

MID KENT AUDIT

Annual Internal Audit Report and Opinion 2019/20

July 2020

**Tunbridge Wells Borough
Council**



MID KENT AUDIT

Introduction

1. The IIA 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 annual reporting:

2450 Overall Opinions

When an overall opinion is issued, it must take into account the strategies, objectives and risks of the organisation and the expectations of senior management, the board and other stakeholders. The overall opinion must be supported by sufficient, reliable, relevant and useful information.

Interpretation:

The communication will include:

- the scope including the time period to which the opinion pertains
- scope limitations
- consideration of all related projects including the reliance on other assurance providers
- a summary of the information that supports the opinion
- the risk or control framework or other criteria used as a basis for the overall opinion, and
- the overall opinion, judgment or conclusion reached.

The reasons for an unfavourable overall opinion must be stated.

Public sector requirement

The chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement.

The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must also include a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

Independence of internal audit

3. 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.
4. Within Tunbridge Wells BC during 2019/20 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.
5. I confirm we have worked with full independence as defined in our [Audit Charter](#) and Standard 1100.

MID KENT AUDIT

The Impact of Covid-19

6. As soon as the Covid Emergency hit in Mid-March we activated our part of the emergency plan. This essentially recognised audit as a 'back office' service. We suspended our audit plan save for work sought specifically by officers and instead made our team available for redeployment across the four partner authorities. I'm pleased to report the audit team was in high demand: we have supported the authorities with more than 300 days' redeployed work, helping support community hubs and manage grants to local businesses.

Effect on 2019/20 Audit Plan

7. At the Mid-March point we suspended work on the audit plans, they were some way short of completion. We would normally plan a reasonable chunk of work in the final quarter to allow for full-year coverage of key systems. However a disrupted year with vacancies and secondments meant we had more than usual outstanding. We had a plan to complete the remaining work, including confirming a large order with our main contract audit supplier that we had to postpone when they placed their public audit staff on furlough following a collapse in demand across the country.
8. The audit team began to return from late May onwards. At this point we began to think how we could reconfigure the remaining work to produce enough quantity and quality for a robust year end opinion. This was especially challenging at Tunbridge Wells BC who chose to keep the originally circulated accounts deadlines.
9. The plan we developed included some temporary changes to our audit approach, which we felt was a better way of preserving audit coverage rather than dropping individual engagements. However we have elected to remove the following:
 - TW20-AR02: Economic Development – Cancelled because of the assurance we gained in observing close up the Council's relationships with local businesses in helping administer business rate grants.
 - X20-AR01: Information Management – Cancelled because of the assurance we gained through participation in the Council's information governance groups.
 - X20-AR02: Network Security – We received a report from external specialists in October 2019 and felt repeating the work this spring was too soon. We have this as an area to address in the 2020/21 plan.

MID KENT AUDIT

- X20-AR09: IT Project Management – Postponed to 2020/21 to ease pressure on Mid Kent ICT. We will revisit this work later in the year with specialist support.
10. We made the changes to our audit plan and approach after discussion and with the support of the Council's s151 Officer. We also shared details with the Chairman and Vice Chairman of this Committee in mid-June.
 11. The two key temporary changes we have made to our service are:
 - Assurance Ratings – Condensing over 100 hours work into a 15-20 page report is challenge enough, but further summarising in a single word (e.g. "Sound") can lead inevitably to extended discussions between auditors and officers. With officer time at a premium we decided to focus instead on the narrative conclusion as a summary, and our recommendations for improvement. Therefore engagements completed later in the year have "N/A" as an assurance rating, though we still include the full executive summary in this report.
 - Risk Focus – In planning our work we are always responsive to officer needs to help shape the focus of our work to where we can deliver improvement. However, with reduced timescales, we have decided to focus on only the controls that present the highest risk using work programmes with a less tailored, more generic approach. This means the audit, temporarily, becomes more 'tick box' but does allow us to better support the overall opinion. Where there are topics of lower risk highlighted, we may return to them as part of next year's plan.
 12. By working in this way we have been able to conclude the audit plan sufficiently to support the Head of Internal Audit's Opinion.

2020/21 Plan

13. We presented our 2020/21 audit plan to Members in March based on a then-current view of the risks faced by the authority. Clearly since then the risk landscape has changed substantially. We must also reflect our reduced capacity given the extended overhang of 2019/20 plan completion arising from staff redeployment.
14. We intend to draw up an updated plan during July and August and will re-present to Members in the Autumn.

MID KENT AUDIT

Head of Internal Audit Opinion

Scope and time period

15. I provide this opinion to Tunbridge Wells Borough Council (the Council) to include in its Annual Governance Statement, as published alongside its financial statements for the year ended 31 March 2020.

Scope limits

16. The role of internal audit need not cover only assurance and may extend towards consultancy, advice and strategic support. We have agreed with the Committee the overall scope of our work in our *Internal Audit Charter* and the specific scope of our work this year in our approved *Internal Audit & Assurance Plan 2019/20*.
17. However our audit plan cannot address all risks across the Council and represents our best use of inevitably limited capacity. In approving the plan, the Committee recognised this limit. Beyond this general disclaimer, I have no specific limits of our scope to report to the Committee.

Consideration of work completed and reliance on others

18. I have drawn my opinion from the work completed during the year. I first set out the work in the plan approved by Members on 2 April 2019 and later developed it in line with emerging risks and priorities. I particularly ask that Members note the adjustments set out above following on from the Covid-19 pandemic. I set out in this report the extent and findings from our work in greater detail.
19. In completing my work I have placed no specific reliance on external sources.

Information supporting the opinion

20. The rest of this report summarises the work completed in delivering the internal audit plan through 2019/20.
21. My opinion draws on the work carried out by Mid Kent Audit during the year on the effectiveness of managing those risks identified by the Council and covered by the audit programme or associated assurance. Not all risks fall within our work programme. For risks not directly examined I am satisfied an assurance approach exists to provide reasonable assurance on effective management.

MID KENT AUDIT

Risk and control

22. The Council is responsible for ensuring it undertakes its business within the law and proper practices. The Council must also ensure it safeguards and properly accounts for its resources, using them economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to seek continuous improvement in exercising its roles.
23. The Council has described key parts of its internal control and risk management within the [Local Code of Governance](#) and [Risk Management Framework](#).
24. Organisations design internal controls to manage to an acceptable level rather than remove the risk of failing to achieve objectives. So, internal controls can only provide reasonable and not complete assurance of effectiveness. Designing internal controls is a continuing exercise designed to identify and set priorities around the risks to the Council achieving its objectives. The work of designing internal controls also evaluates the likelihood of those risks coming about and managing the impact should they do so.
25. In completing our work we have considered the control environment and objectives in place at the Council.

Conformance with standards

26. Mid Kent Audit has conducted its work following the Standards and good practice as represented in our internal quality assurance. This includes working to an agreed audit manual with satisfactory supervision and review.
27. During 2019/20, as the Standards demand, we undertook an external quality assessment. After a competitive procurement we commissioned an external assessor from the Chartered Institute of Public Finance and Accountancy (CIPFA) to report on our conformance with the Standards and the quality of the service more generally.
28. The assessor concluded that Mid Kent Audit works in full conformance with the Standards. We include the full report as an appendix and summarise its findings later in this report.
29. We also describe later in this report our efforts towards continuing improvement and the results of our Quality and Improvement work.

MID KENT AUDIT

Overall conclusion

Internal Control

30. I am satisfied that during the year ended 31 March 2020 the Council managed its internal controls to offer sound assurance on control effectiveness.

Governance

31. I am satisfied that Council's corporate governance arrangements for the year ended 31 March 2020 comply in all material respects with guidance on proper practices¹.

Risk Management

32. I am satisfied the risk management arrangements at the Council for the year ended 31 March 2020 are effective and provide sound assurance, but note forthcoming revisions to the strategic risk register and recent updates to operational risk approach.

Other Matters

33. I have no other matters to report as part of my opinion.



Rich Clarke CPFA ACFS
Head of Audit Partnership

10 July 2020

¹ "Proper practices" are defined by CIPFA/SOLACE and set out in [Delivering Good Governance in Local Government Framework](#) (2016).

MID KENT AUDIT

Internal Control

34. Internal control is how the Council ensures achievement of its objectives with effectiveness and efficiency; achieving reliable financial reporting and compliance with laws, regulations and policies. It covers financial and non-financial controls.
35. We gain audit evidence to support the Head of Audit opinion on internal control principally through completing the reviews set out within our agreed audit plan.

Tunbridge Wells Audit Plan Work 2019/20

36. This Committee approved our *Annual Audit & Assurance Plan 2019/20* on 2 April 2019. The plan set out an intended number of days devoted to each of various tasks. We began work on the plan during April 2019 and continued working through to March 2020. After a period of suspension due to the Covid-19 pandemic we resumed work in May and concluded in July 2020.
37. The table below shows progress in total number of days delivered against the original plan, and the revisions we made to account for staff redeployment.

Category	2019/20 Original Plan	2019/20 Revised Plan	2019/20 Outturn
2019/20 Engagements	255	195	180
Non-Project Assurance Work	115	55	45
Unallocated Contingency	40	15	15
Total	410	265	240
Concluding 2018/19 work	0	0	22

38. Our final delivery was 240 audit days. This represents, accounting for revisions and changes to approach and risk, approximately 85% completion of the plan.
39. In our original plan we detailed 30 audit potential engagements, 8 High and 22 Medium priority. Our aim was to complete all the High priority engagements and half of the Medium priority engagements. We have actually completed 5/8 High Priority and 11/22 Medium priority (the 18/19 Network security work spanned two years).
40. Taking into account the broader assurance sources described in this report, I am satisfied this provides sufficient evidence to support a robust year end opinion.
41. We detail the specifics, and results, of this progress further in this report.

MID KENT AUDIT

Results of Audit Work

42. The tables below summarise audit engagement findings up to the date of this report. Where there are material matters finished before the committee meeting we will provide a verbal update. (* = Shared service involving the Council).

Completed Assurance Engagements

	Title	Priority-Rated Recommendations	Report Issue	Rating	Notes
2018/19 Assurance Engagements Completed After 1 April 2019					
	Assembly Hall Theatre Contract Settlement	1 x Low	Apr-19	Sound	In 2018/19 Annual Report June 2019
	Emergency Planning	None	Apr-19	Strong	
	Licensing Administration*	1 x Hi , 2 x Med , 1 x Low	Jun-19	Sound	
	Civic Development Procurement	None	Jun-19	Sound	
	Revenues & Benefits Compliance Team*	3 x Med	Jul-19	Sound	
	General Data Protection Regulations	None	Jul-19	N/A	
	Council Tax Reduction Scheme*	None	Aug-19	Sound	
	Customer Services	4 x Low	Aug-19	Sound	In 2019/20 Interim Update December 2019
	Cyber Security*	3 x Med	Oct-19	Sound	
	General Contract Management	5 x High , 2 x Med	Oct-19	N/A	
Planned 2019/20 Assurance Engagements Completed					
I	Property Acquisition & Disposal	None	Nov-19	Strong	In 2019/20 Interim Update December 2019 but repeated in this report
II	Local Plan Consultation	1 x Low	Nov-19	Strong	
III	Creditors (Accounts Payable)	1 x Med , 5 x Low	Nov-19	Sound	
IV	Safety Partnerships	10 x Low	Dec-19	Sound	
V	Budget Setting	None	Apr-20	N/A	

MID KENT AUDIT

	Title	Priority-Rated Recommendations	Report Issue	Rating	Notes
VI	Council Tax Billing*	1 x Low	Apr-20	N/A	
VII	Discretionary Housing Payments*	2 x Low	May-20	N/A	
VIII	Members' Allowances	7 x Med , 3 x Low	Jun-20	N/A	
IX	Absence Management	1 x Med , 1 x Low	Jul-20	N/A	
X	Garden Waste Collection	None	Jul-20	N/A	
XI	Home Improvement Grants	4 x Low	Jul-20	N/A	
XII	Developer Contributions	1 x Med	Jul-20	N/A	
XIII	Member Development	1 x Med , 1 x Low	Jul-20	N/A	
XIV	ICT Technical Support	4 x Low	Jul-20	N/A	
XV	Universal Credit*	None	Jul-20	N/A	

Assurance Engagements Removed from 2019/20 Plan

Title	Rationale and alternative assurance sources
(1) Waste Collection	Postponed in separate correspondence with this Committee Chair to allow the Council time to resolve issues arising on contract commencement.
(2) Economic Development, (3) Information Development, (4) Network Security, (5) IT Project Management	As set out in <i>Impact of Covid-19</i> section above.
(6) Corporate Governance, (7) Conservation & Heritage, (8) Developer Contributions, (9) Environmental Enforcement, (10) Homelessness, (11) HR Policy Compliance, (12) Leisure Services, (13) Online Service Delivery, (14) Staff Performance Management, (15) IT Asset Management, (16) IT Backup & Recovery	Medium Priority projects not taken up in 2019/20.

MID KENT AUDIT

I: Property Acquisition & Disposal (Nov 19)

43. The Council's Asset Management Plan (AMP) sets out how assets were managed, maintained, acquired and disposed of over the past financial year and identifies objectives for the coming financial year. A register of property assets is maintained categorised by the function of each asset (either operational, non-operational, or investment).
44. In accordance with Section 123 and 127 of the Local Government Act 1972, the local authority must not initiate disposal for "a consideration less than the best that can be reasonably obtained". It was established that this requirement has been effectively fulfilled based on the rates given by external valuations for those properties tested.

II: Local Plan Consultation (Nov 19)

45. We found the Council is delivering an effective Draft Local Plan consultation in line with regulations.
46. There is an effective Member working group that regularly meet to discuss key issues and encourage progress towards the New Local Plan. The service holds extensive evidence of their identifying and notifying all relevant consultees in line with Regulations. There is also evidence of good engagement to increase awareness and encourage more participation to shape the borough's future.

III: Creditors (Accounts Payable) (Nov 19)

47. The Council's financial controls work to keep risks managed effectively. We found a mature and detailed control system supported by suitable guidance and experienced officers. Key controls, such as segregation of duties and matching invoices, are in place and effective. We also found the service working to aid transparency by publishing its performance data, with plans to increase the data available.
48. However, we found several controls in need of update or extension to ensure they cover all relevant circumstances. For instance ensuring segregation of duty controls include internal payment requests, removing duplicated supplier records and clarifying officers use of Purchase Orders to document commitments.

MID KENT AUDIT

IV: Safety Partnerships (Dec 19)

49. We found officers have a good general understanding of the agreement and what is required as a signatory to comply. The service maintains key documents such as a record of processing activities and retention schedule, and policies are in place to provide a framework for physical and electronic security.
50. We have identified some actions that will improve arrangements to further enhance compliance. These include reviewing and updating existing privacy notices and providing training or guidance to meet the requirements of the agreement.

V: Budget Setting (Apr 20)

51. There are effective controls in place to manage budget setting at the Council. We found the finance team issue clear procedure notes to budget managers detailing what actions they should undertake. All the budget managers we interviewed confirmed they had access to one-to-one training. We also found the Council accurately calculates and applies standard salary and contractual uplifts when compiling the budget.

VI: Council Tax Billing (Apr 20)

52. There are effective controls in place to manage the Council Tax billing process. We found that procedure notes and training are available to staff involved in the process which is designed in such a way as to prevent technical errors. Reconciliations and test runs ensure that the information required is accurate. Sample testing found that precepts, bands and discounts are applied correctly meaning bills sampled were accurate. The process is managed by a timetable which reflects key milestones and considers contact with staff outside of the Revenues team.

VII: Discretionary Housing Payments (May 20)

53. The Discretionary Housing Payments policy provides an outline to how the Councils operate the DHP scheme. Although the policy provides the specification, it is ultimately up to the discretion of the business support team's officers to process and award claims based on eligibility criteria. Staff have high levels of autonomy when processing claims; there is no system of management authorisation of claims, even for those of higher value. Audit testing confirmed that all necessary forms of supporting documentation were retained on the document filing system, Anite.

MID KENT AUDIT

54. A budget report is run from the Academy system on a monthly basis, however, through testing a sample of six months only two months' worth of budget reports could be provided. Furthermore, the budget reports available displayed no indication of management sign-off or meaningful analysis.

VIII: Members' Allowances (Jun 20)

55. We found there is a sound review process in place for the Members' Allowances scheme. Furthermore, Senior Management and Full Council consider the Joint Independent Remuneration Panel's recommendations on the allowances scheme every four years.
56. Basic and Special Responsibility allowances are only paid to entitled members and payment is stopped promptly for those whose term of office has ended. However, we note issues regarding the transfer of information between Democratic Services and Finance, which has resulted in possible incorrect payments being made.
57. Our testing highlights some improvements are required in the expense claim process. Respondents to our survey indicated a lack of awareness of this entitlement, and the number of expense claims is low. We also note that despite the scheme requiring documentary evidence in support of a claim, only a partial checking process is in place.

IX: Absence Management (Jul 20)

58. There is a clear framework in place for managing employee absence. Human Resources (HR) provide mandatory training for new managers on how to handle absenteeism as well as non-mandatory refresher training. When complex cases arise, HR also support and coach managers through the process.
59. Staff are advised of the framework during induction and are clearly communicated with during periods of absence. They are additionally supported through the Council's adoption of an employee assistance program which is well used.
60. We did however find that return to work forms are not being consistently completed which means the Council is not able to demonstrate that employees are being reliably supported when returning to work after periods of ill-health.

MID KENT AUDIT

X: Garden Waste Collection (Jul 20)

61. Our review found there are appropriate mechanisms in place to book garden waste collections, including real-time data transfers with the Contractor. Bins are delivered in a timely manner on registration.
62. The Council regularly monitors performance and takes action to address poor performance.

XI: Home Improvement Grants (Jul 20)

63. Disabled Facilities Grants (DFGs) are controlled by a mature system, supported by experienced officers. The scheme is well defined with a standard application process with accurate calculations. Appropriate officers approve grants.
64. The verification process could be improved to confirm that evidence of all income and savings is received and to ensure that letters, reports and approval notices are sent out and filed.
65. Approval letters and notices are long and do not specify the work the grant is funding. This correspondence should be reviewed to ensure that agents are notified of the approval of grants.

XII: Developer Contributions (Jul 20)

66. The central record of developer contributions covers current balances but does not include past allocated contributions or those that are soon due. Some of this information is available elsewhere, in Planning records and in the financial system, but is not monitored like the current balances. The service has recognised the process requires some strengthening and is seeking to address this by recruiting to two new roles. This will help reduce the risk S106 agreements are not properly monitored.
67. We found two contributions had elapsed expiry dates, but in both instances the service took appropriate action.

XIII: Member Development (Jul 20)

68. New Planning and Licensing Committee Members attend mandatory training delivered by experienced officers, before actively participating in decision making, as required by the Constitution.

MID KENT AUDIT

69. The Constitution requests Members of the Planning Committee attend short bite sessions before each meeting. The Constitution does provide a requirement for Members to attend additional training for the Licensing Committee. However, this training has not been provided by Officers in at least the last 12 months.

XIV: ICT Technical Support (Jul 20)

70. Mid Kent ICT's qualified and trained staff support the organisation by resolving IT related problems promptly. Tickets are prioritised upon receipt, tracked using status classifications and there is a protocol for following up closed tickets to ensure a satisfactory resolution. There are two targets, first response time and resolution time for each category of response. Between the introduction Freshdesk on 20th January and 29th February 2020, 98% of tickets have achieved both targets.
71. There are some controls around training and monitoring open cases which could benefit from minor improvements.

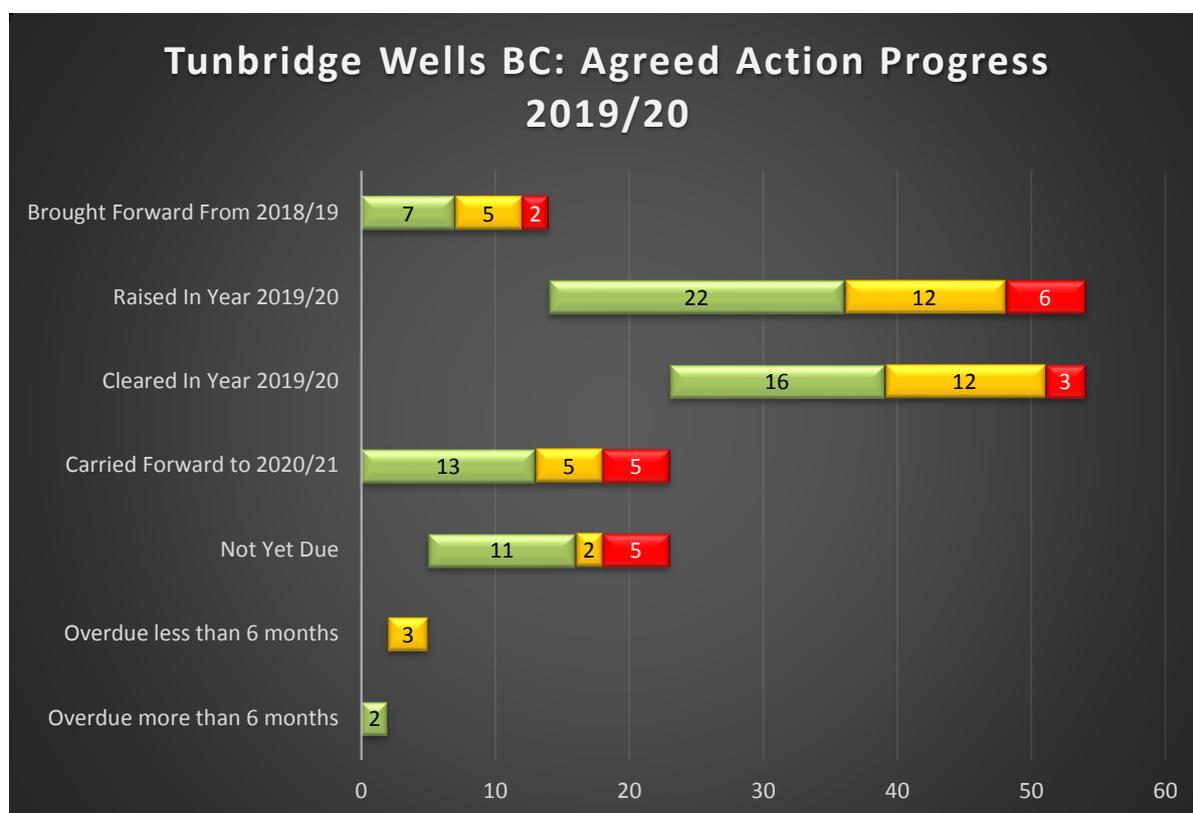
XV: Universal Credit (Jul 20)

72. The focus of our testing has been on the risk of improper transfer of information to the Department for Work and Pensions (DWP). Our testing in this area did not identify any weaknesses in control so the risk is maintained at an acceptably low level.
73. Requests for information from the DWP are appropriately vetted to ensure that they come from a valid source.
74. There is no standard template for transferring information to the DWP, however given the low level of requests received (around 6 a year) this control is considered unnecessary. A DWP escalation process is in place and includes a list of DWP contacts. This ensures that information is sent to an appropriate DWP account.
75. As a result of the low level of requests received from the DWP, and difficulties in identifying those requests, we have been unable to undertake testing as planned. We are however, satisfied with the design of the controls.
76. The risk of inappropriate advice being given to the public was not tested as part of this audit. Very few requests are received and there is a wide variety of information available from other sources which individuals can access. As such the risk to the Maidstone and Tunbridge Wells Borough Councils is low.

MID KENT AUDIT

Following Up Actions

77. Our approach to agreed actions is that we follow up each quarter, examining those that fell due in the previous three months. We take due dates from the action plan agreed with management when we finish our reporting. We report progress on implementation to Management Board each quarter. Our report includes matters of continuing concern and where we have revisited an assurance rating (typically after action to address key findings).
78. We were due to undertake our examination of actions falling due in the final quarter of 2019/20 during April and May 2020. We postponed that work to allow staff redeployment and have prioritised completion of audit engagements since their return. We will track progress on Q4 agreed actions alongside those falling due at the end of Q1 2020/21 and will report results to Members later in the year.
79. We summarise the current position below. The chart shows low priority actions (at the foot of each bar) in green, medium priority in amber (in the middle) and high priority in red (at the top of the bars).



80. Overall we are content with officers' progress on acting to address findings we raise in our reviews.

MID KENT AUDIT

Corporate Governance

81. Corporate governance is the rules, practices and processes that direct and control the Council.
82. We gain audit evidence to support the Head of Audit Opinion through completion of relevant reviews in the audit plan, as well as specific roles on key project and management groups. We also consider matters brought to our attention by Members or staff through whistleblowing and the Council's counter fraud and corruption arrangements.
83. We attend the Council's Information Governance Group. We also help in upholding good governance by providing advice and training to both officers and Members.

Counter Fraud & Corruption

84. We consider counter fraud and corruption risks in all of our audit engagements when considering the effectiveness of control. We also undertake distinct work to assess and support the Council's arrangements.

Whistleblowing, money laundering and investigations

85. The Council's whistleblowing policy names internal audit as one route for Members and officers to safely raise concerns on inappropriate or even criminal behaviour.
86. We have had no matters raised with us for investigation as whistleblowing complaints.
87. We have also had no matters raised with us noting concerns that may indicate a breach of money laundering regulations.

National Fraud Initiative

88. We continue to coordinate the Council's response to the National Fraud Initiative (NFI). NFI is a statutory data matching project and we must send in various forms of data to the Cabinet Office who manage the exercise.
89. During 2019/20 we investigated 225 matches across 4 datasets (Creditors, Payroll, Procurement and Housing Waiting List). We found:
 - No instances of fraud.

MID KENT AUDIT

- **1 error** in the *Waiting List* dataset, resulting in an estimated saving² of **£3,240**.
- **1 error** in the *Creditors* dataset. A suspected duplicate payment of **£37,690** was identified, which the Finance team recovered.

Risk Management

90. The Council maintains a strategic risk register. These key risk issues cover matters that threaten the Council's overall objectives, either because of their severity or the breadth of impact across several services. This Committee receives strategic risk updates at each meeting which includes a deeper dive on specific strategic risks. The most recent update was published in [November 2019](#), which included a presentation from a strategic risk owner and an overview of the strategic risk register as a whole.
91. Some of the corporate risk issues identified include **financial planning, national policy changes, and business resilience**. In addition to recognising the significant impact that can result from failures relating to **IT security, major projects and contract management**. In addition to a new risk looking at the future uncertainties related to **Covid19** and border crisis management. Our audit work during the year is aligned to these key risk issues and has been further developed as part of audit plan for 2020/21.
92. We gain assurance over the Councils arrangements to manage risks, through our active role in the operational risk management framework and policy. Our plans to develop and refresh operational risk were halted due to resources constraints and absence. However, we are revising plans over 2020/21 to advance the plans to refresh and implement the risk management framework over the course of the coming year. Allocation of resources to allow for this to happen were agreed as part of the 2020/21 audit plan.

Other Audit and Advice Work

93. We also continue to undertake a broad range of special and scheduled consultancy and advice work for the Council.
94. We remain engaged and flexible in seeking to meet the assurance needs of the Council. We are happy to discuss opportunities large and small where the Council can usefully employ the experience and expertise of the audit team.

Audit Quality & Improvement

² The NFI website estimates the value of removing an applicant from the Housing waiting list to be £3,240.

MID KENT AUDIT

Standards and ethical compliance

95. Government sets out the professional standards we must work to in the **Public Sector Internal Audit Standards** (the “Standards”). These Standards are a strengthened version of the Institute of Internal Audit’s global internal audit standards, which apply across public, private and voluntary sectors in more than 170 countries around the world.
96. The Standards include a specific demand for reporting to Senior Management and Audit Committee on our conformance with the Code of Ethics as well as the Standards themselves.
97. We include a short summary of the duties placed on us by the Code as an appendix to this report. We have included the Code within our Audit Manual and training for some years. We can report to Members we remain in conformance with the Code.

External Quality Assessment

98. Our 2019/20 Audit Plan included full wording from Standard 1312. That Standard demands all internal audit services seek an external quality assessment at least every five years. In that plan we set out some headline principles to guide our assessment.
 - A properly qualified and experienced external assessor.
 - A paid review rather than reciprocal or peer arrangement.
 - To consider best practice as well as simple conformance.
 - One assessment across the whole partnership.
 - Published terms of reference before fieldwork begins.
 - Publish the final report in full to Members, including response to any action plan for improvements.
99. Members from all four authorities in the partnership supported these principles. In late 2019 we undertook a competitive procurement to appoint an assessor. We consulted Members on the procurements and had non-audit team members included in bid scoring representing Directors at all four partner authorities.
100. We include the report in full as an appendix to the annual report but reproduce here the conclusion by way of overall summary:

MID KENT AUDIT

4. Opinion

It is our opinion that Mid Kent Audit's self-assessment is accurate and as such we conclude that they FULLY CONFORM to the requirements of the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note.

Standard / Area Assessed	Level of Conformance
Mission Statement	Fully Conforms
Core principles	Fully Conforms
Code of ethics	Fully Conforms
Attribute standard 1000	Fully Conforms
Attribute standard 1100	Fully Conforms
Attribute standard 1200	Fully Conforms
Attribute standard 1300	Fully Conforms
Performance standard 2000	Fully Conforms
Performance standard 2100	Fully Conforms
Performance standard 2200	Fully Conforms
Performance standard 2300	Fully Conforms
Performance standard 2400	Fully Conforms
Performance standard 2500	Fully Conforms
Performance standard 2600	Fully Conforms

101. We believe this makes us the first audit service to have received *Fully Conforms* assessments from both major relevant professional bodies: the Institute of Internal Audit (in 2015) and CIPFA (2020).

MID KENT AUDIT

Training and Qualifications

102. We continue to offer strong support to the audit team in continuing development and upholding professional competence. In 2019/20 this involved providing individual training budgets and supporting people to follow avenues for development suitable for their career position and ambitions.
103. A key but far from sole part of this approach is supporting professional qualifications. During 2019/20 we supported several of the team through professional studies and remain pleased with their progress and success. We would like to highlight:
- **Louise Taylor:** Completed her traineeship with Mid Kent Audit by passing the final exams with the Institute of Internal Audit to become a Certified Internal Auditor (CIA). We are pleased to confirm Louise will stay with the Partnership as a qualified auditor.
 - **Mark Goodwin:** Completed his qualification with CIPFA to become an Accredited Counter Fraud Specialist.
 - **Rich Clarke:** Completed the written assessment to achieve the full Chartered qualification from the Institute of Internal Audit (to go alongside his already held full Chartered qualification from CIPFA). The final interview stage is on 21 July.
 - **Russell Heppleston:** Completed his qualification with the Institute of Risk Management to become a Certified Member of that institute.
 - **Andy Billingham:** Completed stage two of three in his journey towards the CIA qualification. Andy will sit the stage 3 (final) exam later this year.
 - **Cath Byford & Katie Bucklow:** Our two apprentices have made good starts on their Level 7 Apprenticeship schemes. These include exams set both by the University (Birmingham City University) and the IIA. Cath has completed the first two University Exams and also stage one of the CIA qualification. Katie, who joined us in August, was successful in her first University Exam earlier this year.
104. Also during 2019/20 we have worked closely with neighbouring authorities. Most notably in seconding our Deputy Head of Audit Partnership, **Russell Heppleston**, as Head of Audit for Dartford and Sevenoaks Councils. That secondment ran from August 2018 until January 2020, after which Russell returned to Mid Kent Audit to a revised and expanded Deputy Head of Audit Partnership role.

MID KENT AUDIT

105. Through regional and national roles, the Head of Audit Partnership continues to represent the service in gaining opportunities for professional development. This includes developing training with the London Audit Group aimed at supporting aspiring Audit Managers, as well as speaking engagements at national events such as CIPFA Audit Conference.

Acknowledgements

106. 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.

107. 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.

108. 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

Annex 1: Assurance & Priority level definitions

Assurance Ratings 2019/20 (Unchanged from 2014/15, save for addition during COVID-19 Emergency)

Full Definition	Short Description
<p>Strong – Controls within the service are well designed and operating as intended, exposing the service to no uncontrolled risk. There will also often be elements of good practice or value for money efficiencies which may be instructive to other authorities. Reports with this rating will have few, if any; recommendations and those will generally be priority 4.</p>	<p>Service/system is performing well</p>
<p>Sound – Controls within the service are generally well designed and operated but there are some opportunities for improvement, particularly with regard to efficiency or to address less significant uncontrolled operational risks. Reports with this rating will have some priority 3 and 4 recommendations, and occasionally priority 2 recommendations where they do not speak to core elements of the service.</p>	<p>Service/system is operating effectively</p>
<p>Weak – Controls within the service have deficiencies in their design and/or operation that leave it exposed to uncontrolled operational risk and/or failure to achieve key service aims. Reports with this rating will have mainly priority 2 and 3 recommendations which will often describe weaknesses with core elements of the service.</p>	<p>Service/system requires support to consistently operate effectively</p>
<p>Poor – Controls within the service are deficient to the extent that the service is exposed to actual failure or significant risk and these failures and risks are likely to affect the Council as a whole. Reports with this rating will have priority 1 and/or a range of priority 2 recommendations which, taken together, will or are preventing from achieving its core objectives.</p>	<p>Service/system is not operating effectively</p>
<p>Note for reports issued during the COVID-19 Emergency</p> <p>During this period we have temporarily moved away from giving a single word assurance rating back to a narrative conclusion balancing the strengths and weaknesses of controls in a service. The aim is to streamline discussion at the point of closing a review and allow the discussion to move swiftly on to implementing the agreed actions.</p>	

MID KENT AUDIT

Recommendation Ratings 2019/20 (unchanged from 2014/15)

Priority 1 (Critical) – To address a finding which affects (negatively) the risk rating assigned to a Council strategic risk or seriously impairs its ability to achieve a key priority. Priority 1 recommendations are likely to require immediate remedial action. Priority 1 recommendations also describe actions the authority **must** take without delay.

Priority 2 (High) – To address a finding which impacts a strategic risk or key priority, which makes achievement of the Council's aims more challenging but not necessarily cause severe impediment. This would also normally be the priority assigned to recommendations that address a finding that the Council is in (actual or potential) breach of a legal responsibility, unless the consequences of non-compliance are severe. Priority 2 recommendations are likely to require remedial action at the next available opportunity, or as soon as is practical. Priority 2 recommendations also describe actions the authority **must** take.

Priority 3 (Medium) – To address a finding where the Council is in (actual or potential) breach of its own policy or a less prominent legal responsibility but does not impact directly on a strategic risk or key priority. There will often be mitigating controls that, at least to some extent, limit impact. Priority 3 recommendations are likely to require remedial action within six months to a year. Priority 3 recommendations describe actions the authority **should** take.

Priority 4 (Low) – To address a finding where the Council is in (actual or potential) breach of its own policy but no legal responsibility and where there is trivial, if any, impact on strategic risks or key priorities. There will usually be mitigating controls to limit impact. Priority 4 recommendations are likely to require remedial action within the year. Priority 4 recommendations generally describe actions the authority **could** take.

Advisory – We will include in the report notes drawn from our experience across the partner authorities where the service has opportunities to improve. These will be included for the service to consider and not be subject to formal follow up process.