

Internal Audit & Assurance Progress Report

January 2025

Swale Borough Council



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 this audit year. A revised Audit Charter will be presented to the Audit Committee in April 2025.

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 during 2024, 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. We have worked with full independence as defined in our Audit Charter and Standard 1100. On no occasion have officers or Members sought or gained undue influence over our scope or findings.

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 April 2024 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 2024/25 Audit Plan and it is confirmed that planned audit work will enable a Head of Audit opinion for 2024/25 to be delivered in Spring 2025.

10. The service has recently been through a partially successful recruitment campaign but does continue to have some vacancies. We are using external contractors to support delivery of the 2024/25 audit plan. The external contractors have started working with us from October 2024 and two new recruits will start in December 2024 and February 2025, so significantly more work will be delivered in the second half of the year.
11. Despite all the change we continue to make progress through the Audit Plan although overall delivery of the plan will be impacted. I can confirm that the interventions made will enable sufficient work to be completed to deliver the annual audit opinion for 2024/25.

Audit Plan Progress: 2024/25

12. The table below shows current and expected progress through the engagements described in the 2024/25 Audit Plan. Summary information on the completed audits is included at appendix 2:

Audit Review (2024/25)	Audit Status	Expected Draft report	Assurance rating	Number of Actions by Priority Rating		
				High	Medium	Low
Treasury Management	Work in progress	March 25				
Procurement	Complete	Sept 24	Sound		2	
Property Income	Work In progress	Feb 25				
Elections Management	Work in progress	Feb 25				
Pre-Application Planning	Work in progress	Feb 25				
Disabled Facilities Grants	Work in progress	Jan 25				
* Legal Services	Still to allocate	April 25				
* ICT Service Desk	Complete - draft	Dec 24	Sound			
* Revenues and Benefits – Fraud Compliance	Still to allocate	April 25				
* Human Resources – Payroll and Expenses	Allocated	March 25				
* Emergency Planning	Still to allocate	April 25				
* Parking Income	Work in progress	Jan 25				
* ICT – Network Controls and Security	Additional Sources of Assurance	Apr 25				
General Ledger	Additional Sources of Assurance	May 25				
Performance Management	Audit under review	2025/26 Plan				
Economic Development	Audit under review	2025/26 Plan				
Leisure Services Contract	Audit Under Review	2025/26 Plan				
* Revenues and benefits – Debt Recovery Service	Audit under review	2025/26 Plan				

* Shared Service audits – work will include all authorities included in the share service.

13. The audits marked 'work in progress' and 'allocated', audits are expected to be completed by end March 2025. The audits that are unallocated will be allocated when resources become available, with the bulk of the workload completed in March and April 2025 to provide an annual audit opinion by end of May 2025.
14. The original audit plan identified 18 audits for completion in 2024/25. The revised audit plan will aim to deliver 12 audits, with 2 audits being replaced by additional sources of assurance, to supplement the annual audit opinion. If additional resources become available further audits will be completed.
15. There are 6 audits that will be moved from the current years audit plan. These audits have been reviewed and will be delivered either in next year's audit plan or additional sources of assurance can be used to support the annual audit opinion in these areas:

Audit Review	Reason for removing	New Action
General Ledger	Some work in this area is covered by the external auditors, which will provide some additional assurances for 2024/25.	Some level of assurances can be taken from the external auditors work in this area. Transfer to 2025/26 audit plan.
Performance Management	Significant changes to the system are underway. A key member of the team has retired leaving a resourcing challenge in the service.	Transfer to 2025/26 audit plan.
Economic Development	Lower risk audit area.	Will review when sufficient resources become available.
Leisure Services Contract	The current Leisure contract has been expanded for a period of two years. Audit work will be prioritised in 2025/26 to support the development of a new tender specification.	Transfer to 2025/26 audit plan.
* IT Network Controls and Security	Audit completed last year on Cyber security and significant work currently being undertaken to ensure we are compliant with the governments Cyber Essentials programme. Any audit work would overlap with this work and will be a duplication of effort.	Additional sources of assurance being used as described to provide assurance over this area.
* Revenues and Benefits – Debt Recovery Service	Following the expansion of the Revenues and benefits service this audit will be postponed until 2025/26.	Transfer to 2025/26 audit plan, unless additional resources become available in 2024/25.

Other work and overall progress

16. The Internal Audit team administer the Risk Management System and provide Risk Management support to officers for operational and strategic risks at Swale BC, as well as oversight and reporting, to the other organisations in the partnership.

17. The table below also summarises the first half of the year days on audit plan progress and future predicted days to the end of the period:

Plan Area	Budgeted Plan Days	First half of year	Remainder of year prediction	Total expected days
Risk Based Audits	200	69	92	169
Following up of agreed actions	16	6	6	12
Consultancy & Member Support	37	10	15	25
Planning	24	5	15	20
Counter Fraud & Governance Support	18	5	5	10
Risk Management	51	10	15	25
Total	346	102	148	261

18. The lower number of audit days delivered to date is due to the number of vacant posts at the beginning of the year and the natural length of time to get a contractor appointed and delivering audit work. This will balance out towards the end of the year, but there will be an impact on overall plan delivery for 2024/25 as described earlier in the report.

Agreed Actions Follow Up Results

19. Our approach to agreed actions is to 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 Strategic Leadership Team each quarter. This includes noting any matters of continuing concern and where we have revisited an assurance rating (typically after addressing key actions).

20. This year have introduced some new processes around how we follow up on actions with the services. We now report more frequently to the Management and Leadership teams to support the implementation of actions within the agreed timescales. The internal audit team were spending significant amounts of time in chasing outstanding actions and this has improved with the changes made this year.

21. In total, we summarise in the table below the current position on following up agreed actions:

	High	Medium	Low	Total
Total actions 2022/23				
Actions agreed	1	15	16	32
Actions cleared	1	12	14	27
Actions not due / in progress	0	3	2	5
Overdue actions 2022/23	0	0	0	0
Total actions 2023/24				
Actions agreed	1	6	15	22
Actions cleared	1	6	12	19
Actions not due / in progress	0	0	3	3
Overdue actions 2023/24	0	0	0	0
Total actions 2024/25				
Actions agreed	0	2	0	2
Actions cleared	0	0	0	1
Actions not due / in progress	0	2	0	2
Overdue actions 2024/25	0	0	0	0
Total Actions Not due or in progress	0	5	5	10
Total Overdue actions	0	0	0	0

22. There are no overdue actions and only 10 actions that are either currently in progress or not due yet. All outstanding actions are discussed with the Strategic Management Team who readily address any concerns we have raised regarding implementation of any overdue work. There is further detail in appendix 3 of the outstanding actions.

New Internal Audit Standards

23. All of our reports to the committee include references to 'Standards' that we are required to follow from the Public Sector Internal Audit Standards (PSIAS). In January 2025, a new set of Standards will become effective. These are the Global Internal Audit Standards (GIAS), and Local authorities will now follow these supported by a Public Sector Application Note from April 2025.
24. The new standards place a greater emphasis on the importance of the Audit Committee and Senior Management's role in working with and championing the internal audit function.
25. The GIAS have a new structure which has 5 Domains and 15 Principles and 52 standards. The domains are:
 - i. Purpose of Internal Auditing
 - ii. Ethics and Professionalism
 - iii. Governing the Internal Audit Function
 - iv. Managing the Internal Audit Function
 - v. Performing Internal Audit Services
26. There are several new or revised standards, including:
 - Strategy: Heads of Internal Audit are required to develop and implement a strategy detailing the vision, strategic objectives, and related initiatives for the Internal Audit function. This should align with Audit Committee, Senior Management, and key stakeholder expectations.
 - Risk Management: Internal auditors are required to assess and respond to the risks that may affect the achievement of the audit objectives, and to provide assurance and advice on the effectiveness of the organisation's risk management processes.
 - Quality Assurance and Improvement Programme: Internal Auditors are required to establish and maintain a quality assurance and improvement program that covers all aspects of the Internal Audit activity, and to undergo external assessments at least once every five years.
 - Engagement Planning: Internal Auditors are required to develop and document a risk-based plan for each engagement, and to obtain the approval of the Head of Internal Audit and the engagement client before commencing the work.

- Engagement Supervision: Internal Auditors are required to ensure that the engagement is supervised by a competent and qualified person, and that the work performed, and the results obtained are reviewed and approved.
- Engagement Communication: Internal Auditors are required to communicate the engagement objectives, scope, criteria, results, and recommendations to the appropriate parties, and to obtain their acknowledgement and feedback.
- Engagement Follow-Up: Internal Auditors are required to monitor and verify the implementation of the agreed actions by the engagement client, and to report their status and outcomes.

27. In practice the changes to the standards will have implications for the service, the management team of the organisation and the committee. In addition to the changes identified above there are now 'essential requirements' for the Committee and the Management Team. A snapshot of those essential conditions for the audit committee has been provided at Appendix 7.

28. The Institute of Internal Auditors has also provided guidance for Audit Committee members which is included in the following appendices:

Appendix 4 – Audit Committee Guidance and Toolkit

Appendix 5 – What Audit Committees need to know.

Appendix 6 – Global Internal Audit Standards Domain III

Procurement (September 2024) SOUND

The purpose of this audit was to provide assurance on how the Council manages the risks associated with procurement and the controls in place to manage its compliance effectively and efficiently with internal and external procurement regulations. Furthermore, this review was to provide assurance over the Council's procurement arrangements and compliance with the Contract Standing Orders. The scope of the audit included:

- Contract Standing Orders - Approval, Adoption, Accessibility, and Change process.
- Procurement Guidance
- Procurement process £0 to £30k
- Procurement process £30k+
- Risk Assessments
- Training / Awareness of procurement procedures
- Establish and review means for ensuring compliance with CSO.
- Waivers
- Preparation for and the implementation of the Procurement Act 2023

The procurement and commissioning process at Swale Borough Council is generally well designed and correctly operated. Our work identified a good level of compliance with these rules and the Council's Contract Standing Orders (CSOs). We also found that suitable policies and procedures support the procurement process and our work returned mainly positive results from the testing completed. The service provides regular reports to both Senior Management and Members which provide effective oversight of the arrangements.

We note that the service has responded positively to the recommendations made during the previous audit of procurement in 2020, with a large reduction in the number of waivers approved year on year. The completeness of the contract register has also improved.

Our work identified opportunities to strengthen some areas notably around updating the Council's Procurement and Commissioning Policy to reflect implementation of the Procurement Act 2023 and reinforcing training for managers to improve conformity with the Procurement Policy.

*ICT Service Desk (Dec 2024) **SOUND** - Draft*

The objective of the audit was to provide assurance over the controls and procedures currently in place around ICT Technical Support. Specifically, the scope of this audit was to provide assurance on the following aspects of the ICT Service Desk:

- Staff operating the ICT Service Desk are suitably trained, underpinned by suitable procedures to aid effective resolution.
- The methods to seek ICT support are promoted to staff on a regular basis.
- Measures are in place to track and monitor performance against service level agreements and key performance indicators.

We found that the implementation and operation of the ICT Service Desk is generally effective. The ICT Technical Analysts are suitably qualified and have access to information to assist them in their roles. We are also satisfied that there are suitable arrangements in place to manage out of hours requests.

A survey of current ICT Technical Analysts was carried out as part of our Audit work, and the responses indicated general satisfaction with the training and support resources available. However, whilst we are satisfied that staff are appropriately skilled, a training matrix is not currently in operation, which could result in skills gaps particularly in this fast-changing environment. We have raised recommendations in this regard.

Positively, the service has a good standard of procedures and guidance in place, but we found that there are discrepancies in some of the content when compared with existing processes. Furthermore, although a communications procedure is in place and regular communications with service users can be evidenced, an overall communications plan does not exist. We also found that permissions for sending communications is limited to one individual, which may present an issue if this person is absent during an unanticipated disruptive event.

Our testing confirmed the service are meeting their SLA and KPI and have suitable arrangements in place to monitor this.

Overdue Actions

Audit	Audit year	Priority	Due date	Action	Comments
<i>No overdue actions to report currently.</i>					

Outstanding actions (Not due or in progress)

Audit	Audit Year	Assurance rating	High	Medium	Low	Expected completion date
Licensing Enforcement	2022/23	Sound	0	2	1	February 2025
Accounts Receivable	2022/23	Sound	0	1	1	February 2025
Social media	2023/24	Sound	0	0	1	Dec 2024
Animal Welfare	2023/24	Sound	0	0	1	March 2025
Conservation and Heritage	2023/24	Sound	0	0	1	February 2025
Procurement	2024/25	Sound	0	2	0	June 2025