

MID KENT AUDIT

Interim Internal Audit & Assurance Report

**November 2022
Ashford Borough Council**

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Introduction

1. The Institute of Internal Audit 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 reporting.

Audit Charter

3. This Committee approved the Audit Charter in September 2021, and it remains in place. A revised Audit Charter will be presented to the Audit Committee once the new Head of Audit Partnership is in place.

Independence of internal audit

4. 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.
5. Within Ashford Borough Council (ABC) during 2022, 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.
6. I confirm we have worked with full independence as defined in our Audit Charter and Standard 1100.

Management response to risk

7. We include the results of our work in the year so far later in this report. In our work we often raise recommendations for management action. During the year so far, management have agreed to act on all recommendations we have raised. We report on progress towards implementation in the section titled 'Agreed Actions Follow Up Results'.

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8. There are no risks we have identified in our work that we believe management have unreasonably accepted.

Resource Need

9. We reported in our plan presented to this Committee in March 2022 an assessment on the resources available to the audit partnership for completing work at the Council. That review decided at that time that:

“MKA has the skills and expertise to deliver the 2022/23 Audit Plan and it is confirmed that planned audit work will enable a Head of Audit opinion for 2022/23 to be delivered in Spring 2023”.

10. Since March 2022 we have experienced further change within the audit team:
 - One of our apprentices left for a more senior role elsewhere. While we’re always pleased to support development, their loss has left a notable gap in the team that we have not yet recruited to.
 - The Interim Audit Manager Julie Hetherington is due to leave at the end of November 2022, and the Interim Audit Manager Andy Billingham is due to leave the end of January 2023.
 - The Deputy Head of Audit post has been deleted, and
 - The new Head of Audit Partnership (Katherine Woodward) will start on 5 December 2022.
11. The result is the team currently has two vacancies and will shortly have another. The new Head of Audit Partnership will decide on a new structure once in post.
12. To fill the staffing gap, we prepared a market tender to seek contractor support in completing the 2022/23 audit and assurance plans. This contract was recently awarded for work to take place from November to April.
13. Despite all this change we continue to make progress through the Audit Plan although overall delivery of the plan has been impacted.

Audit Plan Progress: Closing 2021/22

14. In June, there was one audit engagement (Housing Rents – Voids) that was not completed in time to be included for the 2021/22 annual audit opinion. See Appendix I for our summary findings for this audit. The results of this audit will now feed into the Head of Audit Partnership annual assurance opinion for 2022/23.

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Audit Plan Progress: Beginning 2022/23

15. In November, the Treasury Management audit was finalised. It received as Sound opinion, and one medium recommendation was made. See Appendix I for our summary findings for this audit.
16. The chart below shows current and expected progress on the audit plan for 2022/23 which the Audit Committee approved in March 2022.

Key

	Audit Underway
	Audit Allocated

Audit	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Treasury Management											
Leisure Services											
Cash Collection - Parking											
Apprenticeships											
Development Management											
*Newtown - Ashford International Studios Programme											
Elwick Road Programme											
Accounts Payable											
Accounts Receivable											
Waste Contract Tendering (Shared Service)											
Temporary Accommodation											
Data Breaches											
IT Backup and Recovery BCP and Test Runs											

17. The Newtown Audit, maybe removed from the audit plan, as the Government are doing a review of the programme. The new Head of Audit Partnership may therefore be able to place reliance on their work. They will confirm what action to take when they start.

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18. Below are the remaining audits currently unallocated due to resource constraints – these will be reviewed by the new Head of Audit once they are in post.

Audits not yet allocated
Payroll and HR systems
PFI - Management - Stanhope Estate
Port Health - Border Controls (Imports)
Port Health - Online Payments System
Port Health -Business Continuity Plans (BCP)
Recruitment Framework (including Port Health)
Contract Management

Overall progress

19. The table below summarises (up to 31 October) the planned days versus the actual days worked.

Plan Area	Plan Days	Actual to 31 Oct 21
Risk Based Audits	320	63
Follow -up of agreed actions	25	17
Consultancy & Member support	52	11
Risk Management & Counter Fraud Support	3	0
Planning	20	1
Total	420	92

20. We will keep the plans under review to maximise delivery of high-risk audit work. Once the new Head of Audit is in post they will review progress and anticipated overall delivery of the audit plans.

Agreed Actions Follow Up Results

21. On a quarterly basis, we follow up on those actions that are due. We report the findings to the Corporate Management Team. The report includes, where applicable, noting any matters of concern, where management accept the risks of not implementing, actions closed, and where actions have had their expected due date deferred.

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22. The table below the current position on following up agreed actions as at 14 October 2022

	Total	High Priority	Medium Priority	Low Priority
Open actions before 01/05/22	43	17	18	8
New actions agreed from 01/05/22	25	-	13	12
Total open action	68	17	31	20

Closed Actions since 01/05/22	41	12	19	10
Current Open Actions as at 14/10/22	27	5	12	10

23. Please see the table below, which shows the status of the 22 agreed actions from the Section 106 audit, which was reported in full to Members in March 2022.

Section 106 Agreed Actions	Total	High Priority	Medium Priority	Low Priority
Fully Implemented	15	7	4	4
Deferred	4	2	1	1
Not yet Due	3	3	-	-
Total	22	12	5	5

24. The table shows that 15 actions are now fully implemented. Of the remaining seven open actions, four have been deferred by management, but all have made good progress and are near to completion. There are three actions that are not yet due. But internal audit will follow these up in January 2023.

Code of Ethics

25. This Code applies specifically to internal auditors, though individuals within the team must comply with similar Codes for their own professional bodies. The Standards also direct auditors in the public sector to consider the Committee on Standards in Public Life's [Seven Principles of Public Life](#) (the "Nolan Principles").

26. We have included the Code within our Audit Manual and training for some years. We also have policies and guidance in place on certain specifics, such as managing and reporting conflicts of interest.

27. We can report to Members we remain in conformance with the Code.

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Acknowledgements

28. 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.
29. 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.
30. 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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Appendix I

Housing Rents – Void Management (October 2022)

31. Our opinion based on our audit work this audit has **Sound** controls in place to manage its risks and support achievement of its objectives.

Finding Summary: 1 x Medium priority, and 3 x Low Priority recommendations made.

The findings were:

- The Voids record keeping requires improvement to ensure all information is captured and recorded. In addition, there was not a mechanism in place for schedule of rates / price per property / per repair for one of the current repairs contractors.
- An all-encompassing Voids Management Policy needs to be put in place to ensure KPIs and roles and responsibilities are defined.
- Clear timescales for Voids actions to be included in any subsequent procedures.

Treasury Management – (November 2022)

32. Our opinion based on our audit work has **Sound** controls in place to manage its risk and support achievement of its objectives.

Finding Summary 1 x Medium priority recommendation made.

The finding was:

- The contract that provides Treasury Management advice, has been in place for 14 years, but needs to go out to tender to ensure the Council is receiving the best service available.