
Subject: **QUARTERLY INTERNAL AUDIT UPDATE REPORT**

Meeting and Date: **Governance Committee – 1st December 2016**

Report of: **Christine Parker – Head of Audit Partnership**

Decision Type: **Non-key**

Classification: **Unrestricted**

Purpose of the report: This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th September 2016

Recommendation: That Members note the update report.

1. Summary

This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th September 2016.

2. Introduction and Background

2.1 For each Audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to each member of Corporate Management Team, as well as an appropriate manager for the service reviewed.

2.2 Follow-up reviews are performed at an appropriate time, according to the status of the recommendation, timescales for implementation of any agreed actions and the risk to the Council.

2.3 An Assurance Statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be Substantial, Reasonable, Limited or No assurance.

2.4 Those services with either Limited or No Assurance are monitored, and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of Assurance to either Reasonable or Substantial. A list of those services currently with such levels of assurance is attached as Annex 2 to the EKAP report.

2.5 The purpose of the Council's Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

2.6 To assist the Committee meet its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit

reports and follow-up reviews since the report submitted to the last meeting of this Committee.

SUMMARY OF WORK

- 2.7 There have been seven Internal Audit reports that have been completed during the period, of which one review was classified as providing Substantial Assurance, one review was classified as providing Substantial/Reasonable Assurance, four as Reasonable Assurance, and one as Limited.
- 2.8 In addition nine follow-up reviews have been completed during the period, which are detailed in section 3 of the quarterly update report.
- 2.9 For the six-month period to 30th September 2016, 138.19 chargeable days were delivered against the planned target of 284.10, which equates to 49% plan completion.

3 Resource Implications

- 3.1 There are no additional financial implications arising directly from this report. The costs of the audit work will be met from the Financial Services 2016-17 revenue budgets.
- 3.2 The financial performance of the EKAP is currently on target at the present time.

Appendices

Appendix 1 – Internal Audit update report from the Head of the East Kent Audit Partnership.

Background Papers

- Internal Audit Annual Plan 2016-17 - Previously presented to and approved at the 24th March 2016 Governance Committee meeting.
- Internal Audit working papers - Held by the East Kent Audit Partnership.

Contact Officer: Christine Parker, Head of Audit Partnership



INTERNAL AUDIT UPDATE REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP.

1. INTRODUCTION AND BACKGROUND

- 1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th September 2016.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level	No. of Recs.	
2.1	Electoral Registration and Election Management	Substantial	C H M L	0 0 0 0
2.2	EK Services – ICT Disaster Recovery	Substantial/ Reasonable	C H M L	0 5 1 1
2.3	Cemeteries	Reasonable	C H M L	0 1 0 0
2.4	Business Continuity & Emergency Planning	Reasonable	C H M L	0 2 2 5
2.5	Equality & Diversity	Reasonable	C H M L	0 0 3 2
2.6	EK Services – Business Rates Relief	Reasonable	C H M L	0 0 3 2
2.7	Playgrounds	Limited	C H M L	0 5 7 1

2.1 Electoral Registration & Election Management – Substantial Assurance.

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established by the Council's Electoral Registration Officer (ERO) and Returning Officer (RO) to ensure that the and electoral registration functions together with its management of all elections is administered in an efficient and effective manner in accordance with all prevailing legislation.

2.1.2 Summary of Findings

The Electoral Registration Officer (ERO) and Returning Officer (RO) at Dover District Council organises elections and referendums using guidance and resources provided by the Electoral Commission. The ERO/RO is the primary recipient of this report. The Electoral Commission monitors the performance of all local authority ERO's and RO's using its performance framework. The latest performance data (2013) taken from the Electoral Commission's website, shows that Dover District Council has met, or is above, standards in all of the performance criteria. It also shows a canvass return rate of 96%. The Electoral Registration Officer is currently leading Kent authorities through the planning process for the forthcoming Kent Police and Crime Commissioner election in May, and European referendum in June of this year.

The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- Planning has been commended by the Electoral Commission and the Electoral Registration Officer is the lead planner for elections in Kent;
- The full electoral register is published on the 1st of December each year and updates are published on the 1st of every month;
- Copies of the electoral register are securely distributed to entitled recipients;
- Contract Standing Orders are complied with;
- Canvassers are briefed on personal safety;
- The Council's internet pages are up to date and provide information to residents about how to vote;
- A post election review was undertaken in 2015;
- A separate bank account for elections is maintained with authorised signatories; and
- Parish Councils are appropriately recharged for elections.

2.2 EK Services ICT Disaster Recovery – Substantial/Reasonable Assurance.

2.2.1 Audit Scope

To ensure that the controls over the administration of disaster recovery regarding the EK Services ICT function are robust and sufficient to enable the partner councils to place reliance upon them for this service.

2.2.2 Summary of Findings

EK Services maintains three data centres that support around 1500 users across the partner councils. The EK Services ICT annual budget is £2.4m and the total spend on IT across the partnership is around £4.5m.

Information systems can fail and the only way to protect valuable data from being lost is to have an appropriate backup and recovery system in place. In order for disaster recovery processes to be effective management must provide commitment:

- In terms of providing appropriate resources.
- To the identification of requirements and the planning and implementation of standby arrangements.
- To the testing of the disaster recovery arrangements and the need to report on the results and make changes to the plan as appropriate.
- To the need to update the plan in the light of changing systems, people, responsibilities and external events.

Management can place Substantial Assurance on the system of internal controls in operation within EK Services. However; Management can only place Reasonable Assurance on the internal controls in operation at each of the partner councils whilst the Business Continuity Plans are fully developed in liaison with EK Services.

The primary findings giving rise to this assurance opinion are as follows:

- EK Services ICT has an up to date Business Continuity Plan and Emergency Plan in place. It is the requirement of the partner councils to determine their own Business Continuity Plans and Impact Risk Assessments which remain ongoing and require further consultation with EK Services.
- EK Services ICT hold secure copies of their BCP, Emergency Plan and associated key device configurations, guidance and procedures securely and are accessible from any location in the event of a major disaster.
- Back-ups are taken and held securely off site.
- Where ever possible EK Services ICT have built resilience into the network within the resources constraints available.

Scope for improvement was however identified in the following areas:

- The partner councils Business Continuity Plans and Impact Risk Assessments have either just been documented, and require consultation with EK Services ICT or are out of date and in the process of being reviewed.
- There is a lack of identification and prioritisation of critical systems, by the partner councils, for restore in the event of a major incident.
- Resource implications for effective disaster recovery require consideration in liaison with EK Services ICT.
- Constraints placed on EK Services ICT have limited the level and effectiveness of testing of system restores.

2.3 Cemeteries – Reasonable Assurance.

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council's cemetery activities are undertaken efficiently and effectively in accordance with Council policy and procedures.

2.3.2 Summary of Findings

The Council operated burial arrangements at 7 sites across the district In 2015-16 there were 161 burials and total income under the E6000 cost centre was £141,563.00p with expenditure of £171,808.42p (Excluding central recharges).

Grave digging processes need to be extremely robust because the smallest failure can damage the reputation of the Council. The main areas of risk are graves not being dug at all, graves being dug in the wrong place, graves being dug too small for the size of the coffin or graves being dug too big which impacts on capacity within the cemeteries.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- There is an established 'booking to grave digging' process in place (that has been in place for many years) that is carried out to ensure that when a grave is dug or reopened then it is done in the correct location.
- A new burial system has been put in place since May 2015 that had some initial teething problems with interfacing into EFINS but this has now been addressed. Also a data cleansing exercise is still ongoing on old grave plots reference numbers but the number of entries that need investigating has gone from approximately 5,000 to 2,000 over the last few months.
- Established income and payment processes are in place to ensure that monies are collected from the funeral directors and also made to the contractors.

Scope for improvement was however identified in the following areas:

- There is a need to ensure that the inspection programme for headstones and memorials are factored into the programme of works when the grounds maintenance function comes back in house and that staff are adequately trained to carry out this work.
- Website information needs to be updated each April to reflect any changes to the fees and charges and when the next annual invoice routine for planting and maintenance is carried out the correct rates should be used. It is hoped that the BACAS system will be used for this in January 2017.

2.4 Business Continuity & Emergency Planning – Reasonable Assurance.

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council has adequate arrangements to enable it to continue providing core services in the event of a loss of data and/or facilities (ICT provision, telephony and accommodation etc) at the main Whitfield Offices and to fulfil its statutory obligations under the Civil Contingencies Act 2004 in planning for and responding to emergencies.

2.4.2 Summary of Findings

The Civil Contingencies Act 2004 is a UK Act of Parliament that gives the government wide ranging powers in an emergency. It provides a statutory framework for civil protection at a local level.

Dover District Council has correctly identified itself as a Category 1 responder and the Emergency Plan adequately details the responsibilities placed upon District Councils as such responders.

The Act identifies the primary person responsible as the Chief Executive and although it does not provide the powers for delegated authority the Council's Constitution does; as such there are appropriately delegated members of staff overseeing both the Council's Business Continuity and Emergency Planning arrangements. Furthermore, there is a three year service level agreement in place with an external agent which aims to provide the Council with expert advice in the service delivery, planning functions, report writing and to provide relevant training of staff.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- Business Continuity & Emergency Planning Plans are in place, easily accessible and the majority are up to date;
- The plans are tested on a regular basis and learning outcomes identified and appropriately actioned;
- There is a Mutual Aid Agreement in place with neighbouring authorities to cover loss of emergency contact centre and additional resources should the need arise; and
- Training needs are being identified and actioned.

Scope for improvement was however identified in the following areas:

- Financial Procedure Rules & Procurement processes need to be followed and evidenced for the current and future service agreement;
- A data sharing protocol/agreement needs to be put in place when liaising with or services being provided by external agencies and voluntary groups; and
- Monitoring of all plans and Business Impact Assessments needs to be undertaken to ensure they are actioned or updated within the agreed timescales.

2.5 Equality & Diversity – Reasonable Assurance.

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Council complies with the public sector equality duties in accordance with the provisions of the Equality Act 2010.

2.5.2 Summary of Findings

The Equality Act 2010 replaces the previous anti-discrimination laws with a single Act. Under the Act the Council is required to set and monitor Equality Objectives and comply with the Public Sector Equality Duty (PSED). The PSED is in place to ensure that public bodies consider, by demonstrating due regard, the needs of the individuals in their day to day work in shaping policy, delivering services and in relation to their own employees.

'Having due regard to the aims of the general equality duty is about using good equality information and analysis, at the right time, as part and parcel of your decision making process'. Equality and Human Rights Commission – Meeting the equality duty in policy and decision making.

The aim of the Equality Duty is to support good decision-making by ensuring public bodies consider how different people will be affected by their activities, helping them to deliver policies and services which are efficient and effective; accessible to all; and which meet different people's needs.

Compliance with the duty should result in:

- Better- informed decision making and policy development;
- A clearer understanding of the needs of service users, resulting in better quality services which meet varied needs;
- More effective targeting of policy, resources and the use of regulatory powers;
- Better results and greater confidence in, and satisfaction with, public services; and
- A more effective use of talent in the workforce and a reduction in instances of discrimination and resulting claims.

Ensuring due regard is a continuous process and it should not be assumed that once assessed whether the duty is relevant to a particular function that this need not be considered again. The relevance of the duty to a function (or a particular protected characteristic) may change over time.

Publishing relevant equality information will make public bodies transparent about their decision-making processes, and accountable to their service users. It will give the public the information they need to hold public bodies to account for their performance on equality.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- The Council has an up to date and approved Equality Policy in place.
- The Council has agreed measureable equality objectives that link to the Corporate Plan.
- A good level of equality and stakeholder engagement information is published.
- Management have identified the lack of update training for staff and included compulsory equality training in the Corporate Training Plan for 2016/2017.
- Use of Equality Impact Assessments is made to ensure consideration of equality issues in the decision making process.

Scope for improvement was however identified in the following areas:

- The level of staff completing the compulsory equality training in the required timescale should be monitored.
- The frequency and level of reporting for the measurable tasks linked to the equality objectives should be determined and responsibility for each task assigned.
- Customer Equality data should only be held where use of the data has been determined and the data should be held securely.

2.6 EK Services Business Rates Relief – Reasonable Assurance.

2.6.1 Audit Scope

To ensure that the partner councils' Business Rate accounts are administered by EK Services on their behalf correctly, to ensure the accurate documentation, proper approval and allocation of relevant reliefs from liability in compliance with government legislation.

2.6.2 Summary of Findings

For each property in the rating list for their area, the local authority calculates and issues a bill, which it is responsible for collecting, with powers to pursue payment. The ratable value which is prescribed by the Valuation Office is multiplied by the Uniform Business Rate, referred to in legislation as the non-domestic rating multiplier, to arrive at an annual bill. This function has been delegated to EK Services by the three local Councils: Canterbury City Council, Dover District Council & Thanet District Council by the implementation of a Collaboration Agreement and Service Level Agreements.

Some properties are eligible for discounts from the local council on their business rates. This is called 'business rates relief' and an application will need to be made to the relevant Council. The reliefs can be mandatory, discretionary or both and are:

- Charitable and non-profit making organisation relief
- Empty and partly occupied relief
- Rural property relief
- Small Business Rate Relief (SBRR)
- Transitional relief
- Hardship relief
- Enterprise Relief

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- There is a policy in place that governs the discretionary relief process;
- There is comprehensive information made available to the public via each authority's website, and;
- There is an efficient management regime in place and all partner councils are kept up to date.

Scope for improvement was however evidenced in the following areas:

- Procedures that govern the reliefs process need to document the daily roles; responsibilities and routines for the NNDR functions;
- The training regime being offered needs to be adequately documented to ensure that CPD is kept up to date and training opportunities are maximised;
- The discretionary reliefs policy needs to be applied and adhered to when processing all types of reliefs, and;
- Evidence in support of the application process needs to be placed on file for all applications.

2.7 Playgrounds – Limited Assurance.

2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the service provision regarding playgrounds and the equipment located within them ensures that they are safe, well maintained and are robust to meet their intended use for the future.

2.7.2 Summary of Findings

The Council is responsible for managing and monitoring 20 sites containing a combination of playgrounds, skate parks and multi-use game areas (MUGAs) in accordance with the Health and Safety at Work Act 1974; the Children Act 1989 and the Management of Health and Safety at Work Regulations 1999. Some of the play areas are looked after by the Council on behalf of East Kent Housing.

The operational and inspection framework in place is based upon best standards set out by ROSPA (Royal Society for the Prevention of Accidents). The system in place is called a three tier system (i.e. three levels of inspection). The three tier inspection framework is widely recognised as a good working model to have in place in line with best practice. This framework helps the Council comply with the European Playground Equipment Standard EN 1176 and EN 1177. The framework also helps provide a certain level of assurance that playgrounds and playground equipment is being monitored adequately.

The primary findings giving rise to the Limited Assurance opinion in this area are as follows:

- There were weaknesses in all three tier inspection routines which increases the risk of a claim being made against the Council which the insurer may decide could affect the validity of the public liability insurance in place;
- There are three high risk defects identified by the insurer as part of the third tier annual inspection in June 2016 which remain unresolved.
- The majority of the tier one and tier two inspections are being carried out by one operative whose certificate to carry out inspections expired in January 2016;
- Approved actions and responsibilities need to be recorded;
- There are a number of amendments that need to be made to the inspection sheets to ensure adequate information is being consistently recorded;
- Two play areas in Deal which were fenced off during the annual inspection by the insurer are now currently in use, one of which has a bolt missing from a piece of equipment; and,
- Policies and procedures should be introduced to support the strategic objectives and help improve the effectiveness of any new playground maintenance contract.

Effective control was however evidenced in the following areas:

- The three tier inspection framework is widely recognised as best practice;
- The Council has a good strategy in place which was approved in 2013;
- Budgetary controls are working effectively;
- The insurance processes in place with Zurich are good; and
- The Council has not yet had a successful claim made against it and the likelihood of a claim being made now as the autumn approaches is small.

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

- 3.1 As part of the period's work, nine follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations previously made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. Those completed during the period under review are shown in the following table.

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
a)	Printing & Post	Substantial	Substantial	C H M L	0 0 2 2	C H M L	0 0 0 0
b)	Employee Health & Safety	Reasonable	Substantial	C H M L	0 3 3 0	C H M L	0 0 0 0
c)	East Kent Housing – Repairs, Maintenance & Void Mgmt.	Limited	Limited	C H M L	0 6 9 3	C H M L	0 0 2 0
d)	Dog Warden & Environmental Crime Enforcement	Reasonable	Reasonable	C H M L	0 3 4 1	C H M L	0 1 0 0
e)	Your Leisure	Reasonable	Reasonable	C H M L	0 4 0 1	C H M L	0 0 0 0
f)	Risk Management	Reasonable	Reasonable	C H M L	0 1 3 0	C H M L	0 0 0 0
g)	Environmental Protection Service Complaints	Substantial	Substantial	C H M L	0 0 2 0	C H M L	0 0 0 0
h)	Building Control	Reasonable	Substantial	C H M L	0 4 4 1	C H M L	0 0 1 1
i)	EK Services – ICT Physical & Environmental	Reasonable	Reasonable	C H M	0 1 4	C H M	0 1 1

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
				L	0	L	0

- 3.2 Details of each of the individual high priority recommendations outstanding after follow-up are included at Annex 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now being escalated for the attention of the s.151 Officer and Members of the Governance Committee.

The purpose of escalating outstanding high-risk matters is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

- 3.3 As highlighted in the above table, those areas previously reported as having either Limited or No assurance have been reviewed and, in respect of those remaining at below Reasonable assurance, Members are advised as follows:

c) East Kent Housing – Repairs Maintenance & Void Management:

The main issues, identified at the time of the initial review, that needed to be addressed were surrounding:

- A significant number of variations to job costs at Dover by the contractor without documented approval from EKH.
- High numbers of repairs older than 30 days not being investigated.
- Quotes were not being received for work undertaken outside of the *Price Per Property* (PPP) contract with a value in excess of £1,000 at Canterbury.
- A lack of defined procedures in place for the post inspection of planned maintenance work resulting in confusion over roles and responsibilities. In terms of both informing officers of the work requiring inspection and then the reporting of inspection results.
- Charges for rechargeable works are not being raised and collected in 3 areas

Whilst progress has been made in most of the areas where weaknesses were identified, there remains a number of recommendations which are either not yet fully implemented, or have been implemented so recently that they are not yet fully embedded in standard practices, an example of which surrounds the post inspection of planned maintenance work which was only implemented in May 2016.

Variations to job costs were identified in the original review as an area requiring improvement, our review of job costs varied by more than £150 for jobs completed in April & May 16 identified 96 jobs varied by more than £150, but the correct authorisation had only been granted by EKH officers for 25 of the jobs.

Our testing of repairs undertaken outside of the *Price Per Property* (PPP) contract at Canterbury with a value in excess of £1,000 during April and May 16 identified 34 jobs with a cost in excess of £1,000 per job. Officers had not obtained quotes for 11 of the jobs which had a combined value of £26,895.

The procedures surrounding the inspection of planned maintenance work were identified in the original review as having weaknesses evident. Our testing confirms that revised procedures were introduced in May 2016 which have resulted in inspections being better documented, however it was also identified that no post inspections have been recorded for kitchens and bathrooms in both the Thanet and Canterbury areas. Therefore while procedures for post inspections of planned maintenance work are now being better documented, weaknesses continue to be evident.

Similarly post inspections of repairs at Dover are now subject to management review, however approximately 20% of work post inspected continues to fail post inspection, yet there is no evidence to show that procedures for post inspections have been revised to attempt to reduce the proportion of work failing post inspections.

4.0 WORK-IN-PROGRESS:

- 4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings: Tenancy & Estate Management, Performance Management, Treasury Management, Budgetary Control, Main Accounting System, Garden Waste & Recycling Income, and Insurance and Inventories of Portable Assets.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2016-17 Audit plan was agreed by Members at the meeting of this Committee on 24th March 2016.
- 5.2 The Head of the Audit Partnership meets on a quarterly basis with the Section 151 Officer to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments have been made to the plan during the course of the year as some high profile projects or high-risk areas have been requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding when resources have been applied and or changed are shown as Annex 3.

6.0 FRAUD AND CORRUPTION:

- 6.1 There were no other new or recently reported instances of suspected fraud or irregularity that required either additional audit resources or which warranted a revision of the audit plan at this point in time.

7.0 INTERNAL AUDIT PERFORMANCE

- 7.1 For the six-month period to 30th September 2016, 138.19 chargeable days were delivered against the planned target of 284.10, which equates to 49% plan completion.
- 7.2 The financial performance of the EKAP is currently on target at the present time.
- 7.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has improved on the range of performance indicators it records and measures. The performance against each of these indicators is attached as Annex 4.

- 7.4 The EKAP introduced an electronic client satisfaction questionnaire, which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service. Current feedback arising from the customer satisfaction surveys is featured in the Balanced Scorecard attached as Annex 4.

Attachments

Annex 1	Summary of High priority recommendations outstanding after follow-up.
Annex 2	Summary of services with Limited / No Assurances
Annex 3	Progress to 30 th September 2016 against the agreed 2016/17 Audit Plan.
Annex 4	EKAP Balanced Scorecard of Performance Indicators to 30 th September 2016.
Annex 5	Assurance statements

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING OR IN PROGRESS AFTER FOLLOW-UP – ANNEX 1

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
<i>Dog Warden Service & Environmental Crime Enforcement – September 2016:</i>		
Advice and guidance should be sought from legal services and S151 officer on the Council's obligations under clause 1v) of the kennelling contract, as back payments may be claimed and a breach of contract may have occurred	<p>Legal services contacted awaiting advice on clause</p> <p>Proposed Completion Date – (Various)</p> <p>June 2016 - chase legal services Matter to be resolved by end of contract in March 2017</p> <p>Responsibility - Environmental Crime Team Leader</p>	<p>Need to chase and arrange for new amended version of contract to be signed by both parties. To arrange meeting with Kennels to discuss clause.</p> <p>Outstanding</p> <p>New estimated completion date January 2017.</p>
EK Services – Physical & Environmental Controls:		
To install a gaseous fire suppressant system (DDC) in line with other local authorities.	<p>This issue will be raised at the next DDC Client meeting.</p> <p>Proposed Completion Date March 2016</p> <p>Responsibility Head of ICT</p>	<p>The issue of fire suppressant was raised by the Head of ICT with the DDC Client Officer in 2015 and at subsequent meetings; no agreement has been reached.</p> <p>Outstanding.</p>

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
EKS – PCI DSS	September 2016	Limited	Spring 2017
Playgrounds	December 2016	Limited	Spring 2017

PROGRESS AGAINST THE AGREED 2016-17 AUDIT PLAN.

DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2016	Status and Assurance Level
FINANCIAL SYSTEMS:				
Treasury Management	5	5	0.17	Work-in-Progress
Main Accounting System	10	10	0.17	Work-in-Progress
Budgetary Control	10	10	0.17	Work-in-Progress
Insurance & Inventories of Portable Assets	10	10	7.32	Work-in-Progress
RESIDUAL HOUSING SYSTEMS:				
Homelessness	10	10	0.25	Quarter 4
HRA Business Plan	10	10	0	Quarter 4
GOVERNANCE RELATED:				
Data Protection, FOI, and Information Records Management	10	10	11.41	Finalised – Reasonable
Officers' Code of Conduct & Gifts and Hospitality	10	0	0.24	Postpone until 2017-18; replace with unplanned reviews
Anti-Fraud & Corruption	10	10	0	Quarter 4
Performance Management	10	10	0.89	Work-in-Progress
Corporate Advice/CMT	2	2	1.73	Work-in-Progress throughout 2015-16
s.151 Meetings and support	9	9	6.28	Work-in-Progress throughout 2015-16
Governance Committee Meetings and Reports	12	12	8.36	Work-in-Progress throughout 2015-16
2017-18 Audit Plan Preparation and Meetings	9	9	0.54	Quarter 4
CONTRACT RELATED:				
Receipt & Opening of Tenders	8	8	0	Quarter 4
SERVICE LEVEL:				
Cemeteries	10	10	8.22	Finalised - Reasonable
Safeguarding Return to KCC (s11)	1	1	0	Quarter 4

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2016	Status and Assurance Level
Food Safety	10	0	0	Postpone until 2017-18; replace with unplanned reviews
Port Health	10	0	1.11	Postpone until 2017-18; replace with unplanned reviews
Contaminated Land	10	0	.21	Postpone until 2017-18; replace with unplanned reviews
Business Continuity & Emergency Planning	10	10	15.31	Finalised - Reasonable
Disabled Facilities Grants	10	10	10.78	Finalised - Reasonable
Land Charges	10	10	0	Quarter 4
Licensing	10	0	0.3	Postpone until 2017-18; replace with unplanned reviews
Members Allowances	10	10	4.67	Finalised - Substantial
Planning Applications, Income & s.106 Agreements	12	12	0.22	Quarter 4
OTHER				
Liaison with External Auditors	2	0	0	Work-in-Progress throughout 2016-17
Follow-up Work	10	10	12.82	Work-in-Progress throughout 2016-17
FINALISATION OF 2015-16- AUDITS				
Grounds Maintenance	5	5	0.68	Finalised - Limited
Shared Service Monitoring			3.95	Finalised – Reasonable
Commercial Properties and Concessions			8.7	Finalised - Reasonable
Dog Warden & Litter Enforcement			3.96	Finalised - Reasonable
Electoral Registration & Election Management			2.63	Finalised - Substantial
Equality & Diversity			9.6	Finalised - Reasonable
Recruitment			5.43	Work-in-Progress
Procurement			0.27	Finalised - Reasonable
Days under delivered in 2015-16	0	14.1	0	Completed
UNPLANNED WORK:				

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2016	Status and Assurance Level
Cash Counting Arrangements	0	2	1.9	Finalised
Right to Buy	0	8	0.17	Work-in-Progress
Playgrounds	0	8	9.09	Finalised - Limited
Garden Waste & Recycling Income	0	8	0.17	Work-in-Progress
Inward Investment, External Funding & Project Management	0	26	0.47	Quarter 3
EK HUMAN RESOURCES				
Payroll	5	5	0	Quarter 3
Employee Benefits in Kind	5	5	0	Quarter 4
Leavers and Disciplinary	5	5	0	Quarter 4
TOTAL	270	284.10	138.19	49% as at 30th September 2016

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2016	Status and Assurance Level
Planned Work:				
Governance	15	0	0	Postponed to future audit plan
Finance Systems and ICT Controls	15	0	0	Postponed to future audit plan
Audit Ctte/EA Liaison/Follow-up	6	6	7.84	Work-in-progress throughout 2016-17
Rent Accounting & Collection	15	15	0	Quarter 4
Tenancy & Estate Management	29	29	9.27	Work-in-Progress
Days over delivered in 2015-16	0	-18.15	0	Completed
Unplanned Work:				
Procurement	0	15	14.31	Finalised
Repairs and Maintenance Contract Query	0	0	0.37	Finalised
Single System Controls	0	15	2.08	Work-in-Progress
Total	80	61.85	33.87	55% at 30-09-2016

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2016	Status and Assurance Level
Planned Work:				
Housing Benefit Overpayments	15	15	13.85	Finalised - Substantial
Fraud Investigations	15	0	0.64	No longer required
Housing Benefit Subsidy	15	15	0.26	Quarter 3
Council Tax	30	20	0.10	Quarter 3
Customer Services	15	15	15.31	Finalised - Substantial
ICT Change Controls	12	12	0.20	Quarter 2
ICT Software Licensing	12	12	0	Quarter 3
ICT Network Security	12	12	0	Quarter 4
Corporate/Committee	8	8	3.23	Ongoing
Follow-up	6	6	1.26	Work-in-progress throughout 2016-17
DDC / TDC Quarterly Housing Benefit Testing	20	20	9.28	Work-in-progress throughout 2016-17
Finalisation of 2015-16 work-in- progress	0	25.00	25.96	Completed
Days under delivered in 2015-16	7.33	7.33	7.33	Completed
Total	167.33	167.33	77.42	46% at 30-09-2016

BALANCED SCORECARD – QUARTER 2

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2016-17 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2016-17 Actual</u>	<u>Original Budget</u>
	Quarter 2		Reported Annually		
Chargeable as % of available days	87%	80%	• Cost per Audit Day	£	£326.61
Chargeable days as % of planned days			• Direct Costs	£	£419,420
CCC	59%	50%	• + Indirect Costs (Recharges from Host)	£	£11,700
DDC	49%	50%	• - 'Unplanned Income'	£	Zero
SDC	45%	50%	• = Net EKAP cost (all Partners)	£	£431,120
TDC	58%	50%	• Saving Target	£	10%
EKS	46%	50%			
EKH	55%	50%			
Overall	51%	50%			
Follow up/ Progress Reviews;					
• Issued	44	-			
• Not yet due	28	-			
• Now due for Follow Up	29	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

BALANCED SCORECARD – QUARTER 2

<u>CUSTOMER PERSPECTIVE:</u>	<u>2016-17 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2016-17 Actual</u>	<u>Target</u>
	Quarter 2			Quarter 2	
Number of Satisfaction Questionnaires Issued;	37		Percentage of staff qualified to relevant technician level	83%	75%
Number of completed questionnaires received back;	20		Percentage of staff holding a relevant higher level qualification	36%	32%
	= 54%		Percentage of staff studying for a relevant professional qualification	28%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	0.61	3.5
<ul style="list-style-type: none"> Interviews were conducted in a professional manner 	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	36%	32%
<ul style="list-style-type: none"> The audit report was 'Good' or better 	100%	100%			
<ul style="list-style-type: none"> That the audit was worthwhile. 	100%	100%			

Definition of Audit Assurance Statements & Recommendation Priorities

Assurance Statements:

Substantial Assurance - From the testing completed during this review a sound system of control is currently being managed and achieved. All of the necessary, key controls of the system are in place. Any errors found were minor and not indicative of system faults. These may however result in a negligible level of risk to the achievement of the system objectives.

Reasonable Assurance - From the testing completed during this review most of the necessary controls of the system in place are managed and achieved. There is evidence of non-compliance with some of the key controls resulting in a marginal level of risk to the achievement of the system objectives. Scope for improvement has been identified, strengthening existing controls or recommending new controls.

Limited Assurance - From the testing completed during this review some of the necessary controls of the system are in place, managed and achieved. There is evidence of significant errors or non-compliance with many key controls not operating as intended resulting in a risk to the achievement of the system objectives. Scope for improvement has been identified, improving existing controls or recommending new controls.

No Assurance - From the testing completed during this review a substantial number of the necessary key controls of the system have been identified as absent or weak. There is evidence of substantial errors or non-compliance with many key controls leaving the system open to fundamental error or abuse. The requirement for urgent improvement has been identified, to improve existing controls or new controls should be introduced to reduce the critical risk.

Priority of Recommendations Definitions:

Critical – A finding which significantly impacts upon a corporate risk or seriously impairs the organisation's ability to achieve a corporate priority. Critical recommendations also relate to non-compliance with significant pieces of legislation which the organisation is required to adhere to and which could result in a financial penalty or prosecution. Such recommendations are likely to require immediate remedial action and are actions the Council must take without delay.

High – A finding which significantly impacts upon the operational service objective of the area under review. This would also normally be the priority assigned to recommendations relating to the (actual or potential) breach of a less prominent legal responsibility or significant internal policies; unless the consequences of non-compliance are severe. High priority recommendations are likely to require remedial action at the next available opportunity or as soon as is practical and are recommendations that the Council must take.

Medium – A finding where the Council is in (actual or potential) breach of - or where there is a weakness within - its own policies, procedures or internal control measures, but which does not directly impact upon a strategic risk, key priority, or the operational service objective of the area under review. Medium priority recommendations are likely to require remedial action within three to six months and are actions which the Council should take.

Low – A finding where there is little if any risk to the Council or the recommendation is of a business efficiency nature and is therefore advisory in nature. Low priority recommendations are suggested for implementation within six to nine months and generally describe actions the Council could take.