to date policies and procedures in place.
57. Testing undertaken on a sample of taxi (Private Hire and Hackney Carriage) driver, vehicle and operator licences found that these had been correctly issued in all cases. Licensing fees had also been correctly administered in all cases checked.

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VI: Cemeteries (May 2020)

58. The Council's Cemetery controls work to keep risks managed effectively. The Council runs mature and detailed procedures supported by knowledgeable officers. Key controls, such as authority to bury, overseeing burial capacity and Exclusive Rights of Burial are in place and effective. The service is working to update procedure notes to reflect current practice.
59. However, some controls need update or improvement. For instance, we found some mistaken fees received because of a lack of confirmation on receipt. Also, we found the service has no consistent approach to inspecting permitted memorials after installation and various other minor revisions. These come to a significant number of agreed actions, but these reflect the breadth of our work across the cemetery service and show minor improvements across a service that works well.
60. Please note that we carried out the main fieldwork for this engagement in February and March. Since the Council began its response to the Covid-19 emergency we understand the service has moved much of its external facing process to electronic systems. We will return to examine any permanent process changes as part of our next scheduled review.

VII: Elections Management (June 2020)

61. We found there are appropriate measures in place to ensure the Council delivers elections transparently and in accordance with legislation and guidance. The Elections team project manage elections effectively and there are suitable measures in place to ensure enough staffing and physical resources are available to run elections smoothly. Elections staff undertake key elections tasks securely and in accordance with Electoral Commission guidance.
62. Our testing found a few minor issues, the most notable of which relates to the service not following corporate contract and procurement arrangements.

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VIII: Absence Management (June 2020)

63. Our testing confirmed the HR team accurately oversees the collation/reporting of absence data for the Council and supports local management in dealing with absences within their teams.
64. The arrangements are supported by a well-researched employee assistance provider, which offers comprehensive support to staff. Promotion of this service is good with 100% of survey recipients aware of the help available.
65. We make a number of low priority recommendations where we have identified areas for improvement. These include introducing additional management training on preventing or managing absence and active monitoring of trigger points to ensure compliance with the Sickness Absence Policy.

IX: IT Asset Management (June 2020)

66. The Service does not operate to a separate policy for managing IT assets, including acquisitions and disposals and other pertinent considerations such as overarching responsibility to the arrangements and lifecycle management of equipment are not formally set out in the Council's IT asset management arrangements.
67. The service operates a well-designed asset register with all assets allocated a unique number to provide accountability. However, the register is not reconciled reducing its effectiveness. Our testing identified discrepancies accounting for equipment.
68. We have raised 8 recommendations and increased the risk likelihood following the testing we completed.

X: ICT Technical Support (September 2020)

69. The IT Technical Support Team is sufficiently trained and qualified to perform their roles. The Track-It system automatically allocates cases raised by customers. The officers then appropriately prioritise, track and close them. However, there are no procedure notes or SLA to guide the process, making it difficult to accurately measure the performance of the service or identify areas for improvement.

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XI: Homelessness (September 2020)

70. We found there are appropriate controls in place to ensure the Council issues Personalised Housing Plans (PHPs) to those who are homeless or threatened with homelessness. However, our testing of a sample of 10 cases highlighted some record keeping issues, which meant we could not fully demonstrate several cases operated in accordance with procedures. We also found in 1 case there was no evidence on the system to show a PHP was issued to a client.
71. For those we were able to test, we only found minor issues. We also obtained evidence to show staff have received recent training, templates have been recently revised and that there is a good quality control process in operation.

XII: Land Charges (September 2020)

72. We found officers with significant experience managing a process that keeps controlled risk at acceptably low levels. We found high levels of compliance with basic administrative controls. We also noted performance above the level we have found when reviewing similar services elsewhere in the partnership.
73. However, we found controls where the service in practice has moved away from intended design. These include processing refunds and managing quality control. On refunds, we did not find evidence of authorisation before payment. On quality control, we found the planned control last happened in 2016 though note this has had little impact on the service.
74. The overall budget position of the service strongly implies the Council has set fees to achieve cost recovery, as demanded by legislation. However, the Council has not fully complied; not publishing a statement setting out its calculations and rationale since 2015.

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Following Up Actions

75. Our approach to agreed actions is that we follow up each quarter, examining those that fell due in the previous three months. We take due dates from the action plan agreed with management when we finish our reporting. We report progress on implementation to Senior Management Team each quarter. Our report includes matters of continuing concern and where we have revisited an assurance rating (typically after action to address key findings).
76. We summarise the current position below. The chart shows low priority actions (at the left of each bar) in green and medium priority in amber (at the right of each bar). We raised no high priority findings in 2019/20.



77. Overall we are content with officers' progress on acting to address findings we raise in our reviews.

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78. In previous meetings Members have asked for more information on actions that remain open for extended periods. The table below summarises the 8 agreed actions that were more than 6 months overdue at the end of 2019/20. All 8 are still open. Seven were part of the cohort brought forward from 2018/19.

Engagement	Planning Enforcement							Pre-App Planning
	1 Review Enforcement Plan	2 Monitor Enforcement Plan	3 Procedure Notes	4 Review Templates	5 Traffic Light System	8 Evaluating Actions	9 Case Reviews	5 Website Updates
Q1 18/19	Agreed	Agreed	Agreed	Agreed	Agreed	Agreed	Agreed	
Q2 18/19								
Q3 18/19								
Q4 18/19	Due	Due	Due	Due	Due	Due	Due	
Q1 19/20								
Q2 19/20								
Q3 19/20	Defer #1	Defer #1	Defer #1	Defer #1	Defer #1	Defer #1	Defer #1	Agreed & Due
Q4 19/20	Defer #2	Defer #2	Defer #2	Defer #2	Defer #2	Defer #2	Defer #2	
Q1 20/21								Defer #1
Q2 20/21								
Q3 20/21								
Q4 20/21				Defer #3				Defer #2
Post 20/21	Defer #3	Defer #3	Defer #3		Defer #3			

79. Taking an example through the table. Action #1 on Planning Enforcement (Review Enforcement Action Plan) was agreed with the service in May 2018 with a due date of 31 March 2019. At that point the service advised us of a deferred due date of 31 December 2019 (Defer #1). The service later moved the due date back to 31 March 2020 (Defer #2). During our most recent follow-up work (in Q2 20/21), the service provided to us a further revised due date of 31 December 2021 (Defer #3).
80. We note that actions being deferred over such a timescale is exceptional, and all of these actions are low priority. At each follow up exercise we consider whether the risks posed to the Council by continued non-implementation warrant raising issues separately with Senior Management or Members.
81. We have continued to track the planning enforcement actions following our usual approach. However given the passage of time, low risk nature of the actions, and following significant changes to the Management of the service, we are in discussion with the service to close the actions. We will instead schedule a new audit of the service in 2021/22 to provide more valuable and comprehensive assurance over the planning enforcement arrangements.

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Other Audit Service Work

Counter Fraud Update

82. We consider counter fraud and corruption risks in all of our audit engagements when considering the effectiveness of control. We also undertake distinct work and assess and support the Council's arrangements.

Whistleblowing

83. The Council's whistleblowing policy names internal audit as one route through which Members and officers can safely raise concerns on inappropriate or even criminal behaviour.
84. We have so far had no matters raised with us through the Whistleblowing Policy.

Other Audit and Advice Work

85. We also continue to undertake a broad range of special and scheduled consultancy and advice work for the Council. This includes a specific review examining the Council's negotiations around Ashford Leisure Trust terminating its lease with the Council.
86. We have also led and contributed to a series of Member briefings at the Council on issues of governance interest. We are keen to hear from Members on any other areas of interest which may form future briefing sessions.
87. We remain engaged and flexible in seeking to meet the assurance needs of the Council. We are happy to discuss opportunities large and small where the Council can usefully employ the experience and expertise of the audit team.

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Audit Quality & Improvement

Standards and ethical compliance

88. Government sets out the professional standards we must work to in the **Public Sector Internal Audit Standards** (the “Standards”). These Standards are a strengthened version of the Institute of Internal Audit’s global internal audit standards, which apply across public, private and voluntary sectors in more than 170 countries around the world.
89. The Standards include a specific demand for reporting to Senior Management and Audit Committee on our conformance with the Code of Ethics as well as the Standards themselves. We have included the Code within our Audit Manual and training for some years. We can report to Members we remain in conformance with the Code.

External Quality Assessment

90. Our 2019/20 Audit Plan included full wording from Standard 1312. That Standard demands all internal audit services seek an external quality assessment at least every five years. In that plan we set out some headline principles to guide our assessment.
- A properly qualified and experienced external assessor.
 - A paid review rather than reciprocal or peer arrangement.
 - To consider best practice as well as simple conformance.
 - One assessment across the whole partnership.
 - Published terms of reference before fieldwork begins.
 - Publish the final report in full to Members, including response to any action plan for improvements.
91. Members from all four authorities in the partnership supported these principles. In late 2019 we undertook a competitive procurement to appoint an assessor. We consulted Members on the procurements and had non-audit team members included in bid scoring representing Directors at all four partner authorities.
92. We include the report in full as an appendix to the annual report but reproduce here the conclusion by way of overall summary:

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4. Opinion

It is our opinion that Mid Kent Audit's self-assessment is accurate and as such we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

Standard / Area Assessed	Level of Conformance
Mission Statement	Fully Conforms
Core principles	Fully Conforms
Code of ethics	Fully Conforms
Attribute standard 1000	Fully Conforms
Attribute standard 1100	Fully Conforms
Attribute standard 1200	Fully Conforms
Attribute standard 1300	Fully Conforms
Performance standard 2000	Fully Conforms
Performance standard 2100	Fully Conforms
Performance standard 2200	Fully Conforms
Performance standard 2300	Fully Conforms
Performance standard 2400	Fully Conforms
Performance standard 2500	Fully Conforms
Performance standard 2600	Fully Conforms

93. We believe this makes us the first audit service to have received *Fully Conforms* assessments from both major relevant professional bodies: the Institute of Internal Audit (in 2015) and CIPFA (2020).

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Training and Qualifications

94. We continue to offer strong support to the audit team in continuing development and upholding professional competence. In 2019/20 this involved providing individual training budgets and supporting people to follow avenues for development suitable for their career position and ambitions.
95. A key but far from sole part of this approach is supporting professional qualifications. During 2019/20 we supported several of the team through professional studies and remain pleased with their progress and success. We would like to highlight:
- **Louise Taylor:** Completed her traineeship with Mid Kent Audit by passing the final exams with the Institute of Internal Audit to become a Certified Internal Auditor (CIA). We are pleased to confirm Louise will stay with the Partnership as a qualified auditor.
 - **Andy Billingham:** Completed the final two papers set by the Institute of Internal Audit to become a Certified Internal Auditor. Following his success, Andy becomes the eighth member of our team of eleven to hold a professional qualification.
 - **Mark Goodwin:** Completed his qualification with CIPFA to become an Accredited Counter Fraud Specialist.
 - **Rich Clarke:** Achieved the full Chartered qualification from the Institute of Internal Audit. Rich now holds full chartered status with both bodies who oversee public sector internal audit in the UK (CMIIA and CPFA).
 - **Russell Heppleston:** Completed his qualification with the Institute of Risk Management to become a Certified Member of that institute.
 - **Cath Byford & Katie Bucklow:** Our two apprentices have made good starts on their Level 7 Apprenticeship schemes. These include exams set both by the University (Birmingham City University) and the IIA. Cath has completed the first two University Exams and also stage one of the CIA qualification. Katie, who joined us in August, was successful in her first University Exam earlier this year.

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96. Also during 2019/20 we have worked closely with neighbouring authorities. Most notably in seconding our Deputy Head of Audit Partnership, **Russell Heppleston**, as Head of Audit for Dartford and Sevenoaks Councils. That secondment ran from August 2018 until January 2020, after which Russell returned to Mid Kent Audit to a revised and expanded Deputy Head of Audit Partnership role.
97. Through regional and national roles, the Head of Audit Partnership continues to represent the service in gaining opportunities for professional development. This includes developing training with the London Audit Group aimed at supporting aspiring Audit Managers, as well as speaking engagements at national events such as CIPFA Audit Conference.

Acknowledgements

98. We achieve these results through the hard work and dedication of our team and the resilience that comes from working a shared service across four authorities.
99. As a management team in Mid Kent Audit, we wish to send our public thanks to the team for their work through the year so far.
100. We would also like to thank Managers, Officers and Members for their continued support as we complete our audit work during the year.

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Annex 1: Assurance & Priority level definitions

Assurance Ratings 2019/20 (Unchanged from 2014/15, save for addition during COVID-19 Emergency)

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>
<p>Note for reports issued during the COVID-19 Emergency</p> <p>During this period we have temporarily moved away from giving a single word assurance rating back to a narrative conclusion balancing the strengths and weaknesses of controls in a service. The aim is to streamline discussion at the</p>	

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point of closing a review and allow the discussion to move swiftly on to implementing the agreed actions.

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Recommendation Ratings 2019/20 (unchanged from 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.

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Appendix 1: Revised Audit Plan 2020/21

About the Plan and Planning

101. The [Public Sector Internal Audit Standards](#) (the “Standards”) set out how we must approach audit planning. Specifically, the Standards say that we “must establish risk-based plans to determine the priorities of internal audit, consistent with the organisation’s goals”. The Standards note this must support the annual opinion but there is no direction for an annual plan. On the contrary, the Standards expect Heads of Audit should adapt plans to reflect developing risks.
102. There can be little doubt the Covid-19 emergency has significantly altered the authority’s risks and priorities for 20/21. We summarised in our Annual Report a few of the ways that this impacted the audit team specifically, most obviously in diverting audit time towards the emergency response.
103. Given the scale of change, we wanted to bring the plan back to Members so they could see changes since the Spring. Our aim is providing visibility on the changes and reassuring Members that we have (and will continue to) keep the plan flexible.

Risk Sources and Information

104. In preparing this plan we consulted widely within the audit profession. This included leveraging our sector groups for information, including the newly formed Institute of Internal Audit Local Government Forum and the Local Authority Chief Auditors’ Network. We also conducted research on published audit plans across various authorities, paying attention to changes that would be relevant in Mid Kent.
105. We also consulted senior managers across the Council on changes to their risks and priorities. This plan reflects the result of these risks, which we will keep under review.

Audit Resources

106. Within Mid Kent Audit, Covid-19 has had various impacts on the 1,810 available days across the partnership for the audit year 2020/21. The most significant impacts, at partnership level:
 - 190 days of 2019/20 work displaced into 2020/21 by early redeployment.

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- 70 days of redeployment in the 2020/21 audit year.
- 175 days resulting from holding a vacancy while councils consider their longer term resource positions, and seeking to bring forward 2020/21 year end to avoid risk of overspill into 2021/22.

107. The table below shows how this impacts audit time at Ashford Borough Council

ORIGINAL: DAYS IN 20/21 PLAN	LESS: IN-YEAR REDEPLOYMENT	LESS: PRIOR WORK BFWD	LESS: VACANCY & YEAR-END	FINAL: REMAINING DAYS
430	(5)	(45)	(40)	340
315			Risk Based Audit	247
75			Governance	61
40			Consultancy	32

108. Although this represents a loss of time, we have tried to concentrate this on consultancy and governance roles. We don't anticipate this to have a significant impact on our ability to provide ad-hoc support and advice during the year.

Substantive Plan Changes

109. Based on our review of the risk environment and following consultation we have **removed** the following 11 projects from the plan:

Engagement Title	Priority & Change	Change Comments
Culture Assessment	High Removed	To be replaced by work on wellbeing of staff during lockdown and recovery.
Transformation Programme	High Removed	Unlikely that anticipated progress was made to existing transformation work while services in isolation. Risk lowered for this project.
Conservation & Heritage	High Removed	Other planned work in this service area is of higher risk.
Leisure Services Contract	High Removed	The impact of lockdown on the leisure sector was significant, contract not yet signed, and so moved to 21/22 to allow arrangements to be put in place.
Emergency Planning	Medium Removed	Assurance through the recent crisis response, and with future uncertainties on the horizon (including Brexit) management continue to stay focussed on this area. Risk lowered for this project.

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Engagement Title	Priority & Change	Change Comments
Licensing (premises)	Medium Removed	Many premises (pubs, clubs etc.) closed during lockdown. Risk lowered for this project.
Community Safety Partnerships	Medium Removed	To be replaced if there is work on Community engagement / partnerships.
Equalities	Medium Removed	Risk in this area was lower than in others, based on overall score.
Complaints	Medium Removed	Risk in this area was lower than in others, based on overall score.
Workforce Planning	Medium Removed	To be incorporated into a review of staff wellbeing during lockdown and recovery.
HR Policy Compliance	Medium Removed	To be replaced by a specific project looking at remote working policy and governance

110. Based on our review of the risk environment and following consultation we have **added** the following projects 4 projects to the plan:

Engagement Title	Priority & Change	Change Comments
Community Hub Support	High Added	A significant amount of Council resources were put into setting up a running the Hub over lockdown. Audit will aim to provide assurance on controls within the Hub.
Remote Working - Policy & Governance	High Added	Increased risk due to widespread remote working. This review will include any governance changes to accommodate new ways of remote working
Staff wellbeing	High Added	This project will look at how the Council supported staff during lockdown and recovery. Including wellbeing, engagement, and communication.
Community Partnerships	Medium Added	To include governance and working arrangements with local groups and community partners.

111. We list below the unchanged engagements on the plan. We are not currently expecting headline changes to these engagements. However we will enquire at planning stage on specific Covid-19 impact, adapting our approach in response. This may result in further changes as the year progresses.

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Retained Plan Audit Engagements 2020/21

High Priority Engagements	Medium Priority Engagements
Network Security (Cyber Security)	Climate Change (Response and action planning)
Repairs and Maintenance (Contract Review ENGIE)	Accounts Payable
Repairs and Maintenance (Gas / Fire Safety Certification)	Accounts Receivable
Property Income	Council Tax
Property Acquisitions	Rent Accounting (Rent Arrears)
Development Management	Repairs and Maintenance Contract (non HRA)
Legal Services Review	Member Development
Performance Management	Payroll
	Website

Total number of projects retained from original plan: 17 (21 projects in total)

112. Our original plan in the Spring expected 100% completion of high priority engagements and 50% of medium priority. Despite our reduced resources we still aim to review **all** high priority engagements but will now only review 20% of medium. All engagements noted will remain in our audit universe and be eligible for consideration in future audit plans based on the prevailing risk. Our aim remains to cover the audit universe at least once in a five to six year cycle.

Conclusion

113. We will continue to keep the plan under review through the year. I remain able to assure the Committee that we have enough resources to deliver the plan and that we have compiled the plan free from undue influence. We will update Members on progress against the plan later in the year, and keep it under review.