

MID KENT AUDIT

Interim Internal Audit & Assurance Report

November 2022

Maidstone 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 our *Audit Charter* in September 2021, and it remains in place through this 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. I confirm 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

6. 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*.
7. There are no risks we have identified in our work that we believe management have unreasonably accepted.

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Resource Need

8. 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.

9. 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.
 - The new Head of Audit Partnership (Katherine Woodward) will start on 5 December 2022.
10. The result is the team currently has 2 vacancies and will shortly have another. The new Head of Audit Partnership will decide on a new structure once in post.
11. 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.
12. Despite all this change we continue to make progress through the Audit Plan although overall delivery of the plan has been impacted.

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Audit Plan Progress: Closing 2021/22

13. In July, there was one audit engagement, relating to Planning Performance Agreements, approaching completion that did not finish in time for Committee deadlines. See Appendix I for our summary findings for this remaining engagement. The results of this audit will now feed into the Head of Audit Partnership annual assurance opinion for 2022/23.

Audit Plan Progress: Beginning 2022/23

14. The table below shows current and expected progress through the engagements described in the 2022/23 Audit Plan:

Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr
			Property Acquisition and Disposal					
			Crematorium					
			Business Continuity					
					Subsidiary Company Governance			
					Property Income (Commercial)			
					Facilities Management			
						Capital Projects Funding		
						Member Development		
						CCTV Monitoring		
						Theatre Operations		
			Workforce Planning*					
			IT Project Management*					
			Discretionary Housing Payments *					
			Waste Contract Tendering *					
						Food Safety *		
						Private Water Supply *		

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

15. The Property Acquisition & Disposal and Crematorium audits have been finalised and Appendix II contains a summary of our findings for these engagements.

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16. The audit plan included completion of all High priority engagements and a minimum of seven Medium priority engagements. The following table lists the audits currently unallocated due to resource constraints – these will be reviewed by the new Head of Audit once they are in post.

Audit	Risk Rating
Economic Development	High
IT Back-Up & Recovery	High
Network Security	High
Residential Property Repairs & Maintenance	High
Asset Register	Medium
Budgetary Control	Medium
Building Control	Medium
Complaint Handling	Medium
Electoral Registration	Medium
Garden Waste	Medium
Health Team	Medium
Markets	Medium
Planning Enforcement	Medium
Staff Performance Management	Medium

Other work and overall progress

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.
18. We have supported the Council in reviewing two specific areas. Firstly, we reviewed Residential Statutory Safety checks to ensure the Council has appropriate processes in place to complete and record statutory checks of its properties. Secondly, we reviewed overtime arrangements within the Environmental Services & Public Realm service. We have no significant concerns to raise from either review.

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19. The table below also summarises (up to 31st October) current days on audit plan progress.

Plan Area	Plan Days	Actual to 31-Oct-22
Risk Based Audits	280	109
Following up of agreed actions	30	10
Consultancy & Member Support	70	34
Risk Management	58	29
Planning	24	6
Counter Fraud & Governance Support	28	17
Total	490	205

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. 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 Corporate 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). 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 2022/23	6	0	4	2
New actions agreed in 2022/23	64	7	27	30
Total Actions Agreed	70	7	31	32
Fulfilled by 31 October 2022	23	2	6	15
Actions cfwd past 31 October 2022	47	5	25	17
Not Yet Due	34	2	20	12
Delayed but no extra risk*	13	3	5	5
Delayed with risk exposure	0	0	0	0

* this includes actions due by the 31st October 2022, but for which follow up had not be completed at the time of reporting

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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.

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.

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Appendix I

Planning Performance Agreements (October 2022)

28. As part of our review and to understand the processes and controls in place for the application of Planning Performance Agreements (PPAs) at Maidstone Borough Council (the Council), we requested and confirmed that there is adequate procedural guidance in place that covers key areas such as: logging PPAs, different types of PPAs, the associated fees chargeable, and the agreement term of a PPA
29. To test a sample of PPAs and to inform an opinion over the operating effectiveness of the procedural guidance outlined above, we requested supporting information, but due to the limited amount of documentation received during fieldwork we were unable to complete testing and cannot provide assurance over all areas identified in the original Audit Brief. Therefore, an assurance rating has not been attributed to this review.
30. Given the execution of PPAs by the Council is a non-statutory and non-mandatory service, our inability to offer an opinion does not impair the assurances over wider Planning Service processes. This context is important when considering this report.
31. From the interviews held with staff and review of the documents which were received, we identified improvements to support the Council in evidencing its budget income and resource requirements for the PPA service are adequately monitored. This will enable the Council to demonstrate appropriately accounting for timescales when delivering PPAs and income targets for each financial year. In addition, we found further improvements are needed to monitor training within the Team to ensure staff have sufficient knowledge to carry out their duties.
 - **Finding Summary:** 4 x Medium priority.

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Appendix II

1. Property Acquisition and Disposal (October 2022)

32. Our opinion based on our audit work is that the Council has **Sound** controls in place to manage its risks and support achievement of its objectives in Property Acquisition & Disposal.
34. Our testing found the Constitution is easily assessable and outlines the delegation/responsibilities in respect of acquisitions and disposals. We found officers are suitably qualified and/or hold the relevant experience with which to perform the role/responsibilities required. Likewise, our testing found the rationale for acquisitions is clearly documented and evidence is retained to support valuations and condition surveys are undertaken prior to acquisition approval being granted.
35. We have identified some specific areas which could be improved including: -
 - Introducing a unified acquisition and disposal policy/strategy adopted across all council services involved in property acquisition/disposal. We found the current Acquisition & Disposal Strategy and Asset Management Plan (2018-2023) are only used by the Corporate Property team.
 - Procurement of a property management system. We found that at present Corporate Property and Economic Development teams do not have a property management system, although we acknowledge the Corporate Property team are in the process of implementing one.
36. We were unable to test the disposal of property as none has been undertaken in recent years.
 - **Finding Summary:** 2 x Medium priority.

2. Crematorium (October 2022)

37. Our opinion based on our audit work is that the Council has **Sound** controls in place to manage its risks and support achievement of its objectives in respect of the Crematorium.
38. We found officers are suitably qualified and/or hold the relevant experience with which to perform the role/responsibilities required, cremation paperwork is completed in accordance with legislation, and effective controls are in place to prevent equipment failure. We also found that the fees and charges are correctly

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publicised on the Council's website and an effective budget monitoring process is in place.

39. However, we have identified some areas which could be improved including updating procedure/guidance notes, ensuring Funeral Director invoices and memorial sales balance, retaining paperwork in respect of the collection of recyclable metals and ensuring fees/charges approved by Members reconcile to the BACAS system.

- **Finding Summary:** 2 x Medium priority. 3 x Low Priority.