

MID KENT AUDIT

Interim Internal Audit & Assurance Report

November 2022

Swale Borough Council



MID KENT AUDIT

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 our Audit Charter in September 2020 and it remains in place through the audit year. 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 Swale Borough Council (SBC) 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'.
8. There are no risks we have identified in our work that we believe management have unreasonably accepted.

MID KENT AUDIT

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:

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 July, there was one audit engagement (Environmental Enforcement) 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 engagement. The results of this audit will now feed into the Head of Audit Partnership annual assurance opinion for 2022/23

MID KENT AUDIT

Audit Plan Progress: Beginning 2022/23

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

Key

	Audit Under way
	Audit Allocated

Audit	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
IT Project Management *											
Website & accessibility											
Committee Management											
Workforce Planning*											
Temporary Accommodation											
Facilities Management											
Project Management - Swale House Refurb											
Private Water Supply *											
Accounts Receivable											
Accounts Payable											
Elections Management											
Asset Inspection											
Maintenance of Open Spaces											
Waste Contract Tendering *											
Food Safety *											

* shared service audit, work will include all authorities included in the shared service

16. 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
Private Sector Housing
IT Backup & Recovery – x cutting
Network Security x cutting
Licensing Enforcement
BACS Project
Private Sector Housing
Rainbow Homes

MID KENT AUDIT

Other work and overall progress

Risk

17. 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 put in place a risk management software package called JCAD. Implementation of this software is allowing us to further settle and develop risk management across the Council. Audit, Governance & Standards Committee will receive a detailed report on the risk management framework in March 2022.

Grant Certification work

18. We conducted the Covid 19 Test & Trace Support Payment Certification, and found no issues.

Planned vs Actual Days

19. The table below summarises (up to 31-October) current days on audit plan progress versus the actuals to date.

Plan Area	Planned Days	Actual to 31Oct-22	Year End Prediction *
Risk Based Audits	270	46	180
Follow -up of agreed actions	20	11	20
Consultancy & Member support	50	8	30
Risk Management Support	50	24	50
Planning	20	2	20
Counter Fraud & Governance Support	20	10	20
Total	430	101	320

* as stated above the new Head of Audit will review overall delivery of the plan and take a view as to whether additional work is needed to form an opinion.

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.

MID KENT AUDIT

Agreed Actions Follow Up Results

21. 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:

Swale and Cross Cutting	Total	High Priority	Medium Priority	Low Priority
Open actions before 01/05/22	19	4	13	2
New actions agreed from 01/05/22	13	0	6	7
Total open action	32	4	19	9
Closed Actions since 01/05/22	17	0	9	8
Current Open Actions as at 17/10/22	15	4	10	1

Code of Ethics

22. 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").

23. 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.

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

MID KENT AUDIT

Acknowledgements

25. 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.
26. 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.
27. We would also like to thank Managers, Officers and Members for their continued support as we complete our audit work during the year.

MID KENT AUDIT

Appendix I

Environmental Enforcement (October 2022)

28. Our opinion based on our audit work is Environmental Enforcement has SOUND controls in place to manage its risks and support achievement of its objectives.

Finding Summary: 3 x Medium priority.

The findings were:

- Cases were not always closed where applicable, some cases were unallocated, or had no action recorded against them.
- The spreadsheet to track Fixed Penalty Notice had data held on from 2006, and data was not always standardised, making it harder to filter or analysis the information.
- Timeframes for prosecution was not processed in good time, and cases were closed down as would seem unreasonable to pursue. In addition, recording of location of evidence was not always noted in the case management system.