Annual Audit Opinion 2018-19

July 2019

Introduction

All local authorities must make proper provision for internal audit in line with the **Local Audit and Accountability Act 2014** and the **Accounts and Audit Regulations 2015**. The Regulations state that services must follow the **Public Sector Internal Audit Standards** - a consolidated approach to internal auditing standards across the whole of Public Sector.

Internal audit is a vital component to the Council's effective running. We provide assurance, advice and insight to help protect and enhance the internal control, governance and risk management arrangements.

The service has a wider role to be the Council's 'critical friend', and is able to confidently challenge current practice, champion best practice and support management to improve how the Council operates. This is achieved through internal audit providing a combination of assurance and consulting activities, as set out in the mandated definition within the Standards:

'an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes'

The Standards require that the Chief Audit Executive (the Audit Manager fulfils this role for the Council) issues an Annual Opinion. The Opinion is a conclusion of the effectiveness of the Council's **internal control**, **corporate governance** and **risk management** arrangements. It is a key part of the overall assurance that Members and Officers of the Council draw on when evaluating governance.

The extract below shows the expectations for the Annual Opinion as set out in the Standards:

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.

Scope

Audit Board approved the Internal **Audit Charter** in March 2019. The Charter sets out the scope of our work, and includes the parameters and safeguards in place for us to undertake assurance, advisory and consultative work.

Evidence to support the Opinion is principally obtained through completing the work as set out in our **audit plan**. In addition, I have drawn on the expertise, knowledge and intelligence gained over the course of the year. There are three areas within the scope for the Opinion, these are:

> ***Internal control*** is how the Council ensures achievement of its objectives. In particular, the effectiveness and efficiency, reliability of financial reporting and compliance with law, rules and policies.

> ***Governance*** is the system of rules, practices and processes by which the Council is directed and controlled

> ***Risk management*** is how the Council identifies, evaluates and responds to risk facing the achievement of objectives

The annual opinion relates to 2018/19 financial year.

Limitations

In April 2018 the Audit Board approved the audit plan setting out the key areas of audit focus for the year. While the plan remains flexible to react to emerging risks or issues throughout the year, in approving the Audit Plan, the Audit Board recognise that it is not possible for our plan to address **all** risks facing the Council.

The Opinion can therefore only give reasonable assurance that the systems of internal control, governance and risk management are effective.

There are however, no specific limitations to the scope of the opinion for 2018/19.

Independence

In addition to setting out the role, authority and responsibility of Internal Audit, our Charter also defines the safeguards in place for our independence.

At no point during the year have Officers or Members sought to impede, influence or edit the outcomes of our work, our findings or our overall conclusions. I can therefore confirm that we have worked with full independence during the year.

Summary of information that supports the Opinion

Details of the work conducted to form the Annual Opinion is set out in the remainder of this report, including; use of audit resources, summaries of audit work issues, governance and risk management, client satisfaction and service performance.

Annual Audit Opinion

It is my opinion, in the capacity as Chief Audit Executive for Dartford Borough Council that for 2018/19 the Council has operated and maintained a **SOUND** system of internal control, governance and risk management.

Russell Heppleston (QIAL CMIIA)

Audit Manager (Chief Audit Executive)

30 June 2019

Delivery of the 2018/19 Audit Plan

The Audit Board approved our Audit Plan 2018/19 in **April 2018**. The plan set out a summary of the audit projects to be delivered, along with a resource plan showing the total number of days allocated to the plan.

We began work on the plan in May 2018, following completion of the remaining 2017/18 audit work.

We use a time recording system called Teammate to log all time spent on the different audit related tasks. This system enables us to capture time spent delivering different activities and individual audit projects.

The table below shows how we have utilised audit days up to March 2019:

Category	2018/19 Plan Days	Outturn to February 2019	Outturn to March 2019	Days Remaining
2018/19 Assurance Projects	256	204	246 (+42 between Feb-Mar)	10
Contingency and Consultancy Reported as: *General administration/Committee reporting/service development/Audit Planning/risk management/joint working*	156	144	162 (+18 between Feb-Mar)	-6
Totals (18/19 Work Only)	**412**	**348**	**408**	**4**

Based on the figures above, we have utilised all of our audit days over the course of the year to deliver our 2018/19 audit plan, and other work.

Audit Work

The table below shows our overall progress towards delivery of the 18/19 audit plan. As we deliver this work we assess and conclude on the overall level of assurance offered by the controls in accordance with the agreed definitions (see appendix I).

Audit projects completed

Dartford Audit Plan 2018/19				
No	**Title**	**Days**	**Date Issued**	**Conclusion**
2017/18 Carry Forward				
-	External Legal Fees		April 2018	Substantial
-	IT Security		April 2018	Full
2018/19 Audit Work Finalised				
1	DBC13 – Fly-Tipping	10	August 18	Substantial
2	DBC15-SDC11 – Environmental Health Food Safety **SHARED**	10*	November 18	Substantial
3	DBC06 - Procurement	10	November 18	Substantial
4	DBC11 – Parking Enforcement	15	November 18	Full
5	DBC12 – Disabled Facilities Grants	10	December 18	Full
6	DBC3-18/19 Members Allowances & Expenses	10	December 18	Substantial
7	DBC2-18/19 Licensing - Administration	15	February 19	Substantial
8	DBC4-SDC5 -18/19 Council Tax Systems Mapping - **SHARED**	20*	February 19	Full
9	DBC10-18/19 – Accounts Payable Systems Mapping	10	March 19	Full
10	DBC9 -18/19 Payroll	15	April 19	Full
11	DBC5-SDC6 -18/19 Business Rates Mapping - **SHARED**	10*	April 19	Full
12	ICT Audit Needs Assessment	5	May 19	N/A
13	DBC16-18/19 GDPR	7.5	June 19	Substantial

*Days shared with Sevenoaks

Audit projects awaiting completion

We had anticipated finishing all of the fieldwork for our projects by the end of May 19, however, this has slipped slightly following our work to restructure the service. This being said, we have only 1 project where substantive testing is still being undertaken, with the remainder being in feedback or draft report:

Dartford Audit Plan 2018/19			
No	**Title**	**Budget**	**Progress**
14	DBC14-18/19 Building Control	15	Feedback
15	DBC07-18/19 Health & Safety	21	Draft Report
16	DBC17-18/19 Fleet Vehicle Management	10	Feedback
17	DBC01-18/19 Homelessness Reduction Act	7	Fieldwork
-	DBC08-18/19 Business Continuity – follow-up	5	**REMOVED**

*Days shared with Sevenoaks

Audit Work Summaries

We issue a full report for all of the work conducted in our audit plan. Members have request to see executive summaries of all of the work. We revised and updated our audit reports from December, and so the summaries below include our new and old style of reporting audit recommendations and actions (see Appendix I).

External Legal Fees – Issued in April 2018

The purpose of this audit review was to provide assurance regarding the effectiveness of the budget setting and procurement of external legal professionals and the authorisation of legal work.

The opinion of the auditor was that there is **Substantial Assurance** in place to ensure achievement of service objectives pertaining to the audited system. This means there is generally a sound framework of control in place designed to meet the Council's service objectives. However, there are isolated weaknesses in design of controls or inconsistent application of controls, which put the achievement of a limited number of objectives at risk.

Priority Ranking	Number of recommendations
Very High	0
High	0
Medium	1
Low	0
Total	1

IT Security – Issued in April 2018

The purpose of this audit was to provide reasonable assurance regarding the effectiveness of the arrangements in place for IT Security, including a review of assurance given by external providers, and the arrangements in place to manage the risk of cyber-crime.

The opinion of the auditor was that there is **Full Assurance** in place to ensure achievement of service objectives pertaining to the audited system. This means a sound framework of control is in place that meets the Council's needs and/or service objectives. All expected controls tested are in place and are operating effectively.

There were no recommendations arising from this review.

Due to the risks related to IT Security, a follow-up review of this area was included in the 2018/19 Audit plan.

Fly-Tipping – Issued in August 2018

The purpose of this audit review is to provide an assurance regarding the effectiveness of the processes in place to report and investigate instances of fly-tipping in the Borough. In particular analysing the adequacy and fitness for purpose of the processes. This review has also included analysis of the performance indicators in place for monitoring fly tipping activity.

The opinion of the auditor was that there is **Substantial Assurance** in place to ensure achievement of service objectives pertaining to the audited system. This means there is generally a sound framework of control in place designed to meet the Council's service objectives. However there are isolated weaknesses in design of controls or inconsistent application of controls which put the achievement of a limited number of objectives at risk.

Priority Ranking	Number of recommendations
Very High	0
High	0
Medium	3
Low	2
Total	5

Shared Environmental Health: Food Safety – Issued in November 2018

The purpose of this audit review was to provide independent assurance on how new technology is being used to make the process for food safety inspections more efficient. This is in response to the significant increase in the number of new food business registrations received across the Partnership localities over the last six years.

It is our opinion based on the results of our work that there is **Substantial Assurance** in place to ensure that the service is working in compliance with the relevant legislation and in accordance with agreed procedures. This means there is generally a sound framework of control in place designed to meet the Council's service objectives. However, there are isolated weaknesses in design of controls or inconsistent application of controls, which put the achievement of a limited number of objectives at risk.

Our testing confirms that the service is operating the new software to undertake inspections and that those inspections are conducted in accordance with legislation and the Food Standard Agency requirements. However, there is a significant backlog of initial inspections for new premises, which needs to be addressed. We raised 3 recommendations in this review, of the following priority ratings:

Priority Ranking	Number of recommendations
Very High	0
High	0
Medium	1
Low	2
Total	3

Procurement – Issued in November 2018

The purpose of this audit review was to provide independent assurance regarding the effectiveness of the processes in place for the procurement activity of the Council. The review checked to ensure

that these arrangements are adequate and fit for purpose to deliver service objectives and comply with Council procedures.

It is our opinion that there is Substantial Assurance in place to ensure achievement of service objectives and management of key risks. This means there is generally a sound framework of control in place designed to meet the Council's service objectives. However, there are isolated weaknesses in design of controls or inconsistent application of controls

We conclude as a result of our testing that the controls in place regarding compliance with Regulations, Council policies and good practice in respect of Procurement are sound. Procedures for the procurements tested have been followed, and apart from needing to be updated, guidance is in place and awareness of procurement practices is good. We raised 2 recommendations in this review, of the following priority ratings:

Priority Ranking	Number of recommendations
Very High	0
High	0
Medium	1
Low	1
Total	2

Parking Enforcement – Issued in November 2018

The purpose of this audit review was to assess the processes in place for Parking Enforcement to ensure compliance with legislation and Council policy.

It is our opinion, based on the results of our work, that the controls in place provide Full Assurance. This means there is a sound framework of control in place, and that the expected controls tested are operating effectively.

We conclude that the Parking Enforcement Service has processes in place to ensure compliance with legislation and Council policy. Income procedures are in place and followed, and any unpaid PCNs are followed through to recovery. Our testing also confirmed that previous audit actions had been fully implemented. The Team has also seen benefits and improvements from the recent service review and restructure. We raised 2 recommendations in this review, of the following priority ratings:

Priority Ranking	Number of recommendations
Very High	0
High	0
Medium	0
Low	2
Total	2

Disabled Facilities Grants – Issued in December 2018

The purpose of this audit review was to provide independent assurance over the effectiveness of the controls in place to administer Disabled Facilities Grants (DFG's).

It is our opinion, based on the results of our work, that there is **Full Assurance** in place to ensure compliance with relevant legislation. All expected controls tested were found to be operating effectively and supporting guidance and procedures were up to date and are operating effectively. We raised no recommendations in this review.

Members Allowances   & Expenses – Issued December 2018

The purpose of the audit review was to provide independent assurance over the effectiveness of the controls in place to administer the payment of Member's Allowances and expenses.

Following the completion of our audit work, we concluded that the administration and payment of Members allowances and expenses comply with the Members Allowances Scheme. Payments made are accurate, timely and expenses are supported by appropriate evidence. While our testing identified that the figures currently published online are out of date, allowances paid for 2018/19 were in accordance with the rates as per the scheme.

It is our opinion based on the results of our work that the controls in place provide **Substantial Assurance**. This means that there is a sound framework of control in place designed to meet the objectives of the service.

We raised 1 recommendation in this review, of the following priority ratings:

Priority Ranking	Number of recommendations
Very High	0
High	0
Medium	1
Low	0
Total	1

Licensing - Administration – Issued in February 2019

The purpose of the audit review was to provide independent assurance over the effectiveness of the controls in place to administer licences, including applications, processing, issuing and fee income. The categories of licences examined during this review were premises licences and personal licences. These licences are required by law for the sale of alcohol in entertainment or business establishments. We did not look at taxi licences as part of this review, as this will be looked at in a separate audit in the future.

It is our opinion, based on the results of our work, that there is **Substantial** assurance in place to ensure achievement of service objectives and management of key risks. This means there is generally a sound framework of control in place designed to meet the Council's service objectives.

However; there are isolated weaknesses in design of controls or inconsistent application of controls which put the achievement of a limited number of objectives at risk. In this case, missing licence records following migration from the Licenceflo to Uniform system.

We raised 2 actions in this review, both designed to support the service in updating licensing records on the Licenceflo system. We issued these actions with the following priority ratings:

Priority Ranking	Number of actions
Very High	0
High	0
Medium	2
Low	0
Total	2

Shared – Council Tax Systems Mapping – Issued in February 2019

We conclude based on our audit work that the controls in place over the Council Tax system provide **FULL** assurance.

Dartford (DBC) and Sevenoaks (SDC) collect in the region of £150m of Council Tax (CT) each year. The vast majority of the funds collected are distributed onwards to the precepting bodies, including Kent County Council and Kent Police and Crime Commissioner and Kent & Medway Fire & Rescue Service

This review provides independent assurance over the adequacy of controls for the Council Tax process. We mapped the system from billing through to recovery and identified the key controls and risks. Our testing of the key controls confirms that the system is effective in *design* and *operation*. We identified no errors in our key controls testing.

Accounts Payable – Issued in March 2019

We conclude based on our audit work that there are **FULL** controls in operation within the Accounts Payable system.

Accounts Payable (Creditors) is administered through Cedar eFinancials and eProcurement, and provides for the ordering, approval and payment for goods and services received by the Council. It is a fundamental financial system processing a total of 11,022 transactions (2017/18), with a cumulative value in excess of £44.4 million paid (for the same period).

This review provides independent assurance over the adequacy of controls for the Accounts Payable process. Our testing confirms that the system is effective in *design* and *operation*. We identified no errors in our key controls testing.

We have raised 2 actions resulting from our work, firstly for risk based checks to be conducted on high value payments, and secondly, for the service to review and update the actions on the risk register. The priority ratings for these actions are set out below:

Priority Ranking	Number of recommendations
Critical	0
High	0
Medium	0
Low	2
Advisory	0
Total	2

Payroll – Issued in April 2019

We conclude based on our audit work that the controls in place to manage and deliver the Council's Payroll service provide **FULL** assurance.

The Payroll service for the Council is provided through a shared service collaborative agreement with Mid-Kent Shared Services. This arrangement commenced on the 1st April 2018, so it is the first time that we have audited the process since implementation of the new iTrent system. As such, a key element of the audit was to look in detail at the agreement and to establish the controls in place to ensure compliance and effective monitoring.

Our testing concludes full compliance with the agreement. Controls are in place to monitor the key indicators, and Officers meet regularly to ensure effective operation of the service and to resolve any issues, or agree enhancements to the system. To date there have been no issues.

Business Rates Systems Mapping – Issued in April 2019

We conclude based on our audit work that the controls in place over the Business Rates system provide **FULL** assurance.

This review provides independent assurance over the adequacy of controls for the Business Rates process. We mapped the system from billing through to recovery and identified the key controls and risks. Our testing of the key controls confirms that the system is effective in *design* and *operation*.

Bills are produced using the "rateable values" determined by the Valuation Office Agency. Accounts created during the year, and changes to details are processed and checked, and reconciled on a regular basis. Reliefs and associated discounts are applied in accordance with agreed policies, and are appropriately authorised. Income is received, reconciled, and recovered in accordance with the agreed financial procedures.

We identified no errors in our key controls testing.

Post GDPR Review – Issued in June 2019

We conclude based on our audit work that the controls in place to ensure compliance with the Data Protection Act 2018 provide **SUBSTANTIAL** assurance.

The law relating to data protection changed on 25 May 2018, with the Data Protection Act (DPA) 2018 coming into force. This replaced the DPA 1998 and incorporated the General Data Protection Regulation (GDPR) into UK law. Although many of the principles remained the same as the DPA 1998, there were some important changes which affected the Council.

In general terms, the DPA 2018 and GDPR place more emphasis on transparency, accountability and record keeping. It is vital that personal data is handled correctly as the Information Commissioner's Office (ICO) can issue fines to organisations who breach the DPA 2018 and GDPR of up to €20 million or 4% of annual turnover, whichever is higher.

Our testing confirms that the Council has adequate, effective and reliable controls in place to ensure compliance with GDPR and the DPA 2018 and the associated changes resulting from the introduction of the GDPR. However, we have identified some areas for improvement. These mainly relate to aspects where we are not displaying up to date information (such as on all of our application forms) or where we can seek opportunities to raise awareness and understanding of GDPR and DPA requirements (through better guidance or training).

We have raised 5 findings resulting from our testing, to strengthen the monitoring regime in respect of the DPA 2018. The priority rating of these actions are set out below:

| Priority Ranking	Number of recommendations
Critical	0
High	0
Medium	4
Low	1
Advisory	0
Total	5

Audit actions

We raise actions from our work to assist management in addressing control failings, or to suggest service improvements. In December we launched a new follow-up process using our audit management software, Teammate. We now track and **all** audit actions when they fall due. The table below summarises the annual follow-up activity, including progress against implementation:

	Total	High Priority	Medium Priority	Low Priority
Audit actions brought forward from 2017/18	37	4	23	10
2017/18 Actions implemented since 01/04/18	36	4	22	10
2017/18 Actions remaining	**1**	**0**	**1**	**0**
Audit actions raised in 2018/19	22	0	12	10
Implemented since 01/04/18	11	0	4	7
Deferred or Not Yet Due	9	0	8	1
2018/19 Actions remaining	**2**	**0**	**1**	**1**
Total actions live	**12**	**0**	**10**	**2**

We raised **0** high priority actions in 2018/19, and those carried forward from 2017/18 have been fully implemented. Based on the results of our current follow-up work, there are **12** actions that are 'live' and which we are monitoring. We will report progress on the implementation of these actions as they fall due.

We have continued to see positive engagement and commitment from Management to implement agreed actions identified from our work:
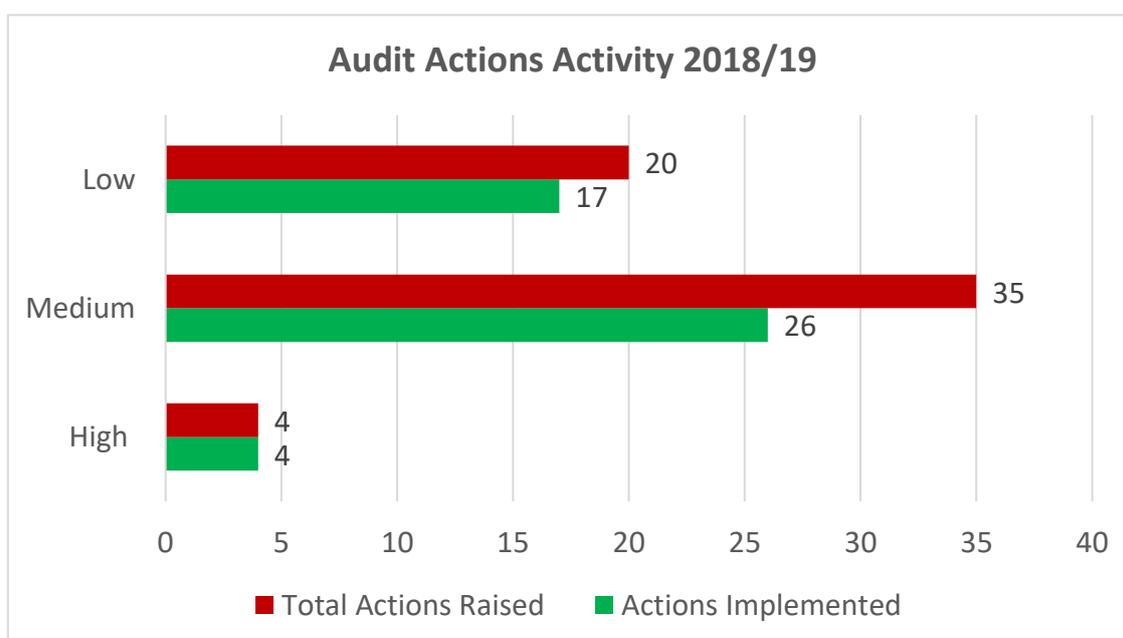
We have reported details of our follow-up work regularly to Members as part of our progress reports, and have not raised any areas of concern.
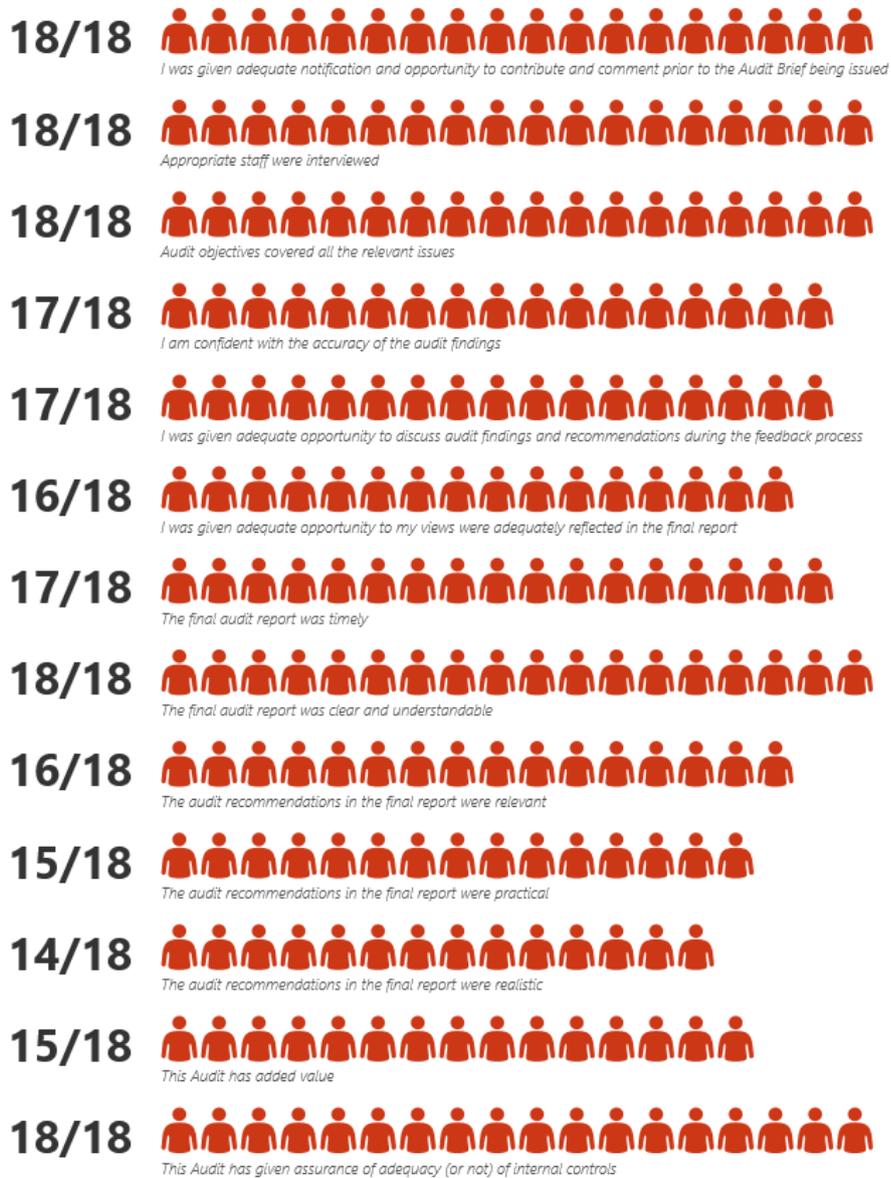
Client Satisfaction

We issue a client survey each time that we complete a piece of audit work. Feedback is important, as it helps us to shape the future of the service – to protect areas of good practice, and develop on areas where we need to improve.

We received 18 responses in 2018/19.

The illustration below shows the questions that we asked, and the number of positive responses (strongly agree / agree) received, out of the 18 completed client satisfaction surveys:

CLIENT FEEDBACK 2018/19

18/18
I was given adequate notification and opportunity to contribute and comment prior to the Audit Brief being issued

18/18
Appropriate staff were interviewed

18/18
Audit objectives covered all the relevant issues

17/18
I am confident with the accuracy of the audit findings

17/18
I was given adequate opportunity to discuss audit findings and recommendations during the feedback process

16/18
I was given adequate opportunity to my views were adequately reflected in the final report

17/18
The final audit report was timely

18/18
The final audit report was clear and understandable

16/18
The audit recommendations in the final report were relevant

15/18
The audit recommendations in the final report were practical

14/18
The audit recommendations in the final report were realistic

15/18
This Audit has added value

18/18
This Audit has given assurance of adequacy (or not) of internal controls

We received positive feedback throughout the year, and we have continued to enjoy support from across the Council for the work we undertake.

Client Feedback 2019/20

For the coming year we have redesigned our client survey, and have incorporated a 360 style approach to feedback. Feedback will follow **5** key themes, and we have developed an electronic survey to increase efficiency and to make completion more user friendly.

For 2019/20 we will be measuring feedback against the following areas:

Audit Brief & Scope

Did you feel involved in the planning and scoping of the audit?

Did you feel the audit covered the right areas?

Audit Fieldwork

We kept you informed and updated throughout the audit

We were sensitive to your availability & workload

Skills & Knowledge

Did we demonstrate sufficient knowledge of the audit area

Did we conduct the audit in a professional and courteous manner?

Outcomes

Our report was… [select from]

Do you believe the agreed actions will make a difference?

Reflection

How would you rate your overall audit experience

Could we have done anything better to improve your overall audit experience

Governance

Corporate governance is the rules, practices and processes that direct and control the Council. Underpins everything we do, and includes:

- Systems
- Processes & Procedures
- Rules & Laws
- Management & Leadership
- Decision Making

We gain evidence of the effectiveness of the Council's governance through completion of our governance related audits on the audit plan (such as GDPR), and also the work we undertake in an advisory or consultative capacity. These include:

- **Counter Fraud:** We consider the risk of fraud in all of our regular audit projects, and our audit universe includes relevant policies and procedures aimed at preventing, detecting or tackling fraud (such as Officer Declarations, Gifts and Hospitality, and Expenses). None of our audit findings for 2018/19 identified any significant fraud risks, and
- **Whistleblowing (speaking-up)**: The Policy was reviewed, updated and approved by Audit Board in **January 2017**. The Audit Manager is a named officer in the policy, along with Senior Officers and the Chair of Audit Board. We did not receive any official disclosures through the policy during 2018/19.
- **Ad-hoc advice & Consultancy:** Internal Audit resource may sometimes be more usefully focussed towards providing advice and consultancy rather than assurance. We undertake these activities (such as advice, guidance and training) to add value, provide greater insight and improve governance, risk management and control processes. As such, we include contingency days into the audit plan which can be called upon to deliver special projects.

The Council has approved and adopted a **Code of Corporate Governance.** The Code sets out how the principles of corporate governance and how they apply to operation and conduct of the Council. The Code has been developed in accordance with the principles outlined in the framework and guidance notes for CIPFA/SOLACE "**Delivering Good Governance in Local Government (2016)**".

This Framework, is what all Local Authorities must comply with, not only as a means of demonstrating good governance, but also by preparing Annual Governance Statement to accompany the Statement of Accounts.

Our work over 2018/19 has not identified any significant governance issues. The Council has a *Governance Action Plan* in place – reported as part of the Annual Governance Statement – and where appropriate we will continue to align our work to those areas of continued improvement.

Risk Management

Our audit work takes into account strategic and operational risk management, and our testing considers the effectiveness of the controls in place to manage those risks to acceptable levels. We also have a co-ordination role with regards to the risk management strategy, and will provide support, guidance and training across the Council to help improve our risk management arrangements. **We will be working with Senior Management Team in early 2019/20 to refresh the Council's Risk Management Strategy.**

Risk management is a vital element of corporate governance. It is important for the Council to not only be aware of key risks, but to also have processes in place to ensure that those risks are managed well, and where possible, impact is minimised.

By properly responding to risks the Council will be more likely to make informed decisions and achieve its objectives. In addition, effective risk management demonstrates good governance, provides greater internal control and due diligence. In summary, the risk management process for the Council takes into account the following 5 stages:

The Council's Risk Management Strategy was adopted through Cabinet in October 2015. Following its initial adoption, it was then ratified, along with the strategic risk register in January 2016 by Audit Board. The last update to Audit Board on risk was their consideration of the strategic risk register in January 2017.

Improvements to the Council's risk management arrangements have been formally noted in the Governance Action Plan (which accompanies the Annual Governance Statement). Our audit work did not identify any individual high risk issues in 2018/19, and so we consider them to be generally sound.

Quality Improvement & Service Performance

In August 2018 Dartford and Sevenoaks entered into a secondment with Mid Kent Audit to provide Audit Management (Chief Audit Executive) support for 6 months. This was extended to cover **01/04/2019** to **31/03/2020**. Since August, the service has undertaken a number of key service improvements to drive quality, increase efficiency, and to address the outstanding findings from the External Quality Assessment follow-up (reported to Audit Board in **July 2018**). Key activities completed over the course of the year include: complete redesign of our audit manual and process, refreshed reporting to management and Members, increased engagement and communication of the Audit service, implementation of risk-based audit planning, action tracking and greater utilisation of technology (Teammate Audit Software).

Professional Standards require us to have a clear quality assurance and improvement programme (QAIP) in place to ensure the continued development of the service. Our existing programme is made up of both external and internal review processes as set out below:

Performance

Following our work to refresh the audit approach in November 2018, we took the opportunity to also re-align our service indicators. These new measures have been developed not only to measure performance, but also to monitor quality improvement, compliance with Standards, and training & development. These were implemented across the Partnership in December 2018. The figures reported below represent the Partnership as a whole, for the period of January to March 2019:

Finance: Associated performance indicators	Up to March 19	Internal processes: Associated performance indicators	Up to March 19
F1: **Projects Completed within budgeted days** *Indicator measures any variance between the days agreed on the final brief vs. the actual time coded on Teammate TEC*	4 / 5 80%	**I1**: **Time taken between issue of the DRAFT and FINAL Audit Brief** *Indicator measures the effectiveness of our project planning and time taken to prepare the work programme*	20 days (average)
F2: **Chargeable days (time)** *Indicator measures the actual chargeable activities against the assumptions made in the audit plan*	87%	**I2**: **Time taken between the issue of the FEEDBACK and DRAFT report** *Indicator measures the currency of our audit finding and effective engagement between Auditors and Clients*	11 days (average)
F3: **PSIAS conformance** *Indicator measures effectiveness of the Quality Assurance & Improvement Programme (QAIP) to ensure compliance with professional Standards.*	53 / 56 95%	**I3**: **Time taken between issue of the DRAFT report and FINAL report** *Indicator measures the effectiveness of our process to finalise audit reports and issue the report in a timely manner*	17 days (average)
Client satisfaction: Associated performance indicators	Up to March 19	Learning & Development: Associated performance indicators	Up to March 19
C1: **Respondents satisfied with the conduct of the Auditor** *Indicator measures Client satisfaction with how we undertook the work, and takes into account our professionalism, approach and competence*	100%	**L1**: **Audit actions fully implemented within agreed timescales** *Indicator measures the successful implementation of audit actions and the effectiveness of our follow-up process*	SDC: 16/17 94% DBC: 8/9 89%
C2: **Respondents agreement with the audit actions** *Indicator measures Client agreement to the audit findings and resulting actions from our audit work*	100%	**L2**: **Training & development days** *Indicator measures our investment and time spent on training and development against the assumptions made in the audit plan*	25.49 Days

Indicator Notes

F3: The next External Quality Assessment (EQA) is due in 2020. A self-assessment will be conducted in summer 2019 to review compliance against the outstanding areas of compliance. The outcomes will be used inform the improvement plan for rest of the year and will be reported to Audit Board in October.

I1 – I3: These new indicators measure key milestones in the audit process. They will be monitored over the course of the coming year to help measure efficiency process, and as such, no targets have been set yet.

L2: We have supported one member of the team to begin professional audit qualifications through the Institute of Internal Auditors (IIA). We also continue to support the professional development of the team, such as attendance at professional conferences, payment of professional fees and soft-skills training.

Overall for the year, the team has performed well. Given that we have undertaken a significant amount of service development over the last 6 months and there has been only a marginal impact on our ability to deliver the 2018/19 audit plan. This is a positive outcome, and has been possible through the support provided by the Council, Members and the team throughout the year.

Appendix I

Definitions of Assurance ratings:

OPINION	DEFINITIONS
Full Assurance (no High or Medium priority actions)	A sound framework of control is in place that meets Council or service objectives. All expected controls tested are in place and are operating effectively. A review with this level of assurance will generally have no actions, or very few **LOW** priority actions. Agreed actions will be followed up as they fall due.
Substantial Assurance (no High priority actions)	There is generally a sound framework of control in place that meets Council or service objectives. However, there are isolated weaknesses in design of controls, or inconsistent application of controls, which puts the achievement of a limited number of objectives at risk. A review of this level of assurance may raise a number of **MEDIUM** priority actions. Agreed actions will be followed up as they fall due.
Limited Assurance	There are weaknesses within the framework of control or evidence of non-compliance with Council procedures or good practice, which puts the achievement of the Council's or service objectives in many of the areas reviewed at risk. A review with this level of assurance will raise one or more **HIGH** priority actions. Actions with a high priority should be acted on as soon as practical and will be followed up as soon as they fall due.
No Assurance	Key controls are absent from the framework of control. There are fundamental weaknesses identified with both the design and operation of the system under review. As a result, it is unlikely that Council or service objectives will be achieved. A review of this level may include a number of **HIGH** or **CRITICAL** priority actions. Actions of a critical level will be reported as soon as they are identified and escalated to the relevant Senior Manager. Actions to address the findings will be followed up as soon as they fall due.

Audit Findings Priority Ratings

Priority	Definition
Critical	Control weakness that could have a significant impact upon not only the system, function or process objectives, but also the achievement of the organisation's objectives in relation to: • the efficient and effective use of resources • the safeguarding of assets • the preparation of reliable financial and operational information • compliance with laws and regulations
High	Control weakness that has or is likely to have a significant impact upon the achievement of key system, function or process objectives. This weakness, whilst high impact for the system, function or process does not have a significant impact on the achievement of the overall organizational objectives.
Medium	Control weakness that has a low impact on the achievement of the key system, function or process objectives; or This weakness has exposed the system, function or process to a key risk, however the likelihood of this risk occurring is low.
Low	Control weakness that does not impact upon the achievement of key system, function or process objectives; however implementation of the recommendation would improve overall control.
Advisory	Observations and areas for consideration, these findings are drawn from our shared experience of working across the Council and more widely with partners. These findings require no formal response and will not be followed up.