Internal Audit & Assurance Plan 2017/18

Swale Borough Council

Introduction

1. Internal audit is an independent and objective assurance and consulting service designed to add value and improve the Council's work. It helps the Council achieve its objectives by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance.

2. Statutory authority for internal audit lies within the Accounts and Audit Regulations 2015, specifically Regulation 5:

    ### Internal audit

    5.—(1) A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance.

3. For Swale Borough Council, its internal auditors are Mid Kent Audit; a four-way partnership including Ashford, Maidstone, Swale and Tunbridge Wells Borough Councils. The total service spend of the four authorities (£71m in 2016/17) makes us the fourth largest provider of audit services to English District Councils.

4. Since becoming a four-way partnership in April 2010, we have refreshed our collaboration agreement which now runs until March 2019. The agreements fixes our day-to-day supervision to a Shared Services Board including the Council's Head of Finance. Also in 2015 we were the first local authority audit service assessed by the IIA as being in full conformance with the Public Sector Internal Audit Standards (the "Standards).

5. The Standards set out demands on the Head of Audit Partnership on compiling a plan of work to deliver that effective internal audit service to evaluate the Council's risk management, control and governance. The Standards[1] include:

    ### 2010 Planning

    The chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.

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[1] As described in the Audit Charter, at the Council "Chief Audit Executive" in the Standards is the Head of Audit Partnership. "Board" is the Audit Committee. "Senior Management" is the Council's Senior Management Team.

Interpretation:

The chief audit executive is responsible for developing a risk-based plan. The chief audit executive takes into account the organisation's risk management framework, including using risk appetite levels set by management for the different activities or parts of the organisation. If a framework does not exist, the chief audit executive uses his/her own judgment of risks after consideration of input from senior management and the board. The chief audit executive must review and adjust the plan, as necessary, in response to changes in the organisation's business, risks, operations, programs, systems, and controls.

> **Public sector requirement**
>
> The risk-based plan must take into account the requirement to produce an annual internal audit opinion and the assurance framework. It must incorporate or be linked to a strategic or high-level statement of how the internal audit service will be delivered and developed in accordance with the internal audit charter and how it links to the organisational objectives and priorities.

2010.A1

The internal audit activity's plan of engagements must be based on a documented risk assessment, undertaken at least annually. The input of senior management and the board must be considered in this process.

2010.A2

The chief audit executive must identify and consider the expectations of senior management, the board and other stakeholders for internal audit opinions and other conclusions.

2010.C1

The chief audit executive should consider accepting proposed consulting engagements based on the engagement's potential to improve management of risks, add value and improve the organisation's operations. Accepted engagements must be included in the plan.

2020 Communication and Approval

The chief audit executive must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the board for review and approval. The chief audit executive must also communicate the impact of resource limitations.

2030 Resource Management

The chief audit executive must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan.

Interpretation:

Appropriate refers to the mix of knowledge, skills and other competencies needed to perform the plan. Sufficient refers to the quantity of resources needed to accomplish the plan. Resources are effectively deployed when they are used in a way that optimises the achievement of the approved plan.

> **Public sector requirement**
>
> The risk-based plan must explain how internal audit's resource requirements have been assessed.
>
> Where the chief audit executive believes that the level of agreed resources will impact adversely on the provision of the annual internal audit opinion, the consequences must be brought to the attention of the board.

6. This document sets out that plan in fulfilment of the Standards' demands and to explain to the Committee our assessment of risk and response for 2017/18.

7. However, as the Standards make plain, our risk assessment and evaluation of the Council's priorities does not end with approval of this document. We will continue to reflect and consider our responses as the Council's risks and priorities may change across the year. We will report a specific update to Members around midway through the year. We may also consult with the Committee (or its Chairman) on any other significant changes should the need arise.

8. We must also clarify that our audit plan cannot address all risks across the Council and represents our best use of inevitably limited resources. In approving the plan, the Committee recognises this limit. We will keep the Committee abreast of any changes in our assessment of need as we oversee the risks posed to the Council. In particular we will undertake a full evaluation of need during each annual planning round.

Available Resources and Evaluation

9.   Based on anticipated personnel and productivity within the audit team for 2017/18 we expect to have **1,820** days available for completing audit plans across the four authorities. This is an increase of 110 days (7%) on 2016/17. It reflects a settled team in 2017/18, a continued increase in productivity as trainees gain experience and over-performance of management time against forecasts for 2016/17.

10.   As agreed by Shared Service Board in late 2014, we share total days between the partners in line with their financial contribution to the Partnership's costs (as set out in our collaboration agreement). Note that projects examining shared services are split between authorities.

Category	2016/17	2017/18
Total contracted days available (i.e. total working days less holidays)	2,435 (11.2fte)	2,521 (11.6fte)
Forecast chargeability (i.e. %age of time spent on plan work rather than admin, training, personnel management)	70.2%	72.2%
Audit days available **(i.e. total days available x chargeability)**	**1,710**	**1,820**
Ashford Borough Council (23%)	395	420
Maidstone Borough Council (29%)	500	530
Swale Borough Council (26%)	440	470
Tunbridge Wells Borough Council (22%)	375	400

11.   Therefore the total Mid Kent Audit service share to Swale BC is 2017/18 is **470 days** an increase of 30 days from the 2016/17 level. Guidance within the Standards sets out various factors Heads of Audit must consider when evaluating whether the resources available – in quantity and ability – are enough to fulfil responsibilities.

12.   We present that analysis on the following page:

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		Audit Resource Evaluation 2017/18	
Step	**Question to consider**	**Response**	**Resource Indication**
1	Did you have enough resource to complete your prior year plan?	Yes, expected fulfilment of 440 audit days (328 days, or 75% complete at end of January), including flexibility to address new areas of risk arising in year.	No change
		Changes to the Organisation	
2	How has the size of the organisation changed?	No significant change	No change
3	How has the complexity of the organisation changed?	Income generating arrangements may add complexity but no significant increases for 2017/18	No change
4	How has the risk appetite of the organisation changed?	While not formally documented so far, our risk work over the course of the year suggest the Council is increasingly willing to take on (or support) more ambitious projects to realise its goals.	Marginal increase in audit resource needed
5	How has the risk profile of the organisation changed?	Continuing external threats such as challenging funding environment and diversifying responsibilities suggest a greater risk profile.	Marginal increase in audit resource needed
6	How has the organisation's control environment changed?	No significant new changes to control environment and continued good results to internal control audits.	No change
		Changes to the Audit Service	
7	What was the result of the QAIP/EQA?	Full conformance	No change
8	What changes have there been to audit professional standards and guidance?	Some minor changes on the role of CAE in broader assurance opens possibilities, but currently allowed within existing audit resource.	No change
9	What efficiencies have there been within the audit service?	Setting in of new audit manual during 2016/17 and continued growth in experience leading to efficiencies. Also note we have largely cleared backlog work and so will be in a position to begin 2017/18 plan fairly early in comparison to previous years.	Less audit resource needed.

13.   There is no definitive guidance on the level or quality of audit needed to deliver a robust internal audit opinion. KPMG's Audit Committee Institute Handbook – a guide aimed at Committees of FTSE250 companies – cites an average for companies with revenue of less than £400m of audit costs being 0.37% of revenue cost.

14. Considered across the Partnership, the equivalent figure at Mid Kent Audit is around 0.52% based on total net service spend[2] across the councils of £76m. However, a local authority offers a breadth of services compared with a listed company. We must also consider the special governance needs on public money and that – even taken together – the four authorities are at the smaller end of that scale. Therefore, we're satisfied the benchmark suggests a reasonable audit provision.

15. Another benchmark is to examine the levels of audit provision at similar authorities. The chart below plots net revenue spend against number of audit days (excluding ancillary roles) on the audit plans for each non-metropolitan district council in South-East England. We highlight the four Mid Kent authorities (Swale in blue).
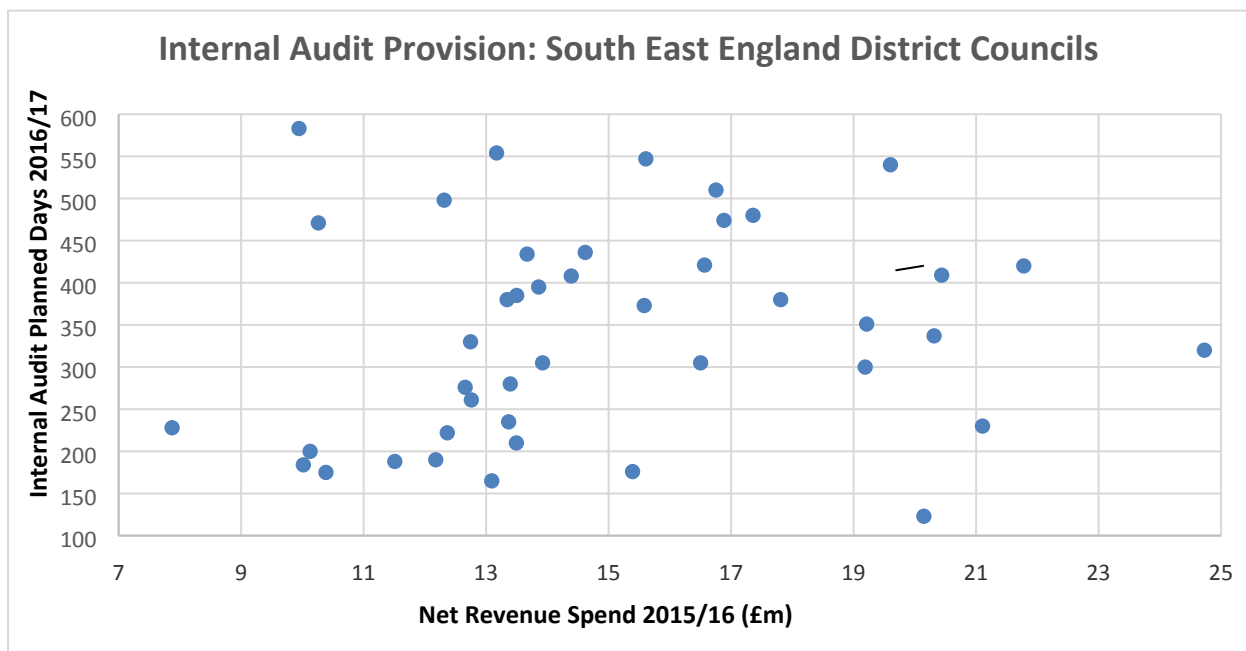
Sources: Revenue from CLG returns, audit days from published IA plans

16. While there is not a strong correlation between size and audit days (prior year audit days is the single strongest predictor), there is a general tend towards larger authorities having greater audit provision. By that marker all four Mid Kent Authorities lie below the trendline but there are a (smaller) number of authorities who provide an audit opinion for fewer days.

17. In conclusion, we feel on current assessment the Audit Partnership has enough resources in both quantity and ability to deliver the audit plan and a robust overall audit opinion.

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[2] We've used net service spend rather than gross to remove large bulk costs such as Housing Benefits which are (largely but not entirely) reimbursed by Government and have separate certification arrangements.

Other Assurance Work

18. Beyond direct assurance projects, we have various responsibilities and work in supporting the Council's governance. These include roles in counter fraud, risk, training (for officers and Members) and other consultancy work. We consider how much of the available time we are likely to need for those tasks by anticipating known work scheduled for 2017/18 and considering results for the year.

Other Assurance Work	2016/17 Plan Days	2016/17 Outturn (to Jan-17)	2017/18 Plan Days
Risk	15	27	35
Counter Fraud	15	15	30
Member Support	10	12	20
Follow-Up	30	24	30
Audit Planning	0	15	10
Contingency	25	31	45
Total Other Assurance Work Days	**95**	**124**	**170**
Days In Audit Plan	440	440	470
Days Remaining for Assurance Projects	**345**	**316**	**300**

19. We provide more details below in turn on each area of other assurance work.

Risk

Description of current role and specific tasks in 2016/17	Expected role and specific tasks in 2017/18
We have responsibility for running risk management for the Council. The Deputy Head of Audit coordinates and provides operational and strategic support to officers and Members.	Further improvement of risk management and setting in processes including: • Reporting to Cabinet and Audit Committee • Aiding development of a risk appetite statement • Integration of risk management into decision making • Delivering training, guidance • Project management risk improvements
Resource evaluation need for 2017/18	Increase days (35) to reflect need and to enable further improvements to risk management

Counter Fraud

Description of current role and specific tasks in 2016/17	Expected role and specific tasks in 2017/18
We have an active role in coordinating the Council's response to the National Fraud Initiative, including advice on data upload, overseeing matches and reporting to management and the Cabinet Office. We also have specific policy roles as a route for whistleblowers and money laundering reports.	The NFI released 2,246 new matches in January 2017. Now the shared compliance team's focus is on revenues, around a third of these matches falls to audit to examine – an extension of our previous coordination and administration role. We will also in 2017/18 take a lead from the forthcoming CIPFA Counter Fraud Standards and undertake a major review and refresh across the breadth of counter fraud polices.
Resource evaluation need for 2017/18	Increase to 30 days in recognition of fresh round of NFI (and audit role in investigation) and expecting significant policy refresh

Member Support

Description of current role and specific tasks in 2016/17	Expected role and specific tasks in 2017/18
We attend each Audit Committee and present to most, including taking part in Chairman's briefing and agenda setting meetings ahead of each Committee. We also provide Member training and briefings on areas of Audit Committee interest, but are open to and attended by a broad cross section of Council Members.	We will continue and expand, where possible, the range of Member briefings in 2017/18. This may be relevant to help publicise any new or significant revisions to counter fraud policies.
Resource evaluation need for 2017/18	Increase to 20 days to reflect expanded Member briefing role shown in 16/17 outturn

Follow-Up

Description of current role and specific tasks in 2016/17	Expected role and specific tasks in 2017/18
During 2016/17 we have been tracking over 50 risk-rated audit recommendations.	We continue to enjoy a good response from officers on implementation and do not expect any significant change in the number and range of recommendations we make.
Resource evaluation need for 2017/18	Keep at 30 days

Audit Planning

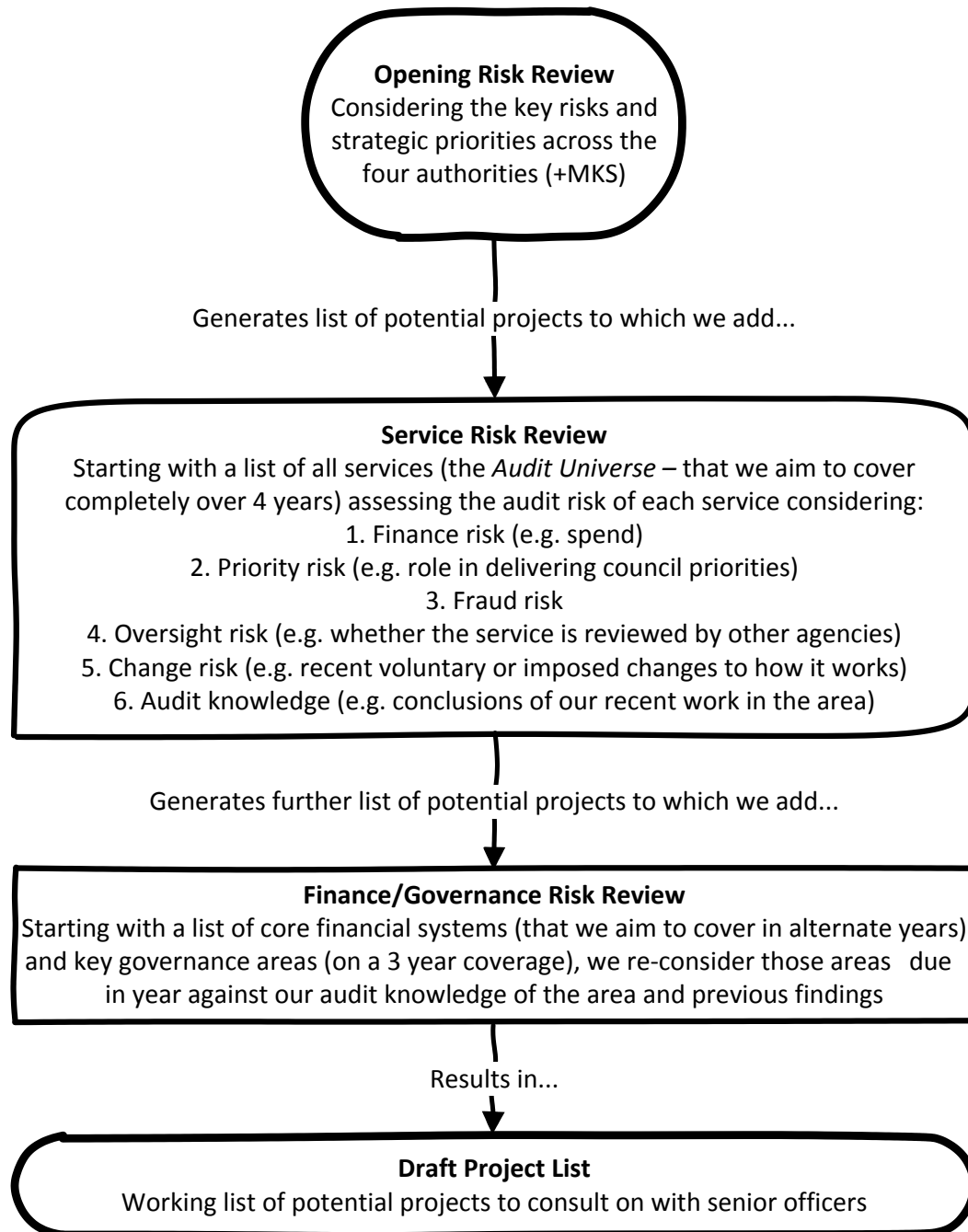| Description of current role and specific tasks in 2016/17	Expected role and specific tasks in 2017/18
Extensive risk assessment, review and consultation involved in putting together the annual audit plan. Planning for individual audit projects is within the budget of each project.	As the second year in our planning cycle, the extent of risk assessment needed will reduce.
Resource evaluation need for 2017/18	Recognise as a separate task with 10 days in 2017/18, noting reduced scope of risk assessment.

Contingency

Description of current role and specific tasks in 2016/17	Anticipated role and specific tasks in 2017/18
Time reserved in the budget for extra tasks arising. In 2016/17 this has included, for example: - extending scope of audit reviews - advice on procurement compliance - consultation on project management - other general advice and guidance requests. This section also includes around 12 days of work for external clients, producing income in cash and kind for the Partnership of around £8k.	We have no specific projects identified in 2017/18 but we expect providing continuing support and advice to the Council's major projects such as Sittingbourne Town Centre redevelopment. Should any tasks need the form of an audit project we will add them to the plan and advise the Committee.
Resource evaluation need for 2017/18	In line with good practice elsewhere we aim to achieve 10% contingency except where reduced by specific known and budgeted projects (as was the case in 2016/17). For 2017/18 we can restore contingency to a 10% level.

Project Risk Assessment

14. The Standards demand we base our plan on a documented risk assessment, and consider views of senior management. We fulfil this through the process outlined:

Opening Risk Review
Considering the key risks and strategic priorities across the four authorities (+MKS)

Generates list of potential projects to which we add...

Service Risk Review
Starting with a list of all services (the *Audit Universe* – that we aim to cover completely over 4 years) assessing the audit risk of each service considering:
1. Finance risk (e.g. spend)
2. Priority risk (e.g. role in delivering council priorities)
3. Fraud risk
4. Oversight risk (e.g. whether the service is reviewed by other agencies)
5. Change risk (e.g. recent voluntary or imposed changes to how it works)
6. Audit knowledge (e.g. conclusions of our recent work in the area)

Generates further list of potential projects to which we add...

Finance/Governance Risk Review
Starting with a list of core financial systems (that we aim to cover in alternate years) and key governance areas (on a 3 year coverage), we re-consider those areas due in year against our audit knowledge of the area and previous findings

Results in...

Draft Project List
Working list of potential projects to consult on with senior officers

15. We then undertook extensive consultation with Heads of Service and Senior Management across the Council. That consultation has produced the list of audit assurance projects detailed on the next page.

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2017/18 Operational Audit Plan: Assurance Projects List: Swale BC

Project Title & Indicative Scope	Plan Days
Core Finance Reviews	
Business Rates - *To examine system control, design and operation with focus on valuation, liability and billing*	10
Income Management - *To consider adequacy of income receipting, and implementation of new system. Also consider PCI compliance*	10
Payroll - *To examine system control, design and operation with precise scope to be confirmed but potentially examining payroll deductions*	5[3]
Governance Reviews	
Business Continuity - *To review business continuity guidance in design and operation, including adequacy of supporting guidance and test arrangements*	15
Corporate Planning - *To review compliance with and effectiveness of planning procedures at service and corporate planning level*	10
Information Security - *To consider effectiveness of implementation of one (or more) new IT security policies due for issue in 2017/18*	5[3]
IT Disaster Recovery - *To consider effectiveness across the partnership of IT backup and recovery arrangements*	5[3]
Safeguarding - *To examine whether the Council processes cases in line with agreed procedures*	15
Operational Reviews	
Animal Licenses - *To complete a short-form compliance review on processing animal licenses, enforcement action and banking income*	5
Building Maintenance - *To examine controls within the reactive and routine service maintenance contracts*	10
Community Grants - *To complete a short-form compliance review on processing community grants*	5
Community Halls	10

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[3] Shared service with other authority/ies. Swale BC contribution to audit budget only.

Project Title & Indicative Scope	Plan Days
- *To examine controls on processing hall bookings and banking income*	
Community Safety - *To review service against Community Safety Partnership Plan*	15
Debt Recovery Service - *To review effectiveness of controls acting in new service*	5[3]
Electoral Register - *To examine controls on production and maintenance of the electoral register and operation of individual electoral registration*	15
Equalities - *To examine conformance to the Public Sector Equality Duty*	10
Food Safety - *To examine controls working to ensure legal compliance, including operation of establishment food hygiene ratings*	5[3]
HR Policy Compliance - *To review effectiveness of HR policies in operation by line managers across the organisation*	5[3]
Land Charges - *To examine controls over collecting and distributing income in the shared service*	5[3]
Landlord Complaints - *To examine processing of complaints against private sector landlords and enforcement action*	10
Legal Services - *To examine controls in operation within the legal service to ensure Lexcel compliance, including quality of monitoring data*	5[3]
Litter Enforcement - *To examine contract oversight, including handling complaints*	15
Pay & Display Income - *To examine controls on collection, banking and reconciling income including electronic payments*	10
Pre-Application Planning Service - *To examine controls on working and income of pre-application planning review*	15
Public Conveniences - *To examine controls on overseeing contract and contract payments*	10
Sports Pitches & Pavilions - *To examine controls on booking and handling income*	10
Staying Put - *To examine effectiveness of controls over funding management*	12
Stray Dogs	10

Project Title & Indicative Scope	Plan Days
- *To examine contract management, income banking and enforcement action*	
Transformation Team - *To examine effectiveness of transformation review results*	15
Waste Income - *To examine controls around income for bulky waste and refuse bins*	10
Cross Authority Reviews[4]	
Corporate Governance - *To consider one or more areas in the Corporate Governance Code*	6[2]
Financial Planning - *To consider how each authority undertakes medium to long-term financial planning and review, learning from NAO work in the area*	7[2]
Independent Review	
Risk Management - *To review effectiveness of risk management. Review from the Head of Audit of Medway Council in exchange for Mid Kent Audit delivering Introduction to Internal Audit Training to the Medway team*	0

## 2017/18 Audit & Assurance Plan: Overall Summary: Swale BC

Work Type	Plan Days	Planned Reports
Core Financial Systems	25	3
Corporate Governance	50	5
Operational Reviews	212	21
Cross Authority & Independent Reviews	13	3
Total Project Work	**300**	**32**
Risk	35	2 (To Cabinet/Committee)
Counter Fraud	30	n/a (part of annual reporting)
Member Support	20	2 (biannual to Members)
Follow-Up	30	4 (quarterly to SMT)
Audit Planning	10	1 (annual to Committee)
Contingency	45	n/a
Total Non-Project Work	**170**	**9**
Total Audit & Assurance Plan 2017/18	**470**	**41**

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[4] Reviews not of shared services, but parallel reviews of similar work undertaken at two or more authorities resulting in a single output report

Beyond 2017/18 – Other Issues on Audit's Radar

16. During our planning and risk assessment we considered several areas where direct review was not suitable for 2017/18. Sometimes this is because the relatively low risk allows for longer period between reviews. In others we are aware of forthcoming changes to the service or environment that make review in 2018/19 or later more useful. In other cases we rely on our cyclical approach to scheduling reviews which happens to omit 2017/18.

17. The chart below shows some areas we expect to feature in planning in future years. At the beginning of each year we will consider afresh audit resource availability and risks when considering which areas to include in our planning. However, these are also areas we keep under review and so potentially examination could come forward if risks change.
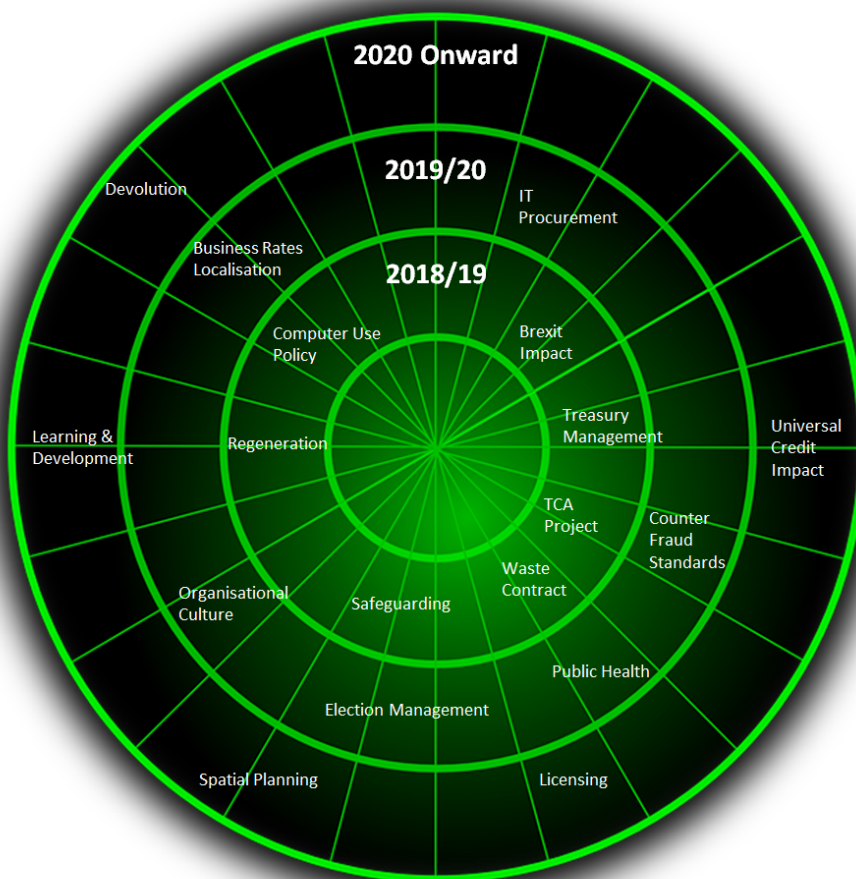
18. We include a full listing of areas of audit interest (the "audit universe") in appendix A.

Delivering Audit Work

19. The risk-based approach taken to forming the plan integrates with our approach to individual projects. Besides any specific objectives agreed with the audit sponsor when drawing up the audit scope, each project considers the strategies, risks and objectives relevant to the service area under review. This includes identifying, and agreeing with management, suitable evaluation criteria to judge how well an area performs.

20. We will conduct each review in line with our standard audit method aligned to the Standards. Our Audit Charter sets out roles and responsibilities for successful delivery of audit projects. Members of this Committee approved the Charter in March 2016.

21. Each review results in an assurance rated report, giving our view on whether the particular area is performing effectively. We will keep these rating levels consistent with our reviewed approach adopted first in 2014/15. We include details of the assurance levels in this report at appendix C.

22. We will also, where fitting, recommendation for improvements. We grade our recommendations as set out in appendix C and follow them up when due for action. Where we find officers have not acted on a recommendations and so left the Council at risk we report first to the Senior Management Team. Also, the Audit Committee may demand that Senior Managers responsible for services that consistently fail to address audit recommendations attend to provide further explanation to Members.

23. Our plan also recognises the broader assurance work we deliver using our experience and expertise to aid the Council in pursuit of its priorities. We undertake this work in line with the arrangements set out in the Charter, in particular with those safeguards aimed at preserving our independence and objectivity.

24. Typically, our broader assurance work will not result in an assurance graded report but rather an alternative format relevant to the engagement agreed with the work's sponsor. In any event, we will tell the Committee results of other assurance work through our interim and year end reports.

Monitoring Delivery

25. We undertake our audit work against our standard audit approach, assessed in our EQA as consistent with the Standards. Also we adhere to the IIA's Code of Ethics and the roles and responsibilities set out in the Charter.

26. As part of this approach we are careful to ensure the quality and consistency of our work. With individual audit projects, each undergoes internal review focusing on each stage from compilation of the original brief, through completion of fieldwork and last our reporting.

27. We undertake broader quality assurance of our work as detailed in our annual reports which include a full self-assessment against the Standards.

28. The Audit Shared Service Board also oversees our work each quarter. Nick Vickers is Swale's representative on the Board. The Board receives performance and financial reports on the progress of the service. This includes the set of performance indicators noted below, and we also report results to the Committee twice a year.

29. We also continue to develop and strengthen the professional expertise and experience of our audit team. In 2017/18 we will have four members of the team studying for professional qualifications to add to the nine already held across the team. We include more details about the audit team and the work to support and their development within appendix B.

Performance Indicator Set 2017/18

- Cost per audit day
- % Projects completed on budget
- % Chargeable days
- PSIAS conformance
- % Projects completed on time
- % Draft reports on time

- % Satisfied with assurance
- % Final reports on time
- % Satisfied with auditor conduct
- % Implemented recommendations
- % Exam success
- % Satisfaction with auditor skill

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Appendix A: Audit Universe

The table below sets out, in headline, the "audit universe", comprising the recurring range of areas of potential examination by internal audit at Swale BC. The review areas noted will have specific scopes beneath which cover a broad and shifting range of specific topics. For example a "payroll" review may examine statutory deductions in one year, starter and leaver procedures in another, expenses and special payments in another and so on. So the scope of the audit may be broader or narrower than suggested by the title alone.

The table includes only the assurance rated reviews where we reported results to Members. It therefore excludes our advice, consultancy and follow-up work.

Last, the table excludes assurance work undertaken as one-off exercises where we do not expect a repeat review in the near to medium term.

A final note that in 2014/15 we changed our assurance ratings to the scheme detailed at Appendix C. Previously, our scale ran (from greatest to least assurance): High – Substantial – Limited – No Assurance. Although there are important differences in the detailed definitions, as a broad analogy these map to our current scale so we have employed a consistent colour scheme between the two scales.

Review Area	Last Reported: Date	Last Reported: Rating	Planned Next Review	Notes
Food Safety	2010/11	Substantial	2017/18	
IT Disaster Recovery	2011/12	Substantial	2017/18	Not assessed since operating as a shared service
Business Continuity	2012/13	Substantial	2017/18	
Staying Put	2012/13	Limited	2017/18	Review following confirmation of scheme extension
Community Safety	2013/14	High	2017/18	
Equalities	2013/14	Substantial	2017/18	
Legal Services	2013/14	Substantial	2017/18	Not previously assessed as a shared service
Sports Development	2013/14	N/A	2017/18	Previous review narrow focus on investigation
Safeguarding	2014/15	Weak	2017/18	Also subject to follow up through 2015/16
Budget Management	2015/16	Strong	2017/18	
Business Rates	2015/16	Strong	2017/18	

Review Area	Last Reported: Date	Last Reported: Rating	Planned Next Review	Notes
Car Parking	2015/16	Sound	2017/18	
Corporate Governance	2015/16	N/A	2017/18	
Housing	2015/16	Sound	2017/18	
Risk Management	2015/16	N/A	2017/18	2017/18 will be independent review given change to MKA role
Waste Collection	2015/16	Strong	2017/18	
Debtors	2016/17	Strong	2017/18	
Development Control	2016/17	Weak	2017/18	
Elections	2016/17	Sound	2017/18	
ICT Controls & Access	2016/17	tbc	2017/18	
Payroll	2016/17	tbc	2017/18	
Animal Welfare			2017/18	First review as discrete area
Debt Recovery Service			2017/18	New service established 2016
Facilities Management			2017/18	First review as discrete area
HR Policies			2017/18	First review as discrete area
Land Charges			2017/18	First review as shared service
Public Conveniences			2017/18	
Insurance	2011/12	Substantial	2018/19	
Health & Safety	2012/13	Limited	2018/19	
Economic Development	2013/14	Substantial	2018/19	Individual projects assessed, potentially review of approach (especially supporting community groups)
Emergency Planning	2013/14	Substantial	2018/19	
VAT Management	2013/14	High	2018/19	
Treasury Management	2014/15	Strong	2018/19	
Cash Collection	2015/16	Strong	2018/19	Being considered in 2017/18 in a number of individual areas
Homelessness	2015/16	Sound	2018/19	Will monitor Preventing Homelessness Bill, may bring review forward
Performance Management	2015/16	Sound	2018/19	
Planning Support	2015/16	N/A	2018/19	First review as shared service
Procurement	2015/16	Sound	2018/19	
Project Management	2015/16	Sound	2018/19	

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Review Area	Last Reported: Date	Last Reported: Rating	Planned Next Review	Notes
Banking	2016/17	**tbc**	2018/19	
Council Tax	2016/17	**Strong**	2018/19	
Creditors	2016/17	**tbc**	2018/19	
General Ledger	2016/17	**tbc**	2018/19	
Contract Management			2018/19	Individual contracts examined, but first review of overall approach (being piloted at Maidstone in 2017/18)
Credit Cards			2018/19	Examined previously as part of accounts payable, will consider materiality for separate review
Democratic Services			2018/19	Various aspects considered previously, will assess service as a whole
Housing Grants			2018/19	Consider materiality before embarking on separate review
Subsidiary Company Governance			2018/19	New area, will assess materiality depending on company plans (review piloted in Ashford)
Recruitment	2014/15	**Substantial**	2019/20	
Bereavement Services	2015/16	**Sound**	2019/20	
Discretionary Housing Payments	2015/16	**Sound**	2019/20	
Freedom of Information	2015/16	**Sound**	2019/20	May move date depending on developments in law
ICT Support	2015/16	**Sound**	2019/20	
Register of Interests	2015/16	**Sound**	2019/20	
Street Cleansing	2015/16	**Strong**	2019/20	May move date depending on contract arrangements
CCTV	2016/17	**Sound**	2019/20	
Complaints	2016/17	**tbc**	2019/20	
Data Protection	2016/17	**Sound**	2019/20	May move date depending on developments in law
Housing Benefits	2016/17	**tbc**	2019/20	May move date depending on Universal Credit progress
ICT Networks	2016/17	**Sound**	2019/20	
Leisure Centres	2016/17	**tbc**	2019/20	

Review Area	Last Reported: Date	Last Reported: Rating	Planned Next Review	Notes
Members' Allowances	2016/17	Sound	2019/20	
Residents' Parking	2016/17	tbc	2019/20	
Section 106 Agreements	2016/17	tbc	2019/20	
Counter Fraud			2019/20	Never previously examined as discrete area, potentially seek independent review
IT Development & Procurement			2019/20	Considered previously as part of general reviews and planned for 2016/17, postponed and replaced with consultancy on 2017/18 as approach changes
Public Health			2019/20	Assess for potential review depending on nature of Council's engagement
Building Control	2016/17	Sound	2020/21	
Communications	2016/17	Sound	2020/21	
Customer Services	2016/17	Strong	2020/21	
Environmental Enforcement	2016/17	tbc	2020/21	
Grounds Maintenance	2016/17	Sound	2020/21	
Learning & Development	2016/17	Sound	2020/21	
Licensing	2016/17	Sound	2020/21	
Property Income	2016/17	Sound	2020/21	
Spatial Planning			2020/21	Not previously reviewed as separate area, potential follow up once local plan settled

Appendix B: Team Biographies

Management

Rich Clarke CPFA ACFS (Head of Audit Partnership): Rich became head of the audit partnership in April 2014 joining from KPMG. At KPMG he had various internal and external audit clients across the public sector including LB Islington, Woking BC, East Kent Hospitals University NHS Trust, the Foreign and Commonwealth Office and the Civil Aviation Authority. Rich is a Chartered Accountant (CPFA) and during 2015 undertook and passed further study to become an Accredited Counter Fraud Specialist (ACFS). Rich is also UK Local Government representative on the Internal Audit Standards Advisory Board, the body charged with updating the Public Sector Internal Audit Standards. In 2016 Rich also began ancillary work as a CIPFA associate, delivering training on CIPFA's behalf across the country on managing and improving internal audit teams. In addition, Rich is Chairman of the Kent Audit Group and an Executive Board Member of the London Audit Group, both groups comprising Heads of Audit from across the public sector.

Russell Heppleston CMIIA (Deputy Head of Audit Partnership): Russell started working for the Maidstone / Ashford partnership in November 2005, and continued his role as Auditor for the Mid Kent Audit Service on its creation in 2010. He progressed through professional qualifications with the Institute of Internal Auditors (IIA) to achieve both Practitioner and Chartered member status. Russell became Audit Manager for Swale and Maidstone in 2013, and later Deputy Head of Audit Partnership in the 2015 restructure. Russell is studying the International Diploma of Risk Management with the Institute of Risk Management.

Frankie Smith CMIIA (Audit Manager – Swale & Tunbridge Wells): Frankie Smith has worked in internal audit for 16 years, starting as an auditor at Maidstone Borough Council. During this time Frankie has completed audits at Ashford, Maidstone, Swale and Tunbridge Wells. Frankie achieved Chartered Auditor (CMIIA) status in August 2015 and became that same month Audit Manager at Swale and Tunbridge Wells.

Alison Blake ACCA, CIRM (Audit Manager – Ashford & Maidstone): Alison joined the internal audit partnership in 2012 and took on the role of Audit Manager in January 2016. Before this Alison worked for South Coast Audit for 7 years where she undertook internal audit work across various NHS clients in East Kent. During Alison's career she has completed a wide range of audit work with the aim of supporting the in achieving their objectives and the objectives of the organisation as a whole.   In 2014 Alison achieved the Certificate qualification from the Institute of Risk Management.

Senior Auditors

Mark Goodwin ACFT (Senior Auditor): Mark joined Ashford Borough Council in January 1999 having previously worked at Maidstone Borough Council in an audit role. He was a founder member of the Ashford and Maidstone Internal Audit Partnership before this developed into the four-way Mid Kent Audit Partnership in April 2010. He is an experienced auditor who has audited extensively the full range of council services across various local authorities. Mark achieved the Accredited Counter Fraud Technician (ACFT) designation from CIPFA in March 2016.

Claire Walker (Senior Auditor): Claire joined the audit partnership in September 2010, and has wide experience in various areas. These include Local and Central Government, Arts, Broadcasting, Financial Services, NGOs and Not for Profit Sector, also Lottery Fund distribution and associated grant making programmes. Claire delivered some training and mentoring projects for the FCO, DFID and the World Bank as well as work on European Social Fund projects. Within Local Government Claire has undertaken a wide range of audits with a focus on legal compliance, contracts and governance arrangements. Other audit experience covers outsourcing functions, due diligence, and fraud investigations.

Jo Herrington PIIA CIA (Senior Auditor): Jo joined the audit partnership on 30 September 2013. Before this Jo worked for Gravesham BC for nearly nine years where she gained experience of working in the Finance department and the Revenues department before settling in the Internal Audit team in September 2009. As part of the Internal Audit team she gained broad experience conducting audit reviews, as well as involvement in working groups across the authority. Jo became Senior Auditor in 2015 and has since gained qualifications as a Practitioner of the Institute of Internal Auditors (PIIA) in October 2015 and as a Certified Internal Auditor (CIA) in June 2016.

Jen Warrillow PIIA (Senior Auditor): Jen joined Mid Kent Audit in September 2013 from Kent County Council where she trained as an Internal Auditor. She undertook a wide range of audits including financial, governance and grant funding internally for the Council and externally for Parish Councils. Jen was previously an investigator at Swale BC and then moved on to Tonbridge & Malling BC. Having recently returned from maternity leave, she is now studying to become a Chartered Member of the Institute of Internal Auditors. Jen became a Senior Auditor in 2015.

Auditors

Paul Goodwin AAT (Auditor): Paul started with Tunbridge Wells Borough Council over 25 years ago, and has since worked mainly in Internal Audit. Paul is a qualified Accounting Technician.

Andy Billingham (Auditor): Andy joined the Partnership in December 2015. He had previously worked for Swale Borough Council for 10 years within the Revenues and Benefits department. During this time, he gained extensive knowledge of local government, dealt with complex disputes and represented the authority at Tribunals. Andy holds a degree in History as well as an Institute of Revenue Rating and Valuation qualification. He is studying towards the Certified Internal Auditor (CIA) qualification.

Trainee Auditors

Ben Davis (Trainee Auditor): Ben joined the team in March 2015 as a trainee auditor. He holds a degree in Modern History from UEA and has previous experience in finance teams in the private and voluntary sectors. Ben began training towards achieving a professional qualification through the Chartered Institute of Public Finance and Accountancy (CIPFA) and has progressed successfully through the qualification. He aims to achieve the full professional qualification in mid 2018.

Louise Taylor (Trainee Auditor): Louise joined the team in November 2015 as audit team administrator and became a trainee auditor in August 2016. Louise had previously worked in the Planning department of Maidstone Borough Council and has extensive experience working with local authorities. In early 2017 Louise began training to become a Certified Internal Auditor (CIA) with the Institute of Internal Auditors (IIA). She also holds an MA in Planning, Policy and Practice and a degree in Human Geography.

The Audit Team Administrator role is vacant but we plan to recruit in April 2017.

Appendix C: Assurance & Recommendation Ratings

Assurance Ratings 2017/18 (unchanged since 2014/15)

Full Definition	Short Description
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.	Service/system is performing well
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.	Service/system is operating effectively
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.	Service/system requires support to consistently operate effectively
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.	Service/system is not operating effectively

Recommendation Ratings 2017/18 (unchanged since 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.