

**DARTFORD & SEVENOAKS AUDIT PARTNERSHIP**

# **Internal Audit Update Report**

**January 2020**



## 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](#) (regulation 5). The latter requires authorities to:

***“...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.”***

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. They are an expansion of international standards by HM Government, adding elements specific to the UK public Sector. The ‘Standards’ form part of the wider mandatory elements of the International Professional Practices Framework (IPPF) which is applicable to all UK Local Authorities:



These ‘Standards’ mandate the mission of internal audit: ***to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.*** We achieve this by bringing a systematic and disciplined approach to evaluate and improve the effectiveness of risk management, control and governance for the Council.

The Standards require that the Chief Audit Executive (the Audit Manager fulfils this role for the Council) issues an annual opinion. The Opinion considers **internal control, corporate governance and risk management**. It is a key part of the overall assurance, Members and Officers of the Council draw on when evaluating governance. The Opinion for 2018/19 was reported to Audit Committee in [July 2019](#).

This report provides Members with an update on Internal Audit activity, in addition, to setting out current progress as we complete our 2019/20 Audit Plan approved by the Audit Committee in [March 2019](#).

## Internal Control

Internal control is how the Council ensures achievement of its objectives. In particular, internal control achieves and displays effectiveness and efficiency, reliable financial reporting and compliance with law, rules and policies. It incorporates both financial and non-financial aspects.

We gather evidence to support this part of the Opinion principally through completing the reviews set out in our **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 Plan Progress

The Audit Partnership is governed by the principle that resources are split 50/50 across both Partners. Therefore, to calculate the total amount of resources available to each Partner, we take the total available days for the year, and subtract various categories of non-working and non-audit time. The remaining total is split 50/50 to give us a total number of days for the Audit Plan.

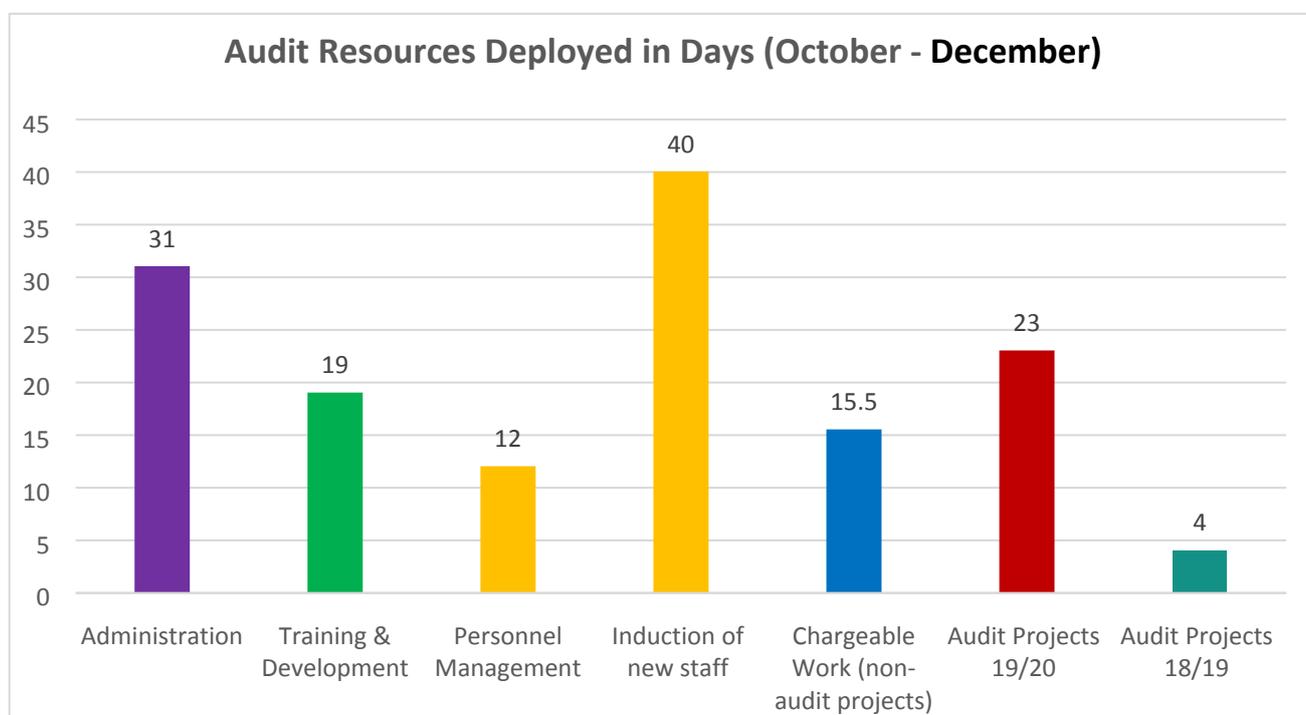
The Audit Committee approved our Audit Plan 2019/20 in March 2019. The total chargeable days (850) are split 50/50 for **Sevenoaks** and **Dartford** creating a plan for Sevenoaks of **425** days. We ensure flexibility in how these days are deployed by allocating days to different activities, most of which are planned, but with some available for reactive ad-hoc work.

The table below shows the total allocation of **425** audit days for Sevenoaks, and shows how those days have been deployed to date:

Audit Activity		Sevenoaks		
		Planned Total Days 2019/20	Actual Q3 Days (Oct-Dec)	Actual Year to Date (Apr-Dec)
<i>Chargeable work outside of audit projects</i>	Risk Management	10	2	4.5
	Counter Fraud	5	-	2.5
	Member Support/Training/Meetings	10	1	8
	Follow-Up	15	3	7
	Audit Planning	10	1	3
	Advisory & Consultancy	50	8.5	19
<i>Chargeable audit projects</i>	Audit Project Days <b>19/20</b>	325	23	44.5
	<b>Total Days</b>	425	38.5	88.5
	Audit Project Days <b>18/19</b>	-	4	57.5

Over the quarter the Partnership continued to operate with 2 auditors. The days deployed therefore are lower than our original assumptions. It does however, show that the team have been working almost exclusively on 2019/20 audit work. The table also includes the **year to date** position, showing that we have used 88.5 days (21%) of the annual 425 days, in addition to a further 57.5 days on completing the projects rolled forward. Combined, this equates to a total of 146 deployed days (34%).

The total available days for the partnership also takes into account **non-chargeable days**. Non-chargeable activities include administration, general management and the ongoing professional development of the team. In order to provide some additional context for the time deployed so far for 2019/20 the graph below shows our chargeable and non-chargeable totals for the period October to November:



Two new members of the team joined us in November, the Trainee Auditor and one of the Lead Auditors. We have therefore designed and delivered an induction and support programme in order to aid their integration into the team. This investment of time was important, and involved the whole team, however, as you can see above, it has utilised a significant number of our available days over the period.

Since our last update we have attended some professional conferences, which has resulted in an increase in 'training' days. There has also been a reduction in admin days since our last update.

## Audit Scheduling 2019/20

Following successful recruitment and appointment into our new structure, we have undertaken a full review of the available resources for the remainder of the year. The schedule below sets out our planned work for the next few months, up to March 2020. This combined schedule shows our planned audit work across the Partnership (Dartford, Sevenoaks + Shared Services).

The schedule also includes a breakdown of the stages of the audit process, from planning, conducting the fieldwork and reporting our findings. We have reviewed the plan against our planning risk assessments and are satisfied that the projects are suitably prioritised. In addition, we have consulted with the relevant Managers to ensure that they are aware of the forthcoming work, and proposed schedule. We will continue to report progress against the schedule to Members as part of our regular reporting, including our conclusions and the details of any findings that we make following issue of the final report:

Site	Ref	Title	Q	Month	Quarter 4 (2019/20)																	
					Dec 2019					Jan 2020				Feb 2020				Mar 2020				
					02	09	16	23	30	06	13	20	27	03	10	17	24	02	09	16	23	30
Sevenoaks	SDC04-19-20	Pay & Display Income	Q3	November 19	■	■		■														
Sevenoaks	SDC05-19-20	Accounts Payable (Systems Mapping)	Q3	November 19		■	■		■	■												
Dartford	DBC08-19-20	Corporate Complaints	Q3	December 19		■	■															
Sevenoaks	SDC08-19-20	Corporate Complaints	Q3	December 19		■	■															
Dartford	DBC01-19-20	Income System (AIM)	Q3	December 19		■	■															
Dartford	DBC03-19-20	Accounts Receivable (Debtors)	Q3	December 19			■		■	■	■	■	■									
Sevenoaks	SDC24-19-20	HR Policy Compliance	Q3	December 19		■	■		■	■	■	■										
Dartford	DBC20-19-20	Garage Management	Q4	January 20			■		■	■	■	■	■	■								
Dartford	DBC19-19-20	Housing Allocations Policy	Q4	January 20					■	■	■	■	■	■	■							
Dartford	DBC25-19-20	Development Management - Enforcement	Q4	January 20			■		■	■	■	■	■	■								
Dartford	DBC04-19-20	Housing Rent Accounting (Systems)	Q4	January 20			■		■	■	■	■	■	■								
Dartford	DBC23-19-20	HR Policy Compliance	Q4	February 20							■	■	■	■	■	■						
Sevenoaks	SDC17-19-20	Grounds Maintenance	Q4	February 20											■	■	■	■	■	■	■	
Sevenoaks	SDC12-19-20	Corporate Governance Code	Q4	February 20													■	■	■	■	■	
Sevenoaks	SDC23-19-20	Domestic Waste & Recycling	Q4	February 20							■	■	■	■	■	■						
Dartford	DBC13-19-20	Corporate Governance Code	Q4	February 20													■	■	■	■	■	
Dartford	TBC	Cyber Security	Q4	February 20								■	■	■	■							
Sevenoaks	SDC18-19-20	Private Sector Housing - Enforcement	Q4	March 20													■	■	■	■	■	
Sevenoaks	SDC15-19-20	Development Management - Enforcement	Q4	March 20												■	■	■	■	■	■	
Shared Service	DBC16-SDC13-19-20	Animal Welfare - Control	Q4	March 20												■	■	■	■	■	■	
Dartford	DBC14-19-20	Community Safety Partnership	Q4	March 20												■	■	■	■	■	■	
Sevenoaks	TBC	Cyber Security	Q4	March 20								■	■				■	■	■	■	■	

**Key**

- Reporting
- Fieldwork
- Planning
- Out of office

## Audit Plan: 2020/21

In March 2019, the Audit Committee approved the audit plan for the year. At that time, and knowing that we would be implementing a new structure (which included recruiting into 3 newly defined and vacant posts), we built 100 days into the plan as a vacancy factor. Throughout the year we have reported progress with the restructure alongside delivery of the agreed plan. As part of our last update in September we recognised that there would be a need to review the plan and allocate the projects on the plan in line with the remaining available days for the year.

In order to create a degree of stability and greater momentum for the coming year, the schedule below (which are projects identified as part of the agreed audit plan in March 2019) sets out those projects that will be planned and delivered in Q1 of 2020/21. **Audit Committee are required to agree this schedule as part of the 2020/21 audit plan.** The Committee will receive the annual plan in April 2020, which will include an updated risk assessment and audit universe, and will cover Q2 – Q4 of 2020/21.

We have consulted with Managers and project sponsors to ensure that they are aware of the forthcoming work, and proposed schedule.

Site	Ref	Title	Q	Month	Quarter 1 (2020/21)																	
					Apr 2020				May 2020				June 2020									
					06	13	20	27	04	11	18	25	01	08	15	22	29					
Dartford	DBC24-19-20	Legal Services - Case Management	Q1	April 20																		
Sevenoaks	SDC20-19-20	Community Safety Partnership	Q1	April 20																		
Sevenoaks	SDC14-19-20	Housing Allocations Policy	Q1	April 20																		
Shared Service	SDC02-DBC06-19-20	Housing Benefits (Systems Mapping)	Q1	May 20																		
Sevenoaks	SDC22-19-20	Purchasing & Stock Management (Dunbrik)	Q1	May 20																		
Shared Service	DBC17-SDC19-19-20	Local Air Quality Management	Q1	May 20																		
Dartford	DBC18-19-20	Contract Management	Q1	May 20																		
Dartford	DBC05-19-20	New Build Capital Programme	Q1	May 20																		
Dartford	DBC02-19-20	Feeder Systems & Journals	Q1	May 20																		
Sevenoaks	SDC03-19-20	Budgetary Control & Monitoring	Q1	May 20																		
Sevenoaks	SDC07-19-20	Scheme of Delegations & Decision Making	Q1	June 20																		
Sevenoaks	SDC21-19-20	Fleet Management	Q1	June 20																		
Sevenoaks	SDC06-19-20	Contract Procedure Rules	Q1	June 20																		
Dartford	DBC15-19-20	Dartford Town Against Crime (DTAC)	Q1	June 20																		

**Key**

	Reporting
	Fieldwork
	Planning

## Projects removed from the plan

The following projects will be moved off the 2019/20 audit plan, and will be incorporated into the 2020/21 risk-based audit plan:

Site	Title	Rationale
Sevenoaks	Corporate Project Governance - Programme Governance	The council is in the process of reviewing and updating the Terms of Reference and purpose of the Project Steering Group. This review may include a greater emphasis on project governance. Audit currently sit on the group in an advisory capacity.
Dartford	Corporate Project Governance / Dartford Town Centre - Transport & Public Realm Project	This review will be moved into 20/21 to coincide with the later phases of the project, in order to enable the review to include lessons learned from other Corporate Projects.
Dartford	Strategic Asset Management	This review will be re-scheduled once the Council has agreed and formalised the Asset Management Strategy.
Shared Service	Application of Discretionary Powers	This review represented less risk when compared to the other review in the plan for this service area – Housing Benefits.
Sevenoaks	Capital Programme - Monitoring	Timing of this review was dependant on completion of other work in this area, mainly budget control and monitoring (which is scheduled for Q1 20/21).

## Audit Work Issued Q3

Previous reports to Committee have included summaries of audit work finalised and issued over the period. We include extracts from the published report as an executive summary and report details on any findings of a **MEDIUM** level risk or higher. The table below shows progress against current audit work:

Ref	Title	Date Issued	Conclusion
2018/19	Homelessness Reduction Act (Shared)	October 2019	<b>Not Rated</b>
2018/19	Private Sector Letting Scheme	November 2019	<b>Limited</b>
2019/20	Pay & Display Income	In progress	Draft Report Issued
2019/20	Accounts Payable (Systems Mapping)	In progress	Feedback
2019/20	Corporate Complaints	In progress	Feedback
2019/20	HR Policy Compliance	In progress	Fieldwork

## Summaries

We include below the executive summaries of the reports issued in final since our last update report in September.

### Homelessness Reduction Act – Issued in October 2019

This review was not assurance rated, and was conducted as a cross authority risk review. We undertook workshops with Managers from Dartford and Sevenoaks to identify the risks associated with the implementation of the Act. We then tested the effectiveness of the Council's response to each risk.

Based on the results of the review, it is clear to see that both Councils have responded in different ways to the same challenges. Both have taken full advantage of funding options to increase resource, expertise and resilience, however, the uncertainty of any long-term funding means that permanent solutions are difficult to implement.

Closer working with colleagues across the County could help to provide greater development and insight. Our initial workshop for instance enabled the Managers from both Councils to compare and contrast approaches and to explore possible sharing of best practice.

While the challenges around Homelessness remain high on the risk agenda for all Local Authorities, Dartford and Sevenoaks appear to be responding effectively to ongoing demands and challenges.

## Private Sector Letting Scheme – Issued November 2019

We concluded, based on the findings of our audit fieldwork, that the controls in place to ensure compliance with the Private Sector Letting Scheme (PSLS) were **Limited**.

The objective of the Private Sector Letting Scheme is to use properties in the private rented sector to help house people in housing need. Along with social housing, and bed & breakfast, the PSLS is a key initiative that helps the Council to more effectively manage its housing register and prevent homelessness.

At the time of scoping our review actions were already being taken by the Service to address control weaknesses, following a complaint. We conducted our own independent testing of properties within the scheme to establish compliance, but also included review of any new controls put in place by the service.

Our compliance testing found cases of missing documentation to evidence that properties had been inspected before being accepted onto the scheme. This included missing gas or electric safety certificates. We were given verbal assurances that each of the properties had been fully inspected, but without the necessary evidence it is not possible to give assurance that they have met the necessary minimum safety regulations and standards.

In order to secure private sector properties, the Council offers a number of incentives. One such incentive is advance rental payments, where the Council will pay rent in advance and then charge the tenant over a 24-month timeframe to repay the advance. A rental agreement is in place to govern the scheme and to set out repayment terms. We tested a sample of ten repayment agreements and found that 70% of the repayments due (up to 1st July 2019) had not been received.

The service has been undertaking corrective actions to improve the controls over the scheme, this included halting the scheme in order to audit each property. The Head of Housing and Health has also advised that the service has already implemented all of the actions arising from the audit. This will be followed up through our standard follow up process, the outcomes of which will be reported to Members on 24 March 2020.

We raised actions resulting from our testing, the priority rankings of these actions were:

Priority Ranking	Number of actions
High	2
Medium	3
Total	5

## 1 Property Inspections

High  
Priority

**Finding:** In 3/10 cases tested, there was no documented evidence on file to confirm the properties had been subject to an independent Health & Safety inspection, as required by the scheme.

**Action:** Inspect properties in accordance with the scheme and ensure that evidence of safety and condition certificates are retained. Also, that officers receive accredited training to undertake health & safety inspections.

## Management Response

Agreed

Comments:

Private Sector Housing Team or other train accredited officers are now undertaking the housing inspections. Reliance is no longer placed on just one officer to undertake this task.

Additional training is being provided to staff involved with housing inspections.

Quality control checks are being undertaken at the following stages of the PSLS application process;

- All supporting paperwork for a PSLS application is confirmed at the application stage.
- Confirmation of all required paperwork is made prior to any payments being made to the landlord.

## 2 Rent repayments

Medium  
Priority

**Finding:** To secure a tenancy for a PSLS applicant The SDC may pay rent in advance on behalf of the applicant. The applicant is then required to pay back the rental advance to the Council.

A sample of ten rental repayment agreements set up in 2018-19 were examined. Some rent repayments were being received on an ad hoc basis instead of regular receipts each month, as per the current repayment agreements. Instalments received as at 1/7/19 based on the ten repayment agreements examined should have been £1604.78. However, the actual payments received, as at 1/7/19 was £480.20. A shortfall of £1124.58 (70%).

**Action:** a) Analyse repayment figures, and review whether the current repayment agreements are sufficient to enable adequate recovery of payments

b) Monitor and report actual repayments against expected repayments on a regular basis

c) Work with the customer to encourage them to make a contribution to the rent in advance payments so that the Council makes a smaller payments

## Management Response

Part a: Agreed

Part b & c: **Proposed alternative** - Bring in direct debit arrangements for PSLS debtors

### Comments:

Regular meetings take place between the Finance Team and the Housing Team to discuss the debtor position for each private sector lettings tenant for whom the Council has paid a rental advance.

Potential option is to renegotiate the repayment agreement with the debtor. For example extending the repayment period to more than 24 months so that monthly repayments are smaller and more manageable. Issue 1st and 2nd warnings for debtors who do not make payments by the due date. Also the customer is now being asked to make a contribution to the rental advance payments to reduce the financial payment the Council makes to the landlord.

Finance may consider the introduction of direct debit repayment arrangements for PSLS tenants for whom the Council has paid a rental advance. However the Finance Manager stated these arrangements are still at an early stage of development and it is not possible to give an indication of when the arrangements could be rolled out to the private sector letting scheme.

## 3 Property procurement system

Medium  
Priority

**Finding:** Following an investigation into a compliant, the service identified a number of actions to improve controls over the Private Sector Letting Scheme. These actions (agreed in May 2019) have been fully implemented. The following finding was identified:

***A property procurement system to ensure that the source of all properties are detailed and recorded is now in place.***

**Action:** Implement a property procurement system to ensure that the source of all properties are detailed and recorded and undertake testing to assess the resilience of the procedure

## Management Response

Agreed

**Comments:** All details of property to be recorded on the Locata system.

#### 4 Quality checks & sign off

High  
Priority

**Finding:** Following an investigation into a complaint, the service identified a number of actions to improve controls over the Private Sector Letting Scheme. These actions (agreed in May 2019) have not yet been fully implemented. The following finding was identified:

***Cases are not signed off by a manager***

Our testing found various areas of non-compliance with the scheme, relating to evidence not being on file. This included no evidence of property inspections and signed repayment agreements.

**Action:** Implement a quality control check and sign off to ensure that all cases are fully compliant with the scheme and check that it is evidenced and documented on Locata.

#### Management Response

Agreed

**Comments:** The quality control checks will be at two stages. Checking the PSLS application for proper supporting paperwork. Checking the Landlords application for their property to be accepted onto the PSLS. An overall check by management of the case notes once application and placement has been completed to ensure all paperwork is in place.

#### 5 Suitability checklist

Medium  
Priority

**Finding:** Following an investigation into a complaint, the service identified a number of actions to improve controls over the Private Sector Letting Scheme. These actions (agreed in May 2019) have not yet been fully implemented. The following finding was identified:

***There is no suitability checklist to identify if a client is suitable to be registered on the PSLS***

**Action:** Complete a suitability checklist for all clients prior to being referred to the PSLS.

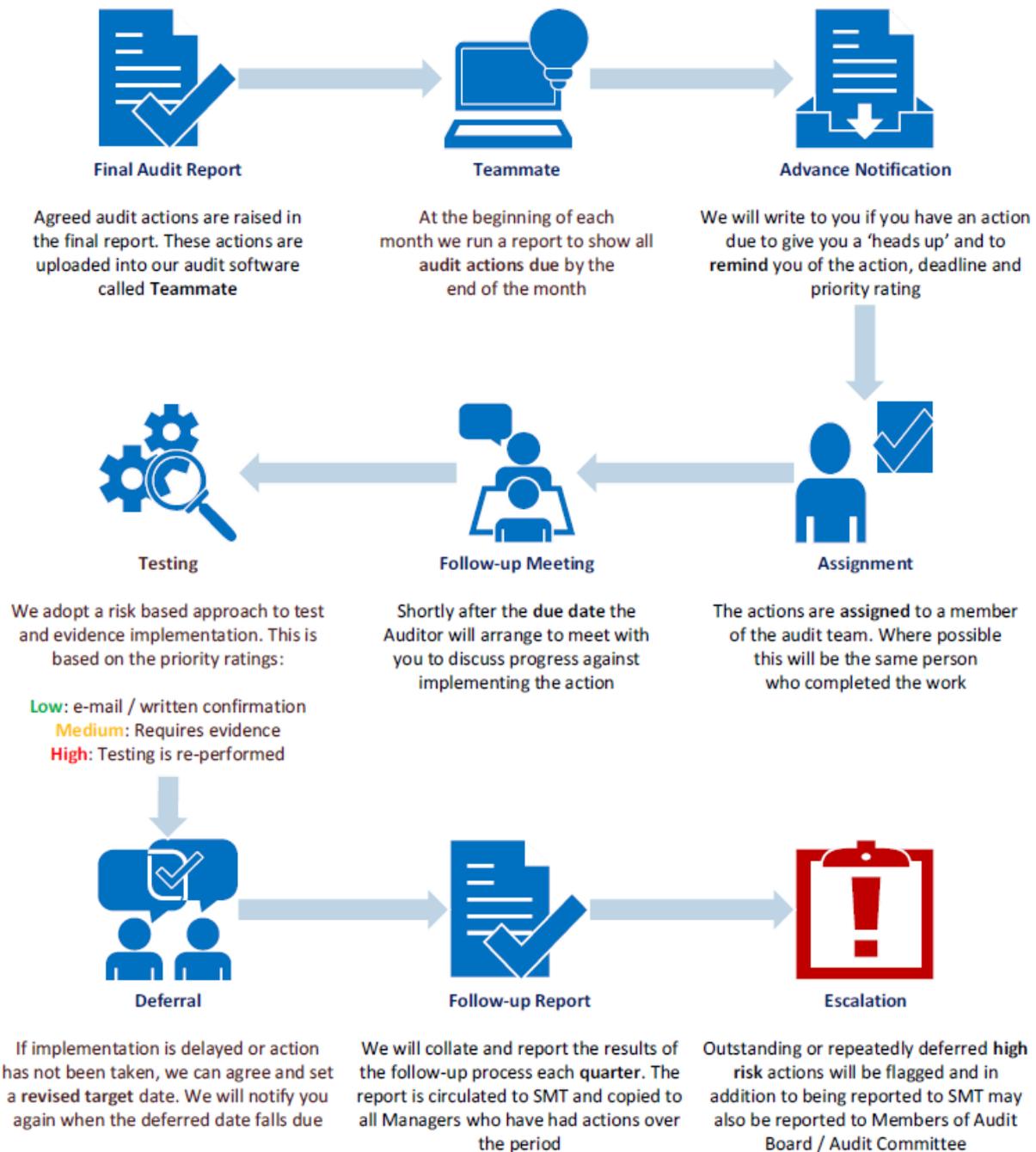
#### Response

Agreed

**Comments:** There will be a need to build in suitability assessment responsibility into the operational processes of the housing officer

## Audit Findings

Upon completion of our work, if we identify any issues, we will raise **actions** to assist management in addressing control failings, or to suggest service improvements. Action taken as a result of our audit work is extremely important to capture and track and it is a measurable way for us to measure and quantify the value added by the audit process. The illustration below summarises the follow-up process adopted, up to and including escalation to Members via the Audit Committee:



*\*The follow-up exercise will be undertaken each month to ensure that actions are not left untracked. Is it therefore important that the dates you set for implementation are realistic and reasonable as it is that date that will trigger this process. We will report the outcomes quarterly to give an overall view of progress across the Council.*

## Audit actions

In accordance with our new follow-up process (outlined above) we track and follow-up all actions when they fall due. Following implementation of this process, we have also designed and incorporated a quarterly follow-up summary report that is issued to Strategic Management Team. We issued the first report at Sevenoaks on 25 November 2019. In addition to providing an update on progress the report also seeks to draw out any wider insight from the follow-up work, and greater information on actions that have been deferred.

The table below shows the current actions, and progress against implementation:

Project	Service Manager	Report Issue Date & Rating	Agreed actions in Final Report	Actions due this Qtr.	Not yet due	Closed this Qtr.	Agreed Deferrals this Qtr.	Total actions complete to date	Total actions outstanding <sup>1</sup>
Print Studio 2017/18	Lee Banks	April 2018 <b>Limited Assurance</b>	3	0	3 (1H,2M)	0	0	0	3
Environmental Health (Food Safety) 2018/19	Annie Sargent	December 2018 <b>Substantial Assurance</b>	3	1 (M)	0	0	1 (M)	2	1
Accounts Receivable 2018/19	Alan Mitchell	June 2019 <b>Substantial Assurance</b>	1	1(M)	0	1 (M)	0	1	0
Post GDPR Review 2018/19	Martin Goodman	June 2019 <b>Substantial Assurance</b>	6	1 (M)	2 (1M,1L)	0	1 (M)	3	3
Business Continuity Planning 2018/19	Alex Dawson	August 2019 <b>Substantial Assurance</b>	3	3 (1M, 2L)	0	2 (L)	1 (M)	2	1
Private Sector Letting Scheme 2018/19	Hayley Brooks	October 2019 <b>Limited Assurance</b>	5	0	5 (2H, 3M)	0	0	0	5
		<b>TOTAL</b>	<b>21</b>	<b>6</b>	<b>5</b>	<b>3</b>	<b>3</b>	<b>8</b>	<b>13</b>

<sup>1</sup> Projects with 0 actions outstanding will be removed from future reports and be closed

Based on the results of our current follow-up work, there are **13** actions that are ‘live’ and which we are monitoring. We will report progress on the implementation of these actions as they fall due.

## Agreed Deferrals

This table shows the 3 audit actions that have been deferred. Officers have been asked to provide an update on progress, and the reason for the deferral. We will follow-up these actions when they fall due in the New Year:

Project	Action (including priority)	Original agreed date	Revised date	Reason for deferral	No. of times deferred
Environmental Health (Food Safety) 2018/19	Address the outstanding backlog of new premise food inspections. (Medium)	31/1/19 1/4/19 31/8/19	31/01/20	<p><b>Audit Comments:</b> We re-performed our testing on a sample of new premise inspections in November 2019. While some of the older premises had been inspected, the backlog of inspections has not reduced. Management have now agreed to bring in contractor resource to address the backlog, and so we will continue to check progress in the New Year.</p> <p><b>Manager Comments:</b> Contractors have been employed to assist the team in addressing the backlog of inspections. The cost of this can be met within existing EH budgets. We expect the backlog to be reduced over a period of the next 6 months. Updates on the situation will be reported to the Partnership Board by the Environmental Health Manager</p>	3

Project	Action (including priority)	Original agreed date	Revised date	Reason for deferral	No. of times deferred
Post GDPR Review 2018/19	Adapt databases so that data is automatically deleted when it reaches its expiry date where applicable. (Medium)	11/6/19	31/01/20	<p><b>Audit Comments:</b> Service managers have been reminded that databases should be adapted so that data is automatically deleted when it reaches its expiry date. However, our preliminary testing of current databases found that data is not being deleted in accordance with agreed Information Asset Registers.</p> <p>An IT solution is being investigated, but time is needed to ensure that all relevant services are consulted and that there is clarity over how data will be deleted. A deferral date has been agreed to enable informed discussions to take place between services and the Data Protection Officer.</p> <p><b>Manager Comments:</b> The recommendation is to 'adapt databases so that data is automatically deleted when it reaches its expiry date'. If this applies to a team, automation by definition requires a technical solution.</p> <p>Managers are encouraged, in consultation with the Data Protection Officer if necessary, to review their data asset registers to identify which, if any, data would be subject to the requirement. Given the widespread retention of data which is held for an indefinite period and for which an expiry date is not set, this is not as significant an action as it may at first seem. Considering this, it follows that where automatic deletion is not in place, Managers and teams need to be sure they can carry out all require manual deletions.</p> <p>Managers have approached the Data Protection Officer for advice on this matter and are encouraged to do so.</p>	1

Project	Action (including priority)	Original agreed date	Revised date	Reason for deferral	No. of times deferred
Business Continuity & Planning 2018/19	Test the BCP arrangements, and capture any feedback / lessons learned. (Medium)	30/10/19	31/01/20	<p><b>Comments:</b> A number of dates for the BCP tests to be undertaken have been scheduled, and then cancelled. The reason for the delay, has been to enable the plans to be aligned with Brexit 'no deal' scenario testing. Following the Brexit extension, the BCP test has been moved to the New Year. It is anticipated that this exercise would fully test the BCP, as well as Brexit preparedness. We will defer the follow-up until the BCP test has been re-scheduled.</p> <p><b>Manager Comments:</b> A new provisional date of 13<sup>th</sup> January 2020 has been scheduled to test the Business Continuity Plan ahead of the new potential 'no deal' leaving date of the 31<sup>st</sup> January 2020. A 'no deal' Brexit is likely to be a major test of the Council's Business Continuity Plan hence why it is important to try and relate any exercising of it to Brexit.</p> <p>If the 'no deal' scenario is majorly delayed again or there is concern instead around the initial Withdrawal Agreement deadline of December 2020, then an alternative non Brexit related exercise will be held in the interim.</p> <p>A separate exercise has been carried out to test the IT capability if a large number of staff worked from home. This exercise was a success.</p>	1

## Follow-up reporting schedule:

The schedule below sets out the finalised timeline for follow-up exercise and reporting deadlines, including the corresponding Audit Committee meetings:

Follow-up of Audit Actions – 2019/20 Schedule (Sevenoaks)				
Responsibility	Audit Partnership	Managers (Action owners)	Strategic Management Team	Audit Committee
	To test and report progress against audit actions as they fall due	To take action, as agreed, to implement audit actions	To provide support and oversight over follow-up activity	To seek assurance that audit actions have been implemented
Quarter 1 April – June 2019	<p>Actions due on or before 30 June 2019</p> <p>Follow-up notifications sent to Managers by 14 June 2019</p> <p>Fieldwork and testing completed by 12 July 2019</p> <p>Draft report issued by 24 July 2019</p>	<p>Respond to Audit notifications and provide evidence / meet with the Auditor between 01 - 14 July 2019</p> <p>Respond to draft report by 30 July 2019</p>	<p>Follow-up report issued to SMT for comments and feedback in August 2019</p>	<p>Progress reported as part of the regular Audit Partnership report on 17 September 2019</p>
Quarter 2 July – September 2019	<p>Actions due on or before 30 September 2019</p> <p>Follow-up notifications sent to Managers by 13 September 2019</p> <p>Fieldwork and testing completed by 11 October 2019</p> <p>Draft report issued by 28 October 2019</p>	<p>Respond to Audit notifications and provide evidence / meet with the Auditor between 01 - 11 October 2019</p> <p>Respond to draft report by 30 November 2019</p>	<p>Follow-up report issued to SMT for comments and feedback in December 2019</p>	<p>Progress reported as part of the regular Audit Partnership report on 28 January 2020</p>
Quarter 3 October – December 2019	<p>Actions due on or before 31 December 2019</p> <p>Follow-up notifications sent to Managers by 13 December 2019</p> <p>Fieldwork and testing completed by 24 January 2020</p> <p>Draft report issued by 31 January 2020</p>	<p>Respond to Audit notifications and provide evidence / meet with the Auditor between 06 - 20 January 2020</p> <p>Respond to draft report by 07 February 2020</p>	<p>Follow-up report issued to SMT for comments and feedback in February 2020</p>	<p>Progress reported as part of the regular Audit Partnership report on 26 March 2020</p>
Quarter 4 January – March 2020	<p>Actions due on or before 31 March 2020</p> <p>Follow-up notifications sent to Managers by 13 March 2020</p> <p>Fieldwork and testing completed by 17 April 2020</p> <p>Draft report issued by 30 April 2020</p>	<p>Respond to Audit notifications and provide evidence / meet with the Auditor between 01 - 13 April 2020</p> <p>Respond to draft report by 08 May 2020</p>	<p>Follow-up report and annual summary issued to SMT for comments and feedback in May 2020</p>	<p>Annual position reported as part of the Annual Audit Opinion in June / July 2020</p>

## Service update

In January 2019 the Audit Partnership Board agreed to extend the secondment with Mid Kent Audit, to provide Audit Management (Chief Audit Executive) from **01/04/2019 to 31/03/2020**. In October Mid-Kent served notice on the agreement, which means that the secondment will end on **09/01/2020**.

In preparation for this, the Partnership has been working to update the Audit Manager job description and responsibilities (to align with the new structure), have had the role evaluated and sought approval to recruit into the permanent role. This post is currently being advertised with interviews due to be held on 30 January 2020.

From 6 January 2020 all posts within the Partnership will be filled, with the only absence being that of the Audit Manager (where recruitment is underway). The service therefore has a greater pool of skills, expertise and experience to enable delivery of the audit service to be maintained in the short term. Looking forward over the next 6 months, key milestones and work streams include:

- **Recruitment of the permanent Audit Manager (CAE) role:** this will require the input from both Partners in addition to the Audit Board & Audit Committee Chairmen;
- **Audit planning for 2020/21:** Risk assessments and consultations will commence in January 2020. The audit universe was created in 2019 and therefore can be used as a strong foundation to build the 2020/21 audit plan. The Plan will be presented for approval in March 2020.
- **External Quality Assessment (EQA):** A self-assessment against the Public Sector Internal Audit Standards was conducted in September 2019 and the associated action plan will be implemented to prepare the Partnership for the next EQA due in November 2020. In accordance with the Standards, the Audit Board and Audit Committee are required to agree and scope the appointment of the EQA assessment. Therefore, preparation for this will need to commence in early 2020 to enable a formal decision to be made.
- **Ongoing embedding and refinement of the audit approach:** The audit manual, approach and entire library of supporting documents have all be reviewed, updated and modernised over the last 16 months. This has created a strong foundation for the Partnership and one that will need time to embed and be refined. Audit quality improvements will continue to increase as the approach is embedded and as greater insights are obtained from the work. Leadership and support will focus on maintaining this good work over the coming year, rather than changing or seeking to redesign it.
- **Continued Professional Development (CPD):** This will include the ongoing support, mentoring and development of the new Trainee as she commences the [IIA Level 7 Apprenticeship](#). In addition, one other member of the team is studying towards the [CIA](#) qualification. Over time this will further strengthen the qualifications within the Partnership. Alongside this we have been developing the skills, competencies and expertise across the partnership. This will continue and remain a priority for the Partnership so that audit work and the shared service can add more value and insight.

## **Acknowledgements**

We would like to thank Officers, Managers and Members for their ongoing support and assistance as we undertake our work throughout the year. Internal Audit continues to be seen as a critical friend within the Council and we are pleased to report that we do not receive any undue pressure or hindrance when undertaking our work.

In addition, all of the internal work we have been undertaking to review, update and improve our service would not have been possible without the hard work and dedication of the audit team, and their willingness to embrace new ways of working.

## Appendix I

### Definitions of Assurance ratings:

OPINION	DEFINITIONS
<p><b>Full Assurance</b></p> <p>(no High or Medium priority actions)</p>	<p>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.</p> <p>A review with this level of assurance will generally have no actions, or very few <b>LOW</b> priority actions. Agreed actions will be followed up as they fall due.</p>
<p><b>Substantial Assurance</b></p> <p>(no High priority actions)</p>	<p>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.</p> <p>A review of this level of assurance may raise a number of <b>MEDIUM</b> priority actions. Agreed actions will be followed up as they fall due.</p>
<p><b>Limited Assurance</b></p>	<p>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.</p> <p>A review with this level of assurance will raise one or more <b>HIGH</b> 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.</p>
<p><b>No Assurance</b></p>	<p>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.</p> <p>A review of this level may include a number of <b>HIGH</b> or <b>CRITICAL</b> 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.</p>

## Audit Findings Priority Ratings

Priority	Definition
<p style="text-align: center;"><b>Critical</b></p>	<p>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:</p> <ul style="list-style-type: none"> <li>• the efficient and effective use of resources</li> <li>• the safeguarding of assets</li> <li>• the preparation of reliable financial and operational information</li> <li>• compliance with laws and regulations</li> </ul>
<p style="text-align: center;"><b>High</b></p>	<p>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.</p>
<p style="text-align: center;"><b>Medium</b></p>	<p>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.</p>
<p style="text-align: center;"><b>Low</b></p>	<p>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.</p>
<p style="text-align: center;"><b>Advisory</b></p>	<p>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.</p>