

MID KENT AUDIT

Interim Internal Audit & Assurance Report

November 2021

Swale 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:

2060 Reporting to Senior Management and the Board

The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan and on its conformance with the *Code of Ethics* and the *Standards*. Reporting must also include significant risk and control issues, including fraud risks, governance issues and other matters that require the attention of senior management and/or the board.

Interpretation:

The frequency and content of reporting are determined collaboratively by the chief audit executive, senior management and the board. The frequency and content of reporting depends on the importance of the information to be communicated and the urgency of the related actions to be taken by senior management and/or the board.

The chief audit executive's reporting and communication to senior management and the board must include information about:

- The audit charter.
- Independence of the internal audit activity.
- The audit plan and progress against the plan.
- Resource requirements.
- Results of audit activities.
- Conformance with the *Code of Ethics* and the *Standards*, and action plans to address any significant conformance issues.
- Management's response to risk that, in the chief audit executive's judgment, may be unacceptable to the organisation.

Audit Charter

3. This Committee approved our *Audit Charter* in September 2020 and it remains in place through the audit year.

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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 Swale BC during 2021/22 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*.
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 2021 an assessment on the resources available to the audit partnership for completing work at the Council. That review decided:

...we believe we have enough resource to deliver the 2021/22 plan
10. Since March 2021 we have experienced much change within the audit team. Shortly after Members agreed the plan, both of our most recent successful qualified trainees left for more senior roles elsewhere. While we're always pleased to support development, their loss left a notable gap in the team that we hoped to fill with recruits over the summer.
11. For that recruitment exercise, we were successful in having offers of employment accepted for all three audit roles advertised, unfortunately two candidates withdrew during the pre-employment checks having received better offers elsewhere.

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12. The result is the team continues to have vacancies at Auditor, Audit Apprentice and Risk & Governance Officer level. We hope to re-advertise these roles shortly. Until then we are preparing a market tender to seek contractor support in completing 2021/22 audit and assurance plans. We hope to award the contracts before the end of 2021, for work to take place in the New Year.
13. There has also been significant change within the management team. Russell Heppleston, Deputy Head of Audit, left the partnership after 16 years for a new role with the National Audit Office. To see out the year, Ali Blake of the Mid Kent Audit team has stepped up as Interim Deputy Head of Audit. Ali will focus on leading our risk and governance work, including implementation of JCAD, our new risk management software.
14. Joining us as interim audit manager, with particular responsibility for Ashford and Swale, is Julie Hetherington. Julie joins us after twelve years as an Audit Manager at London Borough of Lewisham and will be a great asset to the partnership.
15. Finally, after nearly eight years in the role as Head of Audit Partnership, Rich Clarke will leave for a new role at LB Lewisham in the New Year. Work is already underway to recruit Rich's successor.
16. Despite all this change we continue to make good progress through the Audit Plan agreed earlier this year. We continue to believe we have enough resources available to us to deliver the 2021/22 audit plan and provide a robust opinion at year end. However, this will be a matter of judgement for the next Head of Audit Partnership. We will, following guidance issued by CIPFA, report quickly to Senior Management and Members if we have any concerns that forecast will change.

Audit Plan Progress: Closing 2020/21

17. In July, there was one audit engagement approaching completion that did not finish in time for Committee deadlines. I set out below our summary findings for this remaining engagement. As expected, there were no significant concerns that would alter the opinion or demand separate reporting.

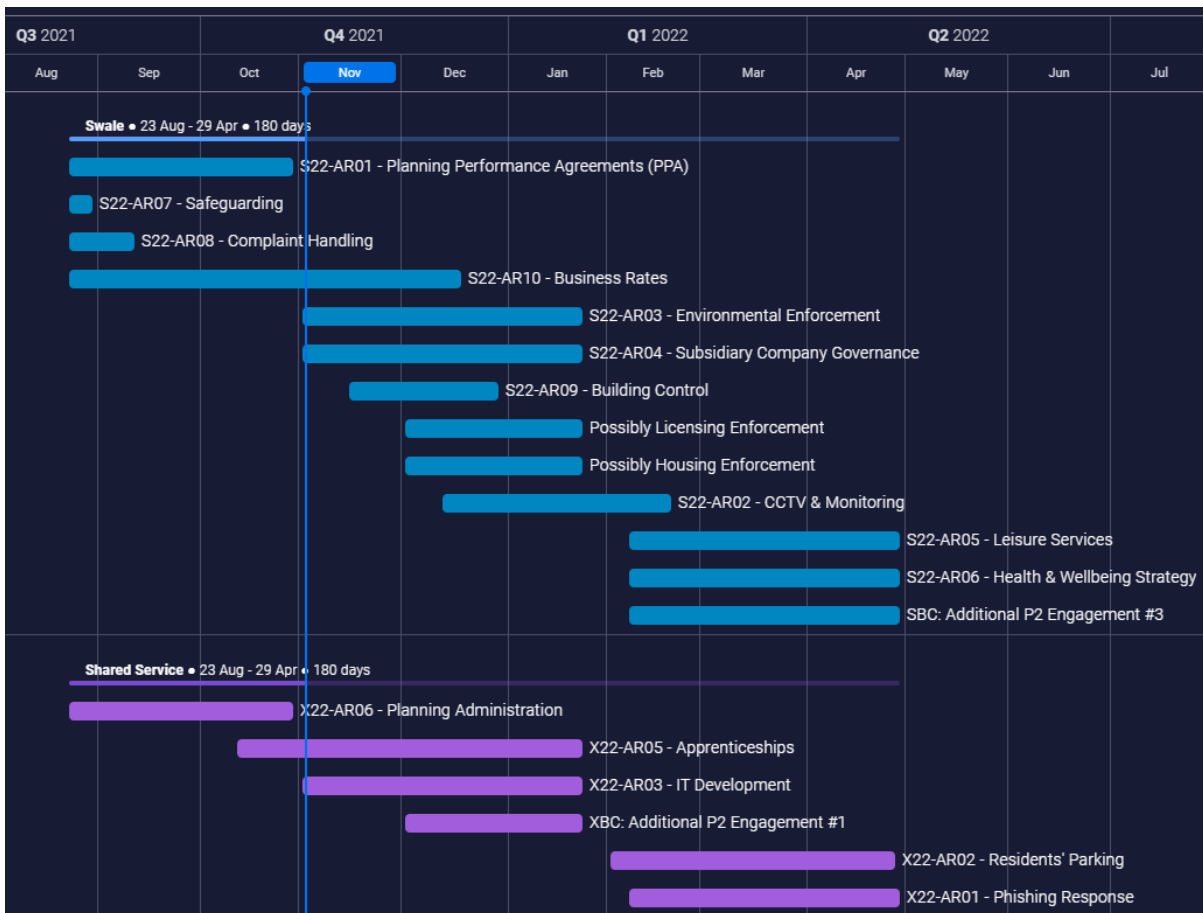
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Bailiff Service (September 2021)

18. Our opinion based on our audit work is the Enforcement Team has **SOUND** controls in place to manage its risks and support achievement of its objectives.
19. Mid Kent Enforcement have good controls in place to ensure staffing levels remain appropriate while their case load has fluctuated as a result of the pandemic. Staff are qualified and adequately trained to undertake their roles. There are various payment methods available to encourage debt repayment, with automated systems in place where possible to ensure accurate recording. Recovery notices are issued and payment arrangements are available when appropriate.
 - **Finding Summary:** 2 x Low priority.

Audit Plan Progress: Beginning 2021/22

20. The chart below shows current and expected progress through the engagements described in the 2021/22 Audit Plan:



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21. So far we have published two full final reports, with two additional engagements currently at draft stage. I set out below summaries of the published final reports.

Safeguarding (October 2021)

22. Our opinion based on our audit work is the Council has **SOUND** controls in place to manage its risks and support achievement of its objectives.
23. The Council has a small but dedicated and experienced team who log, monitor and refer safeguarding concerns to relevant agencies. The pandemic saw an increase in safeguarding concerns being identified, and this increase in cases has maintained at a higher level than since before the pandemic. We found there are sound processes in place to ensure safeguarding concerns are identified, raised and dealt with timeously.
24. However, our testing found some areas requiring improvement. The safeguarding training completion rates throughout the council is poor, especially at a senior level, but we are satisfied that the key Safeguarding Officers have undertaken the relevant training. Additional controls are also in place to monitor the number of concerns raised by services in the council, which is an indicator for a potential decline in officer awareness of safeguarding issues.

- **Finding Summary:** 5 x Medium priority, 4 x Low priority.

Complaint Handling (November 2021)

25. The Council has **SOUND** arrangements in place for Corporate Complaint handling, which are effective and appropriate to manage the key risks and support achievement of its objective.
26. We found the Council's Complaint arrangements are supported by a suitable and up to date policy, with arrangements clearly set out on its website. The complaints process is supported by guidance and procedure documents for staff assessable on the intranet.
27. Our testing resulted in largely positive results; all complaints received had been correctly allocated to Complaint Administrators, information to monitor complaint response times was verified and we note favorable performance which exceeds the target response time and comprehensive reporting is made to the Senior Leadership Team.

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28. We have raised some low priority findings aimed predominately at strengthening and tightening what we have found to be well designed arrangements. Our findings include linking the Council's Privacy Notice to its Complaints Policy to underline a commitment to the safe handling of information received and processed as a complaint, and issuing a reminder to Complaint Administrators covering attachment of complaint responses on the corporate system (MCS) and standardised wording to complaint response correspondence.

- **Finding Summary:** 4 x Low priority.

Other work and overall progress

29. Our work on overseeing, updating, and reporting on risk has continued during the year in line with the Risk Management Framework. As well as the routine cycle of work we have now bought and began to build a risk management software package called JCAD. Implementation of this software will allow us to further settle and develop risk management across the Council. Audit Committee will receive a detailed report on the risk management framework in March 2022.

30. We have also completed a major investigation into the circumstances surrounding mistaken publication of planning notices on 19 August this year. We reported this investigation result to Members at Overview & Scrutiny Committee on 21 October.

31. The table below also summarises (up to mid-October) current days on audit plan progress, with forecast position later in the year.

Plan Area	Plan Days	Actual to mid-Oct-21	Forecast to Apr-22
Risk Based Audits	317	114	321
Governance	83	24	70
Consultancy	40	9	18
Total	440	147	409

32. We will keep these forecasts and plans under review, especially watching the result of contracting and recruitment plans.

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Agreed Actions Follow Up Results

33. Our approach to agreed actions is that we follow up each as it falls due in line with the plan agreed with management when we finish our reporting. We report progress on implementation to Senior Management Team each quarter. This includes noting any matters of continuing concern and where we have revisited an assurance rating (typically after addressing key actions). In total, we summarise in the table below the current position on following up agreed actions:

	Total	High Priority	Medium Priority	Low Priority
Actions brought into 2021/22	21	4	9	8
New actions agreed in 2021/22	44	5	16	23
Total Actions Agreed	65	9	25	31
Fulfilled by 31 October 2021	34	4	11	19
Actions cfwd past 31 October 2021	31	5	14	12
Not Yet Due	14	1	6	7
Delayed but no extra risk	17	4	8	5
Delayed with risk exposure	0	0	0	0

Audit Quality and Improvement

Code of Ethics

34. 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").
35. 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.
36. We can report to Members we remain in conformance with the Code.

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Acknowledgements

37. 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.
38. 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.
39. We would also like to thank Managers, Officers and Members for their continued support as we complete our audit work during the year.