
Subject: **QUARTERLY INTERNAL AUDIT UPDATE REPORT**

Meeting and Date: **Governance Committee – 7th December 2017**

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 2017

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.

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 eight Internal Audit reports that have been completed during the period, of which two reviews were classified as providing Substantial assurance, four as Reasonable Assurance, and two with a split assurance level of Reasonable/Limited.
- 2.8 In addition four 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 2017, 119.86 chargeable days were delivered against the planned target of 260.95, which equates to 46% 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 2017-18 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 2017-18 - Previously presented to and approved at the 6th April 2017 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 2017.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level	No. of Recs.	
2.1	EK Services – Business Rates	Substantial	C H M L	0 1 2 0
2.2	Port Health	Substantial	C H M L	0 0 0 0
2.3	Right to Buy	Reasonable	C H M L	0 0 0 0
2.4	Environmental Protection – Contaminated Land, Pollution, Air & Water Quality	Reasonable	C H M L	0 1 1 2
2.5	EK Services – ICT Software Licensing	Reasonable	C H M L	0 2 6 0
2.6	East Kent Housing – Performance Indicator Data Quality	Reasonable	C H M L	0 0 1 2
2.7	Inward Investment	Reasonable/Limited	C H M L	0 0 0 1
2.8	Land Charges	Reasonable/Limited	C H M L	0 1 2 0

2.1 EK Services Business Rates – Substantial Assurance

2.1.1 Audit Scope

To ensure that the processes and procedures established by EK Services are sufficient to provide the level of service required by the partner councils and incorporate relevant internal controls regarding the administration of Business Rates, especially the recording of accounts, valuation, billing and monitoring of accounts including changes in responsible person.

2.1.2 Summary of Findings

Business rates are calculated using the rateable value of premises (set by the Valuation Office Agency) and the business rates multipliers as set by central government. East Kent Services as the collection agent for Canterbury City Council and Dover and Thanet District Councils collected over £125 million pounds in total (99% Collection Rate) for 2016/17 for the three authorities.

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

- A good collection rate of 99% for business rates reflects the hard work that the officers undertake to ensure actions are carried out in a timely manner and that revised bills are issued and monies are collected.
- Established and well documented testing schedules are in place when the CIVICA system is updated or year-end / year-end processes have to be carried out.

Scope for improvement was however identified in the following areas:

- Processes need to be put in place to ensure that the Business Rates staff are kept up to date with information, legislation etc. on a weekly basis when the Business Rates Team Leader goes on maternity leave.
- The Discretionary Relief Check Sheet should be revised to include a sign off section that is completed both by the Officer completing the application and the authorising officer thus giving a complete audit trail of the authorisation process that has been carried.

2.2 Port Health - Substantial Assurance

2.2.1 Audit Scope

The audit will examine and evaluate the risks and controls established by management to ensure that all port health activities are suitably controlled.

2.2.2 Summary of Findings

The port of Dover was made a designated point of entry on 13 October 2014. This means it has access to appropriate control facilities and is approved to handle some or all of the food and feed products as per Annex 1 of Regulation 669/2009 (as amended).

The public protection officers receive notifications of FNAO (food not of animal origin) consignments due at the port and check these on a profiled risk basis. Public protection services at the port have generated the following income:

Port Health Income	Actual £	Budget £
2015/16	52,296	30,560
2016/17	26,698	47,160
2017/18 (at 12/10/2017)	18,844	27,730

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

- Up to date information and legislation is available to the public protection officers via the Food Standards Agency (FSA) website; alerts are also received from the FSA;
- Many procedure documents are in place and have been recently reviewed;
- Documents and checks are recorded on M3 and work is promptly invoiced; and
- Fixed food premises at the port are inspected as scheduled.

2.3 Right to Buy - Reasonable Assurance

2.3.1 Audit Scope

To examine and evaluate the whole system of controls, both financial and otherwise, established by management in order to carry on the business of the enterprise in regard to Right to Buy applications in an orderly and efficient manner, ensure adherence to management policies, safeguard the Authority's assets and secure as far as possible the completeness and accuracy of its accounting records.

2.3.2 Summary of Findings

East Kent Housing (EKH) provides housing management services for Canterbury, Dover, Shepway and Thanet councils. This includes processing right to buy applications from council tenants. EKH manage the full process for Dover, Shepway and Thanet. Until recently EKH only processed any Canterbury applications at their initial stage, after which Canterbury took over the processing of the application. Following agreement by Canterbury, EKH took on responsibility for the full right to buy application process from 1st September 2017

Council tenants have the right to purchase their home under prescribed criteria and the Government introduced increased discounts to tenants wishing to buy their home under the right to buy (RTB) scheme almost four years ago. This has made the scheme popular with tenants and potential fraudsters alike.

In 2016/2017 a total of 105 homes were sold in the East Kent district.

Council	Total applications received (includes live applications at year end)	Total applications withdrawn	Total Properties sold	Selling price net of discounts	Discounts allowed
Canterbury	62	38	25	£3,013,000	£1,819,000

City Council					
Dover District Council	59	15	37	£2,606,000	£2,438,000
Shepway District Council	37	18	21	£1,740,775	£1,442,725
Thanet District Council	46	7	22	£1,622,440	£1,467,310

There are no published figures yet for the councils for 2016/2017 in respect of investigated social housing fraud, these statistics do not just include right to buy fraud but also include other tenancy fraud such as tenancy fraud i.e. subletting. The exception to this is Shepway who have disclosed on their website that no social housing fraud had been investigated in 2016/2017. This is not to say that for each council action taken by EKH officers in validating a right to buy application has not prevented fraud; it means that the sale did not go ahead, often as the application was declined in the first instance due to checks made.

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

- Guidance is available to tenants via the EKH Website, including links to relevant government guidance.
- Tenancy agreements inform tenants of their right to buy their council property subject to specific criterion being met.
- Applications are being dealt with within prescribed timescales.
- Appropriate verification and qualification checks are in place.
- Property sale prices are being correctly calculated based on current data.
- Taking into account the resources available appropriate checks are being made to prevent and detect fraud.

Scope for improvement was however identified in the following areas:

- EKH should make use of county wide tenancy fraud resources available by regular attendance at the newly formed Kent Tenancy Fraud Forum.
- All pages from completed documents, including those where no data has been recorded, should be scanned and retained as an omission of information may be significant as the information provided in the event of future legal action being required.

2.4 Environmental Protection; Contaminated Land, Pollution, Air & Water Quality – Reasonable Assurance

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established by the Council in the following areas of environmental protection:

- Air Quality Management and Air Quality Monitoring;
- Contaminated land;
- Polluting Industrial Processes (Pollution prevention and control regime); and
- Drinking Water.

2.4.2 Summary of Findings

The primary aim of the service is to facilitate acceptable standards for those living, working or visiting the district in respect of air, land and water quality. The Regulatory Service function plays a key role in fulfilling the Council's statutory duties in relation to Air Quality Management, Contaminated Land and Drinking and Bathing Water Quality. The main pieces of legislation and regulation include the Environmental Act 1990 and 1995, the Environmental Permitting (England & Wales) Regulations 2016 and the Private Water Supplies Regulations 2016. The area under review is not directly linked to any corporate risks or objectives but as a support function contributes to all of them.

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

- Compliance with regulations was evidenced during the course of the audit in relation to Air Quality, Private Water Supplies and Environmental Permitting;
- Processes and procedures were working effectively to help the department achieve its objectives set out in the Regulatory Services Business Plan;
- Risk assessments and inspection routines were well documented and working effectively; and
- All records were held in compliance with the Data Protection Act.

Scope for improvement was however identified in the following areas:

- A requirement to formally re-introduce an up to date Contaminated Land Strategy which is out of date;
- One private water supply requires a risk assessment to be undertaken and then added to the private water supply register;
- A number of lower level administrative elements require some attention i.e. website updates and invoicing discrepancies..

2.5 EK Services ICT Software Licensing - Reasonable Assurance

2.5.1 Audit Scope

To ensure that the procedures and internal controls established by EK Services are sufficient to provide an effective, efficient, secure and economical ICT service to the three partner authorities of Canterbury CC, Dover DC and Thanet DC. An important aspect of this being the administration of software licencing of ICT applications, on behalf of the partners.

2.5.2 Summary of Findings

Software Licensing is a complicated and difficult area to manage and control particularly across a shared service because there is always a risk in gaps of responsibility in respect of good software license management. There are approximately 100 back office ICT systems that are not managed or controlled by EK Services, therefore the management of licenses is also not under their control. Two of the major back office software packages that are managed and controlled by EK Services are Adobe, Microsoft Office and Google Suite.

EK Services are in the final stages of rolling out 'TOP desk' which is a helpdesk and facilities management software package used to manage and integrate IT functions and processes. The product includes a module for asset management (including a Software Asset Management Programme - SAM) and is due to be rolled out later this year. This functionality will eventually help EK Services and each Council identify, control, monitor and manage license numbers across the network. A large focus of this audit has therefore been on project governance, project controls, risk management and then the routine internal controls that need to be embedded once the SAM module is in place.

Management can place Reasonable Assurance on the systems of internal control in relation to the management and monitoring of Software Licenses in operation. This opinion is based on the limited scope of testing that could be undertaken without the assistance of the SAM module.

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

- No breach of license conditions was detected during testing;
- The Expression of Interest Process (EOI) is an effective control which helps prevent software from being purchased or installed without high level approval from a senior officer from within a Council;
- All devices across the network are set up to prevent software from being installed without administrator authorisation; and
- Sophos antivirus scanning ensures ICT are notified when certain types of software are detected.

Scope for improvement was however identified in the following areas:

- The Software Asset Management system has not yet been rolled out which will detect and help manage software and software licenses;
- There were some instances where software controlled by administrators with individual councils did not have access to the licensing agreement or thought that responsibility lay elsewhere;
- Roles and Responsibilities require re-assessment and re-evaluation to ensure there are no gaps.

2.6 East Kent Housing Performance Indicator Data Quality – Reasonable Assurance

2.6.1 Audit Scope

Assess the methodology of the collection and measurement of performance indicators particularly where data is subject to manual intervention and manipulation to calculate and provide assurance in this regard and in respect of any reporting information that has been adjusted. There is a desire to be able to compare apples

with apples once the new single system is in place, so challenging (and fully understanding) the indicators now, is important.

2.6.2 Summary of Findings

There are in total 35 individual performance indicators in use by East Kent Housing (EKH). EKH record this performance information on a monthly basis and produce a selection of PI data in a formal quarterly report for debate at its management team. The report is useful for recognising achievement, addressing any issues and driving improvement.

The formal quarterly report is issued to the partner councils in accordance with their individual requirements and timetable deadlines.

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

- PIs are agreed, recorded, monitored, interpreted and challenged;
- The PI reports are submitted to partner councils within the agreed deadlines;
- PIs are checked where possible before being issued to clients, and;
- 14 PIs were tested; 96.3% (52/54) of the data was verified as correct (including PIs which are subject to manual intervention and manipulation); the maximum variance was 1.5% and did not change the status of the PI.

Scope for improvement was however identified in the following areas:

- Where there is not enough time to check the quarterly report, consider sending it out under the condition that data is provisional and should there be any significant revisions, the councils will be notified;
- If the Single System is for any reason unable to accommodate complaints recording, complaints should be recorded directly to Covalent,
- Once the new single system has been implemented, the method of calculating some PIs were need to be reviewed; and;
- All workings should be consistently recorded.

2.7 Inward Investment – Reasonable/Limited Assurance:

2.7.1 Audit Scope

To review the Council's approach and success in attracting and managing inward investment (including commercial and residential developments; and strategic transportation infrastructure solutions) that support specific projects and the economic regeneration of the district and supports Corporate priority No 1.

2.7.2 Summary of Findings

A review of Inward Investment at Dover District Council was undertaken as part of East Kent's Audit Partnership's 2016/17 Audit Plan.

In 2008 the Government designated Dover as a National Growth Point and a Regional Spatial Strategy for the South East of England set out a strategic planning framework for the whole district. The Council adopted and published a Local Development Framework (LDF) in February 2010. The LDF sets out the Council's proposed course for the next two decades. It sets out the need for change, the aims and objectives of the strategy, strategic allocations and the delivery framework. There were four development opportunities that individually and collectively were of such

scale and significance that the Council saw them as central to the success of the Core Strategy. These were:

- Dover Waterfront
- Mid Town, Dover
- Former Connaught Barracks complex, Dover
- The managed expansion of Whitfield, Dover.

Dover Waterfront and Mid Town were seen as potential to improve shopping, leisure, community and educational provision and generate new employment opportunities. Former Connaught Barracks and Whitfield were seen as creating new housing offerings in the district.

The primary findings giving rise to the split assurance opinion in this area are as follows, The Council is making good progress with its inward investment plans and controls in place are generally operating effectively, leading to the Reasonable assurance conclusion, but some expected controls were missing and this leads us to a conclusion of Limited assurance on the design of the controls.

Scope for improvement was therefore identified in the following areas

- the inward investment portfolio is managed by a single manager without a succession plan (high priority)
- there are no formal process in place to record actions and agreements for each potential investment opportunity (high priority).
- a set of established procedures, are currently absent
- five medium priority recommendations, have also been raised for example project records are not maintained to document the progress of projects, which would also help ensure that other Council staff could step in to support the development / investment opportunity as required.

2.8 Land Charges – Reasonable/Limited Assurance

2.8.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council maintains an efficient and effective Land Charges function in accordance with prevailing legislation.

2.8.2 Summary of Findings

The Council has a statutory duty under the Local Land Charges Act 1975 to maintain an accurate and up-to-date Register of Local Land Charges affecting land and property. The two main functions of the Land Charges Service are to maintain the register and to provide search information for paying customers. The income level for 2016/17 (£229,526) shows a 5% drop against the income received for 2015/16 (£241,516).

Management can place Reasonable Assurance on the system of internal controls in operation for the day to day processing of searches and Limited Assurance on data capturing for both the new local land charges system and for when the local land charges register is handed over to the Land Registry.

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

- Processes and Officer knowledge of the district are in place to ensure that searches are processed within 10 working days. (8.04 average days for 2016/17).
- Entries to update the local land charges register with current information are carried out efficiently with documentation to support the amendment being in place.
- Income monitoring is carried on a monthly basis along with other service performance measures.

Scope for improvement, giving rise to the Limited Assurance opinion, was however identified in the following areas:

- The local land charges paper register is not up to date in respect of rural planning conditions and listed building curtilages. With the land registry due to take over the local land charges register at some point over the next 5 years there are concerns that the register is not electronic and not up to date for transferring over to them. A meeting is to be held in July 2017 with the Land Registry to advise them of the current issues and how to move them forward.
- There is an issue as to who should be responsible for answering the questions on highways. Currently the information is being obtained by the Local Land Charges officers from the Kent County Council website but there is no guarantee that the information is up to date or correct. There is merit in considering referring these questions to Kent County Council (at a cost of £21 plus VAT per search) for them to answer thus passing the risk of providing inaccurate information on to them in case of future claims.
- The implementation of the new Uniform system for Planning and Land Charges will hopefully address the issue of the records held on the system as currently the records on Acolaide only relate to any properties that have had a planning application and their own land parcel reference number and not the gazateer information which is for all properties across the district.
- There is no evidence to support a cost neutral exercise having been carried out for several years on the Land Charges function for the setting of the fees and charges. This exercise therefore needs to be carried out to assist in setting the next financial year's fees and charges.

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

- 3.1 As part of the period's work, four 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)	Garden Waste & Recycling Income	Reasonable	Reasonable	C	0	C	0
				H	2	H	1
				M	3	M	0
				L	2	L	0

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
b)	EK Services – Housing Benefit Payments	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	0	M	0
				L	1	L	0
c)	EK Services – Customer Services	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	1	M	0
				L	3	L	0
d)	EKH Tenancy & Estate Management	Substantial	Substantial	C	0	C	0
				H	5	H	0
				M	6	M	0
				L	3	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.

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:; Officer Code of Conduct, Local Code of Corporate Governance, Scheme of Officer Delegations, External Funding Protocol, CCTV, and CSO Compliance.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2017-18 Audit plan was agreed by Members at the meeting of this Committee on 6th April 2017.
- 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 2017, 119.86 chargeable days were delivered against the planned target of 260.95, which equates to 46% 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 2017 against the agreed 2017/18 Audit Plan.
Annex 4	EKAP Balanced Scorecard of Performance Indicators to 30 th September 2017.
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>Garden Waste & Recycling Income – October 2017:</i>		
The Waste Services Manager should ensure that an independent regular reconciliation of the actual income received (as recorded on the Financial Management System) and the expected income (recorded as subscribers on M3) is undertaken and any discrepancies identified promptly investigated and resolved.	<p>Agreed, as per the proposed recommendation.</p> <p>Reconciliation will be carried out during budget monitoring.</p> <p>Proposed Completion Date End of April 2017</p> <p>Responsibility Waste Services Manager</p>	<p>Budget monitoring is carried out quarterly and this was not reconciled at the end of quarter 1, but is due to be completed at the end of quarter 2.</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
Performance Management	March 2017	Reasonable/Limited	Work-in-Progress
Land Charges	December 2017	Reasonable/Limited	Winter 2017

PROGRESS AGAINST THE AGREED 2017-18 AUDIT PLAN.

DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09- 2017	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking & Enforcement	12	12	0.18	Work-in-Progress
Creditors & CIS	12	12	0.18	Work-in-Progress
External Funding Protocol	10	10	2.17	Work-in-Progress
Income	10	10	0.18	Work-in-Progress
GOVERNANCE RELATED:				
Officers' Code of Conduct	10	10	9.51	Work-in-Progress
Local Code of Corporate Governance	8	8	0.45	Work-in-Progress
Scheme of Officer Delegations	7	7	4.56	Finalised - Substantial
Project Management	10	10	2.27	Work-in-Progress
Corporate Advice/CMT	2	2	3.73	Work-in-Progress throughout 2017-18
s.151 Meetings and support	9	9	6.81	Work-in-Progress throughout 2017-18
Governance Committee Meetings and Reports	12	12	7.24	Work-in-Progress throughout 2017-18
2018-19 Audit Plan Preparation and Meetings	9	9	0.3	Quarter 4
CONTRACT RELATED:				
CSO Compliance	12	12	7.82	Work-in-Progress
Service Contract Monitoring	10	10	7.6	Work-in-Progress
SERVICE LEVEL:				
Safeguarding Return to KCC	1	0	0	Not Required
Coastal Management	10	10	0	Quarter 4
CCTV	10	10	1.16	Work-in-Progress
Port Health	10	10	5.33	Finalised - Substantial
Pollution, Contaminated Land, Air & Water Quality	10	10	10.07	Finalised - Reasonable
Health & Wellbeing	10	10	0	Quarter 4

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2017	Status and Assurance Level
Grounds Maintenance	15	15	0	Quarter 4
Licensing	12	12	0.18	Quarter 4
Asset Management	15	15	0	Quarter 4
Phones, Mobiles & Utilities	8	8	0	Quarter 3
OTHER				
Liaison with External Auditors	1	1	0	Work-in-Progress throughout 2017-18
Follow-up Work	15	16	8.61	Work-in-Progress throughout 2017-18
FINALISATION OF 2016-17- AUDITS				
Homelessness	5	5	6.06	Finalised - Substantial
Planning Applications, Income & s106 Agreements			3.51	Finalised – Substantial/Reasonable
Land Charges			8.42	Finalised – Reasonable/Limited
Anti-Fraud & Corruption			4.83	Finalised - Reasonable
Inward Investment			14.23	Finalised – Reasonable/Limited
Right to Buy			3.62	Finalised - Reasonable
Days under delivered in 2016-17	0	5.95	0	Completed
RESPONSIVE ASSURANCE:				
Sandwich Historical Boat Yard	0	0	0.84	Work-in-Progress
TOTAL	255	260.95	119.86	46% as at 30th September 2017

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2017	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Cttee/EA Liaison	4	4	1.8	Work-in-progress throughout 2017-18
Follow-up Reviews	4	4	.78	Work-in-progress throughout 2017-18
Finance Systems & ICT Controls	15	15	0	Quarter 4

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2017	Status and Assurance Level
Data Protection & Information Management	12	12	0.18	Quarter 4
Leasehold Services	15	15	0	Quarter 4
Fire Safety	15	15	14.46	Work-in-Progress
Safeguarding Children & Vulnerable Groups	10	10	10.55	Work-in-Progress
Anti-Fraud & Corruption	10	10	0	Work-in-Progress
Risk Management	10	10	0.18	Work-in-Progress
Performance Management	5	5	0	Quarter 4
Complaints Monitoring	10	10	0.18	Work-in-Progress
Single System – Post Implementation Review	10	10	0	Quarter 4
Property Services Improvement Plan	20	20	0	Quarter 3/4
Days under delivered in 2016-17	0	7.84	0	Completed
Responsive Assurance:				
Performance Indicator Data Quality	0	0	8.62	Finalised - Reasonable
Total	140	147.84	36.75	24.86% at 30-09-2017

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 30/09/2017	Status and Assurance Level
EKS Reviews;				
Housing Benefits Payments	15	16	15.51	Completed - Substantial
DDC / TDC HB Testing	20	20	11.10	Work-in-progress throughout 2017-18
Business Rates	20	20	10.10	Work-in-progress
Council Tax Reduction Scheme	15	15	0	Quarter 3
ICT – Data Management	15	15	0.17	Quarter 3
ICT – Procurement & Disposal	15	15	0	Quarter 4
EKHR Reviews;				
Payroll	15	15	0.07	Quarter 3

Review	Original Planned Days	Revised Planned Days	Actual days to 30/09/2017	Status and Assurance Level
Employee Allowances & Expenses	15	15	0	Quarter 3
Employee Health & Safety	15	0	0	Responsibility transferred
Other;				
Corporate/Committee	8	10	2.38	Ongoing
Follow up	7	12	6.02	Ongoing
Days under delivered in 2016-17	17.70	24.70		Completed as below
Finalisation of 2016/17 Audits:				
Housing Benefit Subsidy			7.92	Completed – Substantial
ICT Change controls			2.34	Completed – Substantial
ICT Software Licensing			3.45	Completed - Reasonable
EKHR – Payroll & BIK			7.33	Completed - Substantial
Total	177.7	177.70	66.39	37% at 30/09/2017

BALANCED SCORECARD – QUARTER 2

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Original Budget</u>
	Quarter 2		Reported Annually		
Chargeable as % of available days	83%	80%	• Cost per Audit Day	£	£309.77
Chargeable days as % of planned days			• Direct Costs	£	£385,970
CCC	54%	50%	• + Indirect Costs (Recharges from Host)	£	£10,530
DDC	46%	50%			
SDC	40%	50%	• - 'Unplanned Income'	£	Zero
TDC	49%	50%			
EKS	37%	50%	• = Net EKAP cost (all Partners)	£	£396,500
EKH	25%	50%			
Overall	43%	50%			
Follow up/ Progress Reviews;					
• Issued	34	-			
• Not yet due	21	-			
• Now due for Follow Up	18	-			
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>2017-18 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Target</u>
	Quarter 2			Quarter 2	
Number of Satisfaction Questionnaires Issued;	31		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	16		Percentage of staff holding a relevant higher level qualification	38%	38%
	= 52%		Percentage of staff studying for a relevant professional qualification	14%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	1.71	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)	38%	38%
<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.