

**Agenda Item No:** 7

**Report To:** Audit Committee

**Date of Meeting:** 1<sup>st</sup> February 2022

**Report Title:** Interim Report

**Report Author & Job Title:** Andrew Townsend: Interim Head of Audit Services (MKA)



<b>Summary:</b>	This report provides updates on the progress made against the Audit Plan for Ashford Borough Council, which was presented to the Committee in March 2020.
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**Key Decision:** No

**Significantly Affected Wards:** N/A

**Recommendations:** **The Committee is recommended to:**

**Note** the findings raised in MKA Interim Internal Audit report.

**I.**  
**Policy Overview:** N/A

**Financial Implications:** No new implications.

**MID KENT AUDIT**

# **Interim Internal Audit & Assurance Report**

**February 2022**  
**Ashford Borough Council**

# MID KENT AUDIT

## 1. Introduction

- 1.1. This interim Internal Audit and Assurance Report covers the first three quarters of 2021/22.
- 1.2. Annex A provides an update on the Mid Kent Audit service. In summary despite a number of personnel changes the service continues to fully deliver the agreed internal audit service and there has been no diminution in compliance with the Public Sector Internal Audit Standards.
- 1.3. This report provides the updates as at the end of December 2021 on the following:
  - Interim Head of Audit Opinion
  - Audit Plan Progress – Closing of 2020/21
  - Audit Plan 2021/22 Update
  - Other Work
  - Agreed Actions – Follow up Results

## 2. Interim Head of Audit Opinion

- 2.1. There are no matters identified from the internal audit work performed to date for 2021/22 which indicate that it will not be possible to provide a Head of Audit opinion for the financial year.

## 3. Audit Plan Progress – Closing of 2020/21

- 3.1. In the annual assurance report that was presented in June 2021, it stated that there were four audits that were still outstanding. These are now all finalised. The table summarises those audits detailing their opinion, final report date, and number of Critical, High, Medium, and Low recommendations made. A summary of the findings can be found after the table.

Audit	Opinion	Date of Issue	No of Crtcl	No of High	No of Med	No of Low
Development Management – Planning Admin	Sound	July 21	-	-	1	-
Commercial Property Income	Sound	Sep 21	-	-	3	-
Performance Management	Sound	Sep 21	-	-	2	1
Legal Services	Weak	Sep 21	-	2	5	4

- 3.2. The High and Medium findings from the reports in the table above are noted below:

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## Development Management – Planning Admin

### 3.3. Finding:

- (M) There was no documented policy on the retention and storage of files within the Planning and Development Service.

## Commercial Property Income

### 3.4. Findings:

- (M) Procedure notes and process maps were in draft.
- (M) The underlying reason for variances for the income reconciliations for 2020/21 and the working file for 2021/22 were not detailed. In addition, any corrective action that may have been taken was not evidenced.
- (M) A proposal in May 2021 to provide monthly reports to the Head of Corporate Property & Projects detailing the percentage of income collection, rent growth, risks, potential write-offs, was not in place. The start date for these reports had also not been noted in the minutes, and they were not yet being provided as August 2021.

## Performance Management

### 3.5. Key findings:

- (M) The Recovery Plan lists 44 performance metrics over four key themes. Pentana only had 40 of these. It was explained the difference was because of merging and adding of some metrics. However, there was no evidence of these changes being formally reported or agreed.
- (M) Of the 40 KPIs on Pentana, 33 KPIs had not yet been set a target. The quarterly performance report did not consistently indicate if the trend was good or bad.

## Legal Services

- 3.6. This review had a 'Weak' assessment and the findings and management updates for this report can be found in the accompanying report.

## 4. Audit Plan 2021/22 Update

### Audits Finalised Since the Previous Audit Committee Meeting

- 4.1. The Audit Plan for 2021/22 is well underway. Of the 16 audits due to be performed during 2021/22 five have now been finalised. A summary of the high and medium recommendations made are set out below.

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Audit	Opinion	Date of Issue	No of Crtcl	No of High	No of Med	No of Low
Section 106 Income	Weak	06/12/21	-	6	4	5
IT: Phishing	Sound	11/11/21	-	-	-	2
Housing Rent Account (Rent Arrears)	Sound	21/12/21	-	-	2	-
Member Development	Sound	28/07/21	-	-	-	4
Environmental Protection (Noise)	Sound	06/01/22	-	-	-	3

## Section 106 Income

- 4.2. This review has a 'weak' opinion and consequentially the findings and progress against the recommendations made for this report will be reported to Audit Committee in March 2022.

## IT Phishing

- 4.3. There were no High or Medium recommendations made.

## Housing Rent Accounts (Rent Arrears)

- 4.4. Findings:
- (M) – There was no system provision for separating a tenant's rent arrears when they enter 'Breathing Space' so the officer can track they are paying for their regular rent.
  - (M) – Procedures and policies were not updated.

## Member Development

- 4.5. There were no High or Medium recommendations made.

## Environmental Enforcement -Noise

- 4.6. There were no High or Medium recommendations made.

## Added and Cancelled / Deferred audits

- 4.7. Since the last meeting, there have been no additional audits added to the Audit Plan.

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- 4.8. The Community Safety Partnerships audit was cancelled. At the request from the Head of Service asking to delay the audit until next year, we have cancelled it from this year's Plan and will consider it for the 2022/23 Audit Plan.

## Overall Progress of the Audit Plan for 2021/22

- 4.9. The table below shows the progress of the 16 planned audits for 2021/22.

Audit	Due to start or Issue date	Opinion	Planning to Brief issue stage	Fieldwork Stage	Draft report stage	Finalised
Member Development	06/12/21	Weak	✓	✓	✓	✓
IT: Phishing	11/11/21	Sound	✓	✓	✓	✓
Section 106 Income	21/12/21	Sound	✓	✓	✓	✓
Housing Rent Account (Rent Arrears)	28/07/21	Sound	✓	✓	✓	✓
Environmental Protection (Noise)	06/01/22	Sound	✓	✓	✓	✓
Procurement (Processes & Compliance)	Qtr 3	-	✓			
Leisure Services	Qtr 3	-	✓			
Development Management	Qtr 3	-				
Payroll & Expenses	Qtr 3	-				
Recovery Plan	Qtr 4	-				
Licensing	Qtr 4	-				
Voids (Housing)	Qtr 4	-				
Ashford Port Health: Financial Controls	Qtr 4	-				
Apprenticeships	Qtr 4	-				
Transformation Programme	Qtr 4	-				

- 4.10. Due to the changes within the team (see appendix A), progress is behind schedule. While there are ten audits to complete by the end of April additional external resources have been procured at the start of January from BDO to cover for staff vacancies and this will assist with the timely delivery. The Monday resource management system operated by MKA indicates, barring unforeseen problems, these

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ten reviews will be completed on time. Notwithstanding this the S151 Officer will be provided regular updates on progress and any additional actions required to facilitate the timely completion of the agreed Plan.

## 5. Other Work

- 5.1. There has been one consultancy review, COVID-19 Local Authority Compliance and Enforcement Grant. There were no issues identified.

## 6. Agreed Management Actions – Follow up Results

- 6.1. We follow up each action as it falls due in line with the plan agreed with management when we finish our reporting. We note any matters of continuing concern.
- 6.2. In November 2021 we issued the follow up report on actions due by the end of September 2021. The results of the follow up are:
- 35 actions fell due over eight audits.
  - 19 (54%) of actions have been closed as agreed.
  - 16 actions have been deferred with reset dates for implementation.
  - No high-risk actions fell due during the period.
  - There were no matters of continuing concern.

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## Appendix A

### Audit Charter

- I. This Committee approved MKA's Audit Charter in 2021 and it remains in place through the financial year.

### Independence of internal audit

- II. 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. The collaboration agreement is currently being reviewed, but this has no impact upon the independence of the service being provided by MKA.
- III. Within Ashford BC during 2021/22 MKA has 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.
- IV. We confirm that MKA has worked with full independence as defined in our Audit Charter and Standard 1100.

### Resources

- V. An assessment on the resources available to the audit partnership for completing work at the Council was reported in our Audit Plan presented to this Committee in March 2021. That assessment was: *...we believe we have enough resource to deliver the 2021/22 plan.*
- VI. Since March 2021 MKA has experienced much change within the audit team. Despite all this change MKA continues to make good progress with delivering the Audit Plan agreed earlier this year and has adequate resources available to deliver the 2021/22 Audit Plan and provide a robust opinion at year end. In the event this position changes we will promptly report to Senior Management and to the Audit Committee if we have any concerns that forecast will change.

### Audit Quality and Improvement

#### Code of Ethics

- VII. The Code is incorporated within MKA's Audit Manual and MKA also has policies and guidance in place on certain specifics, such as managing and reporting



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conflicts of interest. We can confirm to the Audit Committee that MKA remains in conformance with the Code.

## **Compliance with the PSIAS**

- VIII. The requirements are that an external quality assessment (EQA) is carried out at least once every five years and in the intervening years an internal quality assessment (IQA) is performed. The EQA was carried out by CIPFA in 2020 and for 2021/22 the IQA will be performed by the interim Head of Audit. The findings of the IQA will be reported to the Audit Committee.