

Public Document Pack



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17 June 2020

Dear Councillor

NOTICE IS HEREBY GIVEN THAT a meeting of the **GOVERNANCE COMMITTEE** will be held as a Remote Meeting - Teams Live Event on Thursday 25 June 2020 at 6.00 pm when the following business will be transacted.

Members of the public who require further information are asked to contact Jemma Duffield on (01304) 872305 or by e-mail at democraticservices@dover.gov.uk.

Yours sincerely

A handwritten signature in black ink, appearing to read "Nicky", written over a white background.

Chief Executive

Governance Committee Membership:

S S Chandler
D Hannent (Chairman)
J P Haste
S J Jones
J Rose
C A Vinson (Vice-Chairman)
P Walker

AGENDA

- 1 **APOLOGIES**
To receive any apologies for absence.
- 2 **APPOINTMENT OF SUBSTITUTE MEMBERS**
To note appointments of Substitute Members.
- 3 **DECLARATIONS OF INTEREST** (Page 4)

To receive any declarations of interest from Members in respect of business to be transacted on the agenda.

4 **MINUTES** (Pages 5 - 6)

To confirm the attached Minutes of the meeting of the Committee held on 21 January 2020.

5 **INTERNAL AUDIT STANDARDS SELF-ASSESSMENT** (Pages 7 - 11)

To consider the attached report of the Head of Audit Partnership (East Kent Audit Partnership).

6 **INTERNAL AUDIT CHARTER AND DRAFT INTERNAL AUDIT PLAN 2020-21** (Pages 12 - 35)

To consider the attached report of the Head of Audit Partnership (East Kent Audit Partnership).

7 **QUARTERLY INTERNAL AUDIT UPDATE REPORT (MARCH)** (Pages 36 - 68)

To consider the attached report of the Head of Audit Partnership (East Kent Audit Partnership).

8 **QUARTERLY INTERNAL AUDIT UPDATE REPORT** (Pages 69 - 88)

To consider the attached report of the Head of Audit Partnership (East Kent Audit Partnership).

9 **ANNUAL INTERNAL AUDIT REPORT** (Pages 89 - 105)

To consider the attached report of the Head of Audit Partnership (East Kent Audit Partnership).

10 **CONSTITUTIONAL AMENDMENTS FOR REMOTE MEETINGS** (Pages 106 - 112)

To consider the attached report of the Democratic Services Manager.

11 **REVIEW OF THE CONSTITUTION 2019-20**

To consider the report of the Monitoring Officer (to follow).

12 **ANNUAL GOVERNANCE ASSURANCE STATEMENT UPDATE** (Pages 113 - 114)

To consider the attached report of the Head of Governance.

Access to Meetings and Information

- The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local

Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 have changed the basis of the public's legal right to attend meetings. This means the public now has the right to hear Councillors attending the remote committee meeting that would normally be open to the public to attend in person. It is the intention of Dover District Council to also offer the opportunity for members of the public to view, as well as hear, remote meetings where possible. You may remain present throughout them except during the consideration of exempt or confidential information.

- Agenda papers are published five clear working days before the meeting. Alternatively, a limited supply of agendas will be available at the meeting, free of charge, and all agendas, reports and minutes can be viewed and downloaded from our website www.dover.gov.uk. Minutes will be published on our website as soon as practicably possible after each meeting. All agenda papers and minutes are available for public inspection for a period of six years from the date of the meeting.
- If you require any further information about the contents of this agenda or your right to gain access to information held by the Council please contact Jemma Duffield, Democratic Services Officer, telephone: (01304) 872305 or email: democraticservices@dover.gov.uk for details.

Large print copies of this agenda can be supplied on request.

Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Tuesday, 21 January 2020 at 6.01 pm.

Present:

Chairman: Councillor D Hannent

Councillors: J P Haste
S J Jones
C A Vinson
P Walker

Officers: Strategic Director (Corporate Resources)
Head of Finance and Housing
Head of Governance
Head of Audit Partnership (East Kent Audit Partnership)
Deputy Head of Audit Partnership (East Kent Audit Partnership)
Democratic Services Officer

21 APOLOGIES

An apology for absence was received from Councillor J Rose.

22 APPOINTMENT OF SUBSTITUTE MEMBERS

There were no substitute Members appointed.

23 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

24 MINUTES

The Minutes of the meeting of the Committee held on 26 September 2019 were approved as a correct record and signed by the Chairman.

25 QUARTERLY INTERNAL AUDIT UPDATE REPORT

The Deputy Head of Audit Partnership (East Kent Audit Partnership) (EKAP) introduced the Quarterly Internal Audit Update report to the committee which provided a summary of the work completed by the EKAP since the last meeting of the committee.

There had been 6 internal audit assignments completed; two achieved substantial assurance, two concluded a split reasonable/limited assurance, and one reasonable assurance. EKS/Civica Housing Benefits Quarterly Testing for quarters 1 and 2 2019/20 were also completed and an assurance level was not applicable. Members' attention was drawn to the audit conclusion at paragraph 2.6.3 and advised that the two periods referenced were quarters 1 and 2 respectively.

In addition, four follow up reviews had been completed during the period. Both East Kent Housing – Tenant Health and Safety (Gas Safety) and East Kent Housing – Tenant Health and Safety (Legionella) had received an improved revised assurance level after follow up. Following its original reasonable/limited assurance, Waste Management and Street Cleansing gave rise to reasonable assurance after follow-

up. EKAP were confident the reporting system had been put right and the contractors were no longer advised of when spot checks would take place. More vigorous and effective inspection regimes were in place Members were encouraged by the improved assurance. It was essential to have robust management of the contractor and to monitor the service's performance data in the forthcoming months.

RESOLVED: That the report be noted.

26 TREASURY MANAGEMENT QUARTER TWO REPORT 2019/20

The Head of Finance and Housing introduced the Treasury Management Quarter Two 2019/20 report to the Committee. It was reported that the Council's investment return for the period to September 2019 was above the benchmark by 2.42%. Due to the decision to withhold investing in further pooled funds due to the uncertainty around Brexit and the political and global economic climate, the forecast interest and dividends income for the year was slightly below the original budget. Members discussed the current low interest rate and the budget estimate for the forthcoming year, which was comparable to 2019/20.

The Council had remained within its Treasury Management guidelines and complied with the Prudential Code guidelines during the period.

RESOLVED: That the report be noted.

27 ANNUAL COMPLAINTS REPORT

The Head of Governance presented the Annual Complaints report which provided Members with the number of complaints received through the corporate complaints process for each service provided by the Council for the financial years 2018/19 and 2019/20.

Members' attention was drawn to appendix 1 of the report and were advised that the complaints received for Governance and Housing Options services had decreased and should have read -4 and -6 respectively. Whilst thirty-four complaints were received for Council Tax and NNDR for the period 1 April to 31 December 2019, (and which appeared high in comparison to other services) for the number of service users this was proportionally low.

The Head of Governance verbally updated Members on the outcomes of the six complaints that had escalated to the Local Government Ombudsmen and would provide this within future reports as well as further detail and context of the complaints.

RESOLVED: That the report be noted.

The meeting ended at 6.57 pm.

Subject:	INTERNAL AUDIT STANDARDS SELF-ASSESSMENT
Meeting and Date:	Governance Committee – 19 March 2020 & 25 June 2020
Report of:	Christine Parker – Head of Audit Partnership
Decision Type:	Non-key
Classification:	Unrestricted

Purpose of the report: This report summarises the results of the EKAP self-assessment against the Public Sector Internal Audit Standards (PSIAS).

Recommendations: Members note the content of the report and the actions required to work towards full compliance with the PSIAS

Summary.

This report sets out the PSIAS governing the East Kent Audit Partnership and the actions required to move towards full compliance.

1. Introduction and Background.

1.1 From 1st April 2013 the EKAP has been working to the Public Sector Internal Audit Standards (PSIAS), defined as the proper practice for Internal audit in the UK Public Sector. A mandatory local government sector-specific application note issued by the Chartered Institute of Public Finance & Accountancy (CIPFA) supplements the Standards.

1.2 The previous self-assessment against the PSIAS was undertaken in 2016 by the Head of the Audit Partnership and was reviewed by the two Deputy Heads of Audit, this review concluded that EKAP partially complied and resulted in an action plan for improvements working towards full compliance.

1.3 A self-assessment to demonstrate the extent to which the service complies with the PSIAS and to identify any areas where further work is required was undertaken in December 2019, to enhance independence a different EKAP Auditor undertook the self-assessment, which has been reviewed by the Head of Audit. The assessment comprises 193 questions against which evidence to support 'Fully Complies, Partially Complies, Does Not Comply or Not Applicable' has been assessed and has concluded the following:

	YES	PARTIAL	NO	NOT APPLICABLE
PERCENTAGE	87%	6%	1%	6%
TOTALS	167	12	2	12

The table demonstrates that EKAP continues to be predominately compliant with the PSIAS, and some improvements have been identified i.e. regarding housekeeping, document control and retention, future proofing and keeping EKAP procedures updated. The recommended actions to ensure full compliance in all areas can be met and improved is attached at Annex 1.

1.4 It should be noted that Internal Audit's level of compliance with professional standards is continually being monitored and reported on the Balance Scorecard of Performance Indicators to members on a quarterly basis.

1.5 Two key documents that the self-assessment has relied upon, are updated annually and have not significantly changed since the last self-assessment. The Audit Mission and Charter are attached within these committee papers alongside the Audit Plan report as part of the agenda. Any further updates or amendments to these key documents will be brought before the committee for approval in three years, or sooner if required.

2. **The Self-Assessment Against the Public Sector Internal Audit Standards (PSIAS)**

2.1 The Head of the Audit Partnership has undertaken a self-assessment to demonstrate the extent to which the service complies with the PSIAS (and supplementary application note) and to identify any areas where further work was required to demonstrate compliance.

2.2 This review therefore, notes the changes to the new 2017 updated standard and the resultant action plan addresses the areas that are required before the EKAP can accurately use the phrase “conforms with the International Standard for the Professional Practice of Internal Auditing”.

2.3 The PSIAS are broken down into two main areas

- **Attribute Standards** address the characteristics of organisations performing the Internal Audit activities.

Standard 1000 – Purpose, Authority and Responsibility

Standard 1100 – Independence and Objectivity

Standard 1200 – Proficiency and Due Professional Care

Standard 1300 – Quality Assurance and Improvement Programme

- **Performance Standards** describe the nature of Internal Audit activities and provide quality criteria against which the performance of these services can be evaluated.

Standard 2000 – Managing the Audit Activity

Standard 2100 – Nature of Work

Standard 2200 – Engagement Planning

Standard 2300 – Performing the Engagement

Standard 2400 – Communicating Results

Standard 2500 – Monitoring Progress

Standard 2600 – Communicating the Acceptance of Risks.

2.4 The Self-Assessment process also reviewed the following key documents:

- Mission of Internal Audit,
- Core Principles for the professional practice of internal auditing, and
- Code of Ethics

2.5 The Action Plan records those improvements required to comply with the standards. The self-assessment therefore concludes that EKAP complies in all other areas. A full copy of the PSIAS can be downloaded free at;

<http://www.cipfa.org/policy-and-guidance/standards/public-sector-internal-audit-standards>

3. Next Steps

- 3.1 The progress towards achieving the actions contained in the Action Plan shown as Annex 1 will be reported in the annual report brought to the Committee in July.

4.0 Background Papers

- PSIAS
- CIPFA Local Government Application Note
- IIA Checklist for Self-Assessment.

Attachments

Annex 1 Action Plan for the Self-Assessment against the Public Sector Internal Audit Standards (PSIAS).

CHRISTINE PARKER
Head of Audit Partnership

The officer to whom reference should be made concerning inspection of the background papers is the Head of Audit Partnership, White Cliffs Business Park, Dover, Kent CT16 3PJ.
Telephone: (01304) 821199, Extension 2160.

Improvement Actions Required for EKAP to conform with the Public Sector Internal Audit Standard

PSIAS Reference	PSIAS Name	Action Required
1000	Purpose, Authority and Responsibility	<ul style="list-style-type: none"> • Update the Audit Mission statement to recognise each partners' Corporate Objectives and to cross reference the key EKAP documents that support the statement. (Done). • Update each Council's web pages to consistently show the EKAP presence (requests have been sent). • Update the GDPR Document retention schedule to reflect latest Information Asset Register requirements. (Done – to be raised at next team meeting also). • Add a glossary of Terms to the Audit Charter to define the terms 'Board' and 'senior management team'.
1110	Organisational Independence	<ul style="list-style-type: none"> • Remind IA Staff of their ethical responsibilities. December Team Meeting annually to discuss the seven principles of public life etc. • Further expand the role of EKAP in fraud investigations (within the Audit Charter) with regards to the methodology and reporting lines.
1310	Quality Assurance and Improvement Programme (QAIP)	<ul style="list-style-type: none"> • Does the QAIP include both internal and external assessments? Internal self-assessment (Done) No external assessment planned or budgeted for (EKAP Client Officer group decision).
1311	Internal Assessments	<ul style="list-style-type: none"> • Improve the internal quality assessment in accordance with the new requirements; specifically to capture more evidence of the assessments done.
1312	External Assessments	<ul style="list-style-type: none"> • No external assessment planned or budgeted for (EKAP Client Officer Group decision).

1322	Disclosure of non conformance	<ul style="list-style-type: none"> • The lack of an External Assessment should be included as a deviation from the PSIAS in the annual governance statement (Done).
2010	Planning	<ul style="list-style-type: none"> • LGAN- Is the risk-based plan sufficiently flexible to reflect the changing risks and priorities of the organisation by allowing contingency time to undertake ad hoc reviews or fraud investigations as necessary? No Contingency provision is held in audit plans; urgent work is at the cost of planned work in agreement with the s.151. • Has the CAE carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance? Only to Food Standards and H&S. Working with KAG- develop a map of assurance providers.
2000	Managing the IA Activity	<ul style="list-style-type: none"> • General tidy up on files including ensuring compliance with the Document Retention Scheme and disposal of old files, version control on key documents (added to the next Team Meeting Agenda). • Include on the Audit Brief any systems and resources to be reviewed, including those that are under the control of third parties. • Refresh the Audit Manual, add a Work Instruction for Allocating Work. • Even better evidence reasons for job progress comments, including over and underspends on time budgets against individual reviews as recorded on APACE. • The implementation of these corrective actions resulting from the self-assessment should be reported to the board. (Progress to be included in the Annual Report).

Subject:	INTERNAL AUDIT CHARTER AND DRAFT INTERNAL AUDIT PLAN 2020-21
Meeting and Date:	Governance Committee – 19 March 2020 & 25 June 2020
Report of:	Christine Parker – Head of Audit Partnership
Decision Type:	Non-key
Classification:	Unrestricted
Purpose of the report:	This report presents the Audit Charter for approval and sets out the proposed Internal Audit Plan for 2020/21 detailing a breakdown of audits and an analysis of available days.
Recommendations:	That Members approve to adopt the Internal Audit Charter for delivery of the internal audit service for the next three years. That Members approve the Council's Internal Audit Plan for 2020/21

Summary.

This report includes the Audit Charter for the East Kent Audit Partnership which sets out the overarching vision, aims and strategy for the Internal Audit Service together with the draft plan of work for the forthcoming 12 months for approval.

1. Introduction and Background.

- 1.1 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.
- 1.2 In accordance with current best practice, the Governance Committee should "review and assess the annual internal audit work plan". The purpose of this report is help the Committee assess whether the East Kent Audit Partnership has the necessary resources and access to information to enable it to fulfil its mandate, and is equipped to perform in accordance with the professional standards for Internal Auditors.

2.0 Audit Mission & Charter.

- 2.1 The Audit Mission is a simple high-level statement setting out the objectives for the service, please see attached as Annex A.
- 2.2 The Audit Charter is an important document setting out the expectations of how the Internal Audit function will be delivered. Not only does having a Charter and keeping it up to date assist the Council in complying with best practice, but by considering the Audit Charter, the Governance Committee is also demonstrating its effectiveness by ensuring that these mechanisms are in place and are working effectively.
- 2.3 The Audit Charter establishes the purpose, authority, objectives and responsibility of the East Kent Audit Partnership, it goes on to set out the Terms of Reference, Organisational Relationships and Independence, Competence and Standards of

Auditors, the Audit Process and in providing an Internal Audit function to the partner councils; as well as the resources required across the four partnership sites and details how the resource requirements will be met.

2.4 The Audit Charter is attached as Annex B to this report. It is essentially the 'Why' and 'How' the East Kent Audit Partnership will provide the Internal Audit Service. It is a document that does not materially change from year to year and consequently it was suggested last year that this be approved for the next three years (to 31st March 2023) with the caveat that should any significant changes be required a revised Charter will be presented for consideration. Having undertaken a detailed self-assessment against the revised Public Sector Internal Audit Standards (PSIAS) minor aspects of the Charter were refreshed, consequently the attached version contains the tracked changes as showing, so that the areas updated can be easily identified. It is proposed again, that subject to there being any future changes to the standard having a knock on effect to the Charter, this document will next be brought back to this Committee in March 2023.

3.0 **2020/21 Risk Based Internal Audit Plan.**

3.1 The Audit Plan for the year 2020 to 2021 is attached as Annex C and has the main components to support the Audit Charter. The plan is produced in accordance with professional guidance, including the Public Sector Internal Audit Standards (PISAS). A draft risk based plan is produced from an audit software database (APACE) maintained by the EKAP which records our risk assessments on each service area based upon previous audit experience, criticality, financial risk, risk of fraud and corruption etc. Then amendments have been made following discussions with senior management, taking account of any changes within the Council over the last 12 months, and foreseen changes over the next.

3.2 The plan has then been further modified to reflect emerging risks and opportunities identified by the Chief Executive, Directors, and the links to the Council's Corporate Plan and Corporate Risk Register. This methodology ensures that audit resources are targeted to the areas where the work of Internal Audit will be most effective in improving internal controls, the efficiency of service delivery and to facilitate the effective management of identified risks.

3.3 Furthermore, wider risks are considered, by keeping abreast of national issues and advice from the auditing profession / firms. Over the last year, incidents of money laundering, sexual misconduct at the workplace, fraud, cyberattacks, and data privacy scandals grabbed news headlines, and provided a reminder of why effective governance, risk management, and compliance are so important. For this year we have considered the inclusion of the top ten Institute of Internal Audit identified risks;

- 1 **Data Management & Privacy Risk** – the data protection regulations that come in to being in May 2018 affect information governance, and audits have been built into the plan to provide assurance on these risks.
- 2 **Cyber Risk** – As new cyber-attacks develop, so too do cyber resilience efforts need to be stepped up. We have some ICT reviews built into the EKS audit plan to support the network and digital environment.
- 3 **Brexit** – with more negotiations to come post 31st January 2020 regarding the trade relationship between the UK and Europe; we have considered this risk and determined that it is too early for us to include anything specific relating to Brexit in the 20-21 audit plan, also taking into account all the collective work the Council has been undertaking with its partners to date.
- 4 **Third Party Risk** – the non-performance of contractors and suppliers is always a risk to the Council, just about everything we do today has some level of third-party

involvement, whether we are aware of it or not. Not only risks of third parties gaining access to sensitive data, we are consequently proposing reviews of Contract Management in the 21-22 plan (last audited in 17-18).

- 5 **Conduct & Culture Risks** – this risk is an emerging area for assurance, only 30% of bodies have audited this despite honesty and personal conduct being behind several big national (sector wide) headlines. Reviews that we have typically carried out in this area include Gifts and Hospitality, Anti-fraud & corruption, whistleblowing, Ethics and compliance with Codes of Conduct. We will keep a watching brief on developments for future consideration, noting that all of our work contributes to the assurances given in the Annual Governance Statement.
 - 6 **Climate Change Risk**- organisations are facing a broad range of risks, based in a rapidly changing and evolving area; new rules and legislation are to be anticipated, weaving climate change elements into relevant key risk areas is being considered for the 20/21 plan.
 - 7 **Digital Transformation Risk** – the Council is undertaking various development and digital projects, we have specifically considered this risk, it has been agreed that provision for EKAP to become involved at key stages of projects will be agreed on a case by case basis. Key areas to keep abreast of are 'big data', data mining and cloud computing.
 - 8 **Workforce Risk** – Hiring and retaining the talent needed has been considered and a review is not proposed for 20/21.
 - 9 **Regulatory Risk**– this is a constant risk as the external environment throws new laws at a council and it has to respond. New legislation is something we consider for each area within the audit plan, and thus a separate 'cross cutting' review has not been proposed for 20/21.
 - 10 **Fraud** – is an ongoing risk assessed in every area of activity that the Council undertakes. We have given due consideration in assessing the Counter Fraud Framework within which the Council operates.
- 3.4 There are insufficient audit resources to review all areas of activity each year. Consequently, the plan is based upon a formal risk assessment that seeks to ensure that all areas of the Council's operations are reviewed within a strategic cycle of audits. In order to provide Members with assurance that internal audit resources are sufficient to give effective coverage across all areas of the Authority's operations, a strategic plan has been included.
- 3.5 To comply with the best practice, the agreed audit plan should cover a fixed period of no more than 1 year. Members are therefore being asked to approve the 2020/21 plan at the present time, and the future years are shown as indicative plans only, to provide Members with assurance that internal audit resources are sufficient to provide effective coverage across all areas of the Authority's operations within a rolling cycle.
- 3.6 The plan has been prepared in consultation with the Directors and the Council's statutory s.151 Officer. The plan is also designed to meet the requirements expected by the External Auditors for ensuring key controls are in place for its fundamental systems. This Committee is also part of the consultation process, and its views on the plan of work for 2020/21 are sought to ensure that the Council has an effective internal audit of its activities and Members receive the level of assurance they require to be able to place assurance on the annual governance statement.
- 3.7 The risk assessment and consultation to date has resulted in;
- | | |
|-----|--|
| 78% | Core Assurance Projects- the main Audit Programme |
| 0% | Fraud Work – fraud awareness, reactive work and investigating potential irregularities |

- 0% Corporate Risk – testing the robustness of corporate risk mitigating action
 - 22% Other Productive Work – Corporate meetings, follow up, general advice, liaison
- Total number of audits 22.

For 2020/21 the days available for carrying out audit is 255 days. When compared to the resources available and working on the basis that the highest risk areas should be reviewed as a priority, the EKAP has sufficient resources to review all of the high risk areas and all of the medium risk areas this equates to 22 audits.

4.0 Benchmarking the level of Internal Audit Provision.

- 4.1 Members should have regard to how audit resources within the Council compare to other similar organisations when considering the adequacy and effectiveness of the internal audit plan. The results of benchmarking show that the average number of internal audit days provided by district councils within Kent is circa 400 days annum. The audit plan of Dover District Council of 255 days plus their share of the EKS and East Kent Housing audit plans totals 350. The Dover plan is therefore 12.5% less well-resourced than the Kent average.

5.0 Head of Internal Audit Opinion of the 2020/21 Internal Audit Plan.

- 5.1 This report is presented to Members by the Council's Strategic Director (Corporate Resources) whose s.151 responsibility it is to maintain an effective internal audit plan. In the interests of openness and transparency and in order to enable Members to make an informed decision on the internal audit plan presented for their approval consideration should also be given to the opinion of the Head of Internal Audit on the effectiveness of the plan.
- 5.2 It is the professional opinion of the Head of the East Kent Audit Partnership that the draft 2020/21 internal plan presented for Members consideration is less well-resourced than the Kent average and accordingly our overall audit opinion at the end of the year will be limited to commenting on the systems of internal control that have been examined. The current resources of the EKAP will allow for an opinion to be given on the Council's key risk areas and systems. This should be sufficient coverage to inform the Annual Governance Statement.
- 5.3 The Head of the East Kent Audit Partnership highlights that Members either approve the 2020/21 internal audit plan as drafted or they may recommend to Cabinet that additional resources should be allocated to bring the plan up to the Kent average. This would require an additional 50 days per annum, which at an estimated cost per audit day of £300 would cost £15,000 per annum.

6.0 Background Papers.

- Internal Audit Annual Plan 2019/20 - Previously presented to and approved at the April 2019 Governance Committee meeting.
- Internal Audit working papers - Held by the East Kent Audit Partnership.
- Former Audit Charter and Strategies - Previously presented to and approved at Governance and Audit Committee meetings.

Attachments

- Annex A Audit Mission
- Annex B EKAP Internal Audit Charter
- Annex C Dover District Council draft 2020/21 Internal Audit Plan

CHRISTINE PARKER
Head of Audit Partnership

The officer to whom reference should be made concerning inspection of the background papers is the Head of Audit Partnership, White Cliffs Business Park, Dover, Kent CT16 3PJ. Telephone: (01304) 821199, Extension 2160.

East Kent Audit Partnership Mission

The four East Kent authorities Canterbury City Council (CCC), Dover District Council (DDC), Folkestone & Hythe District Council (F&HDC), and Thanet District Council (TDC) formed the East Kent Audit Partnership (EKAP) in order to deliver a professional, cost effective, efficient, internal audit function. A key aim for the EKAP, supported by an agreed Audit Charter, is to build a resilient service that provides opportunities to port best practice between the four councils, East Kent Services and East Kent Housing Ltd. acting as a catalyst for change and improvement to service delivery as well as providing assurance on the governance arrangements in place.

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

The mission for internal auditing (linked to the definition above) is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight reflecting each Councils' Corporate Objectives.



EAST KENT AUDIT PARTNERSHIP AUDIT CHARTER

1. Introduction & Vision
2. Terms of Reference
 - 2.1 Strategy & Purpose
 - 2.2 Responsibility & Scope
 - 2.3 Authority
 - 2.4 Avoiding Conflicts of Interest
3. Organisational Relationships and Independence
 - 3.1 Audit Partnership Management and Staffing
 - 3.2 Relationship with Service Managers
 - 3.3 Relationship with Line Management and Statutory Officers
 - 3.4 Relationship with the Partners
 - 3.5 Relationship with Audit Committees
 - 3.6 Relationship with External Audit
 - 3.7 Relationship with Other Regulators, Inspectors and Audit Bodies
 - 3.8 Relationship with the Public
4. Competence and Standards of Auditors
 - 4.1 Competence
 - 4.2 Standards
5. Audit Process
 - 5.1 Approach
 - 5.2 Planning
 - 5.3 Documentation
 - 5.4 Consultation
 - 5.5 Reporting
 - 5.6 Follow-up
6. Resources
 - 6.1 Staff Resources
 - 6.2 Budget
7. Quality Assurance
8. Additional Services

- 8.1 Special Investigations and Fraud Related Work
- 8.2 Ad Hoc / Consultancy Work / External Bodies
- 8.3 Value for Money Reviews

9. Amendment to Charter

1 Introduction

- 1.1 This Charter establishes the purpose, authority, objectives and responsibility of the Audit Partnership, in providing an Internal Audit function within the Partner Councils.
- 1.2 The EKAP is committed to the highest standards and prides itself on complying with the definition of Internal Auditing the ethical codes that the profession requires and adopting the International standards.
- 1.3 The Audit Partnership is hosted by Dover District Council. The four East Kent authorities Canterbury City Council (CCC), Dover District Council (DDC), Folkestone & Hythe District Council (F&HDC), and Thanet District Council (TDC) formed the East Kent Audit Partnership (EKAP) in order to deliver a professional, cost effective, efficient, internal audit function. A key aim for the EKAP is to build a resilient service that provides opportunities to port best practice between the four sites, acting as a catalyst for change and improvement to service delivery as well as providing assurance on the governance arrangements in place.
- 1.4 The Audit Partnership is sufficiently independent of the activities that it audits, and this enables the auditors to perform their duties in a manner, which facilitates impartial and effective professional judgements and recommendations.
- 1.5 The organisational status of the Audit Partnership is such that it is able to function effectively. The Head of Audit Partnership must be able to maintain their independence and report to members. The Head of Audit Partnership has sufficient status to facilitate the effective discussion of audit strategies, plans, results and improvement plans with the senior management and audit committees of the individual partners.
- 1.6 Accountability for the response to the advice and recommendations of the Audit Partnership lies with each partner's own management.
- 1.7 The Audit Partnership reports to those committees charged with governance. The main objective is to independently contribute to the councils' overall process for ensuring that an effective internal control environment is maintained. The work of the Audit Partnership for each of the partner authorities is summarised into an individual annual report, which assists in meeting the requirements to make annual published statements on the internal control systems in operation as required by Section 6 of the Accounts and Audit Regulations 2015.

2 Terms of Reference

2.1 Strategy & Purpose

Internal Audit is a statutory requirement under the Local Government Act 1972 (Section 151). It is the strategy of the Audit Partnership to comply with best practice as far as possible. The East Kent Audit Partnership has therefore adopted the best practice principles set out in the Public Sector Internal Audit Standards (PSIAS). The definition of Internal Audit taken from their guidance is as follows:

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

This definition sets out the primary purpose of the Audit Partnership, but the guidance also recognises that other work may be undertaken which may include consultancy services and fraud-related work. Where relevant and applicable the Audit Partnership also follows the professional and ethical standards of the Institute of Internal Auditors, being that many of the staff are members of this Institute.

2.2 Responsibility & Scope

2.2.1 Internal Audit is responsible for appraising and reviewing:

- a) the completeness, reliability and integrity of information, both financial and operational,
- b) the systems established to ensure compliance with policies, plans, procedures, laws and regulations, i.e. rules established by the management of the organisation, or externally,
- c) the means of safeguarding assets,
- d) the economy, efficiency and effectiveness with which resources are employed, and
- e) whether operations are being carried out as planned and objectives and goals are being met.

2.2.2 The scope of the Audit Partnership includes the review of all activities of the partner councils, without restriction. In doing this, the purpose of Internal Audit is to:

- a) Advise the Chief Executive, Directors, Senior Managers and Audit Committee on appropriate internal controls and the management of risk,
- b) Assist the Chief Executive, Directors, Senior Manager and Audit Committee with the way that organisational objectives are achieved at operational levels,
- c) Assure the Chief Executive, Directors, Senior Managers and Audit Committee of the reliability and integrity of systems, and that they are adequately and effectively controlled,
- d) Alert the Chief Executive, Directors, Senior Managers and Audit Committee to any system weaknesses or irregularities.

2.2.3 In addition, the Audit Partnership may carry out special investigations as necessary, and agreed with the s.151 Officer or Monitoring Officer as appropriate, in respect of cases of fraud, malpractice or other irregularity, or carry out individual ad hoc projects as requested by management and agreed by the Head of Audit Partnership and the partners' client officer.

2.2.4 Assurance to third parties may be agreed, by the Head of Audit Partnership with the relevant s.151 Officer on a case by case basis; such as acting as the First Level Controller for Inter Reg Grant Claims. The rate charged to a third party for assurance work is set by the Joint s.151 Client Officer Group at £375 per audit day. The decision to provide such a service is informed by the required timing of the work, whether the skills and resources are available and if it is in the best interest of the EKAP and the Partners to do so, the nature of this work may include, for example the verification of claims or returns.

2.2.5 The decision to undertake consultancy services will be made in conjunction with the relevant partner's s.151 Officer and other management as necessary. The EKAP is able to avoid conflicts of interest if carrying out consultancy work due to the flexibility of the arrangements, as auditors may be rotated accordingly. The decision to provide such a service is informed by the required timing of the work, whether the skills and resources are available and if it is in the best interest of the EKAP and the Partners to do so, the nature of this work may include for example, being involved on project teams for new

systems development. There are no contingency provisions within the agreed audit plans, therefore if work has not been included in the plan from the outset, a variation will need to be agreed for any consultancy work, to re-allocate time within the relevant partner's own plan, or through buying in additional resource to back-fill whilst partnership staff carry out the assignment.

2.3 Authority

2.3.1 The procedures for auditing the Council are included within each of the councils' Constitutions. This typically includes words to the effect that the Authority shall:

- a) Make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has the responsibility for the administration of those affairs, and
- b) Shall maintain an adequate and effective system of Internal Audit of their accounting records and control systems.

Additionally, there may be delegated authority to the Chief Executive and Directors to establish sound arrangements for the planning, appraisal, authorisation and control of the use of resources, and to ensure that they are working properly. Maintaining adequate and effective controls is necessary to:

- a) carry out activities in an orderly, efficient and effective manner,
- b) ensure that policies and directives are adhered to,
- c) ensure compliance with statutory requirements,
- d) safeguard assets & to prevent fraud,
- e) maintain complete and reliable records and information, and
- f) prevent waste & promote best value for money.

2.3.2 The Audit Partnership is authorised to complete a programme of audit reviews within the Partner Councils through the delegation of powers to Dover District Council, as the Lead body for the Audit Partnership.

2.3.3 The Head of Audit Partnership works principally with a nominated officer, the s.151 Officer, for each of the Partner councils, to ensure that a continuous internal audit review of the accounting, financial and other operations of the Council is performed. Progress on the work undertaken shall be submitted regularly to the appropriate committee with responsibility for Internal Audit.

2.3.4 All employees and Councillors shall comply with the requirements of the Council's internal and external auditors who have authority to:-

- a) enter at all reasonable times on any Council premises or land,
- b) have access to all Council assets such as records, documents, contracts and correspondence, including computer hardware, software and data,
- c) require and receive such explanations as are necessary concerning any matters under examination, and
- d) require any employee of the Council to produce cash, stores or any other Council property under his/her control.

2.3.5 Employees and Councillors of any of the Partners may report any financial irregularity or suspected irregularities to the Head of Audit Partnership, who shall then ensure that the matter is dealt with in accordance with the individual council's Anti-Fraud and Corruption Strategy.

2.4 Avoiding Conflicts of Interest

- 2.4.1 An additional benefit of four councils working in partnership to provide an internal audit service, is providing sufficient staff to give flexibility and the opportunity for the rotation of Auditors. Where consultancy projects are requested and agreed, conflicts of interest will be avoided by preventing the Auditor undertaking that project from reviewing that area of operation for a period of time equivalent to current year plus one (see also paragraph 3.2 below). The EKAP provides a pure audit arrangement and does not have any “non audit” or operational responsibilities that would otherwise have the potential to cause a conflict of interest.

3 Organisational Relationships and Independence

3.1 Audit Partnership Management and Staffing

The audit service is managed by the Head of Audit Partnership, who is responsible for providing a continuous internal audit service under the direction of the Section 151 Officers. The auditor assigned to each individual review is selected by the Head of Audit Partnership, based on their knowledge, skills, experience and discipline to ensure that the audit is conducted properly and in accordance with professional standards.

3.2 Relationship with Service Managers

- 3.2.1 It is the responsibility of management, not auditors, to maintain systems of internal control.
- 3.2.2 To preserve its independence and objectivity, staff involved in the Audit Partnership shall not have direct responsibility for, or authority over, any of the activities subject to audit review. Staff transferring to EKAP may not review an area they were previously operationally responsible for, for a period of two years (current year plus one).
- 3.2.3 The involvement of an auditor through conducting an audit review, or providing advice, does not in any way diminish the responsibility of line management for the proper execution and control of their activities.
- 3.2.4 Co-operative relationships will be fostered with management to enhance the ability of the Audit Partnership to achieve its objectives effectively.
- 3.2.5 All employees should have complete confidence in the integrity, independence and capability of the Audit Partnership. We recognise that the relationship between auditors and service managers is a privileged one, and information gained in the course of audit work will be treated confidentially, and only reported appropriately.

3.3 Reporting Relationship with Line Management and Statutory Officers

- 3.3.1 The Head of Audit Partnership will have regular meetings with each of the Partner’s s.151 Officer / nominated client officer. Any events that may have an adverse affect on the audit plan, or a significant impact on the Council will be reported immediately.
- 3.3.2 Any high-risk matters of concern, which have not been adequately dealt with after an appropriate period of time and after follow up, will be escalated to the s.151 Officer / nominated client officer, who will be asked to decide for each high risk matter whether:
- Resources should be allocated to enable the risk to be reduced in the agreed way, or
 - To approve that the risk will be accepted and tolerated, or

- To determine some other action to treat the risk.

The outcome of which will be report to the Audit Committee, whose attention will be drawn to critical or high risk matters outstanding after follow up.

3.3.3 The Head of Audit Partnership has unrestricted access to the s.151 Officer, the Monitoring Officer and the Head of Paid Service as appropriate. Engagement with the statutory officers is not prescribed, however regular attendance at CMT with IA updates is desirable.

3.4 **Reporting Relationship with the Partners**

3.4.1 The Head of Audit Partnership has a line reporting relationship directly to the Dover District Council's Director of Finance, Housing and Communities the Council's s.151 Officer. Together under the Collaboration Agreement for the provision of one shared Internal Audit Service, the four s.151 Officers form the "Client Officer Group" which is the key governance reporting line for the EKAP. The s.151 Client Officer Group meets collectively with the Head of Audit Partnership to consider the strategic direction and development of the partnership and any performance matters.

3.4.2 The East Kent Audit Partnership overall performance is reported to all the partner authorities annually. Key performance measures and indicators have been agreed and these are also reported quarterly. As well as individual assurance reports, and the quarterly Audit Committee reports, EKAP will present an Annual Audit Report that is used to inform the councils' governance statement to:

- Provide an individual summary of the work completed for each Partner,
- Compare actual audit activity with that planned,
- Provide an opinion on the adequacy and effectiveness of the councils framework of governance, risk management and control,
- Summarise the performance of the East Kent Audit Partnership against its performance criteria, and provide a statement of conformance with professional standards, with details of the quality assurance and improvement programme,
- Include the cost of the service for the partner.

The Accounts and Audit Regulations section 5 requires that a relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Charter sets out how the EKAP will meet this requirement.

3.5 **Relationship with Audit Committees**

Please note the PSIAS refer to the 'board', and it is expected that the audit committee will fulfil the role of the board in the majority of instances.

The East Kent Audit Partnership has a direct relationship with those charged with the responsibility for governance. Consequently, the Head of Audit Partnership issues a report summarising the results of its reviews to each meeting. The Annual Report is the foundation for the opinion given through the Governance Assurance Statement, which is published annually The Accounts and Audit Regulations section 3 requires that a relevant authority has a sound system of internal control which

3.5.1 facilitates the effective exercise of its functions and the achievement of its aims and objectives,

3.5.2 ensures that the financial and operational management of the authority is effective, and

3.5.3 includes effective arrangements for the management of risk.

This Charter establishes how the EKAP contributes to complying with the regulations and creates the link to the Annual Governance Statement. The Committee will also approve the annual work plan for their Council.

The Head of Audit Partnership will escalate any critical or high-risk matters of concern that have not been adequately actioned by management at the progress report stage to the committee via the quarterly update report, drawing attention to significant matters in the annual report. The Head of Audit Partnership may meet privately with the chair of the audit committee and has direct access to the committee should this be required.

The Audit Committee will note decisions relating to the appointment and removal of the Head of Audit Partnership.

3.6 Relationship with External Audit

3.6.1 The Head of Audit Partnership will liaise with the External Auditors to:

- Foster a co-operative and professional working relationship,
- Reduce the incidence of duplication of effort,
- Ensure appropriate sharing of information, and
- Co-ordinate the overall audit effort.

3.6.2 In particular the Head of Audit Partnership will:

- Discuss the annual Audit Plan with the External Auditors to facilitate External Audit planning,
- Hold meetings to discuss performance and exchange thoughts and ideas,
- Make all Internal Audit working papers and reports available to the External Auditors,
- Receive copies of all relevant External Auditors reports to Management, and
- Gain knowledge of the External Auditors' programme and methodology.

3.7 Other Regulators, Inspectors and Audit Bodies

The Head of Audit Partnership will foster good relations with all other audit bodies, regulators and inspectors. In particular protocols regarding joint working, access to working papers, confidentiality and setting out the respective roles will be agreed where applicable. The EKAP will only become involved with external regulators and inspectors if expressly required by the partner authority as part of the agreed audit plan.

3.8 Relationship with the Public

The councils' Anti-Fraud, Corruption, Bribery and Whistleblowing policies encourage staff, members, contractors and members of the public to raise their concerns in several ways, one of which includes making contact with Internal Audit. This Charter therefore considers the responsibility EKAP has with investigating complaints made from contractors, staff or the general public about their concerns. It is concluded that each case must be assessed on its own merits and agreement with the s.151 Officer reached before EKAP resources are directed towards an investigation.

4 Competence and Standards of Auditors

4.1 Competence

The Head of Audit Partnership will ensure that those engaged in conducting audit reviews, possess the appropriate knowledge, qualifications, experience and discipline to carry them out with due professional care and skill.

4.2 Standards

Regardless of membership, all auditors will be expected to work in accordance with the Public Sector Internal Audit Standard and practice statements issued by the Institute of Internal Auditors and CiPFA. The East Kent Audit Partnership strives to meet best practice as highlighted in paragraph 2.1. The auditors must also observe the Codes of Ethics of the Institute of Internal Auditors and CiPFA, which call for high standards of honesty, objectivity, diligence and loyalty in the performance of their duties and responsibilities. In addition to professional codes of ethics, the EKAP staff are bound to the DDC Code of Conduct through their employment contract.

5 Audit Process

5.1 The EKAP seeks to deliver effective outcomes by;

- Understanding the four partner councils, EKS and EKH their needs and objectives,
- Understanding its position with respect to other sources of assurance and to plan our work accordingly,
- Embracing change and working with the four councils to ensure our work supports management,
- Adding value and assisting the partners in achieving their objectives,
- Being forward looking, knowing where the partners wish to be and being aware of the local and national agenda, and their impact,
- Being innovative and challenging,
- Helping to shape the ethics and standards of the four councils, and
- Sharing best practice and assisting with the joint working agenda.

5.2 Planning

5.2.1 The internal audit process is to follow a planned approach based upon risk assessments. The planning framework comprises the following:

- A Strategic Plan, which ensures that coverage of each of the partner councils as a whole, over a time frame of three to five years, is maintained and reviewed annually, to take into account the new priorities and risks of each authority. This focuses internal audit effort on the risks of the four partner's objectives and priorities. It also seeks to add value to the partners by reviewing areas that most support management in meeting their objectives. The Head of Audit Partnership works together with the two Deputy Heads of Audit to consult relevant service managers and heads of service at each site to assist in formulating the strategic audit plans. Each council's corporate aims and objectives, individual service plans, risk registers, time spent on previous audits, any problems encountered, and level and skill of service staff involved are taken into account and information is entered into the audit software. All areas as identified in the strategic plan are then subject to a risk assessment to identify their risk level and whether or not they are to be included in the proposed annual plan. The audit plans are generated from the audit software based on the risk scores of each area of activity identified through the consultation process

- An Annual Plan for each partner, specifying the planned audits to be performed each year, their priority and the resource requirements for each planned audit review.

5.2.2 For each audit review undertaken, the planning framework comprises the following:

- An Audit Brief, specifying the objectives, scope and resources for the audit.
- Where appropriate either a detailed Audit Programme of tests to be conducted, or a CiPFA Audit Matrix of testing to follow.

The Audit Brief is prepared by the Head of Audit Partnership or Deputy Heads of Audit and reviewed and agreed with the client manager prior to the commencement of the audit review (except where an unannounced visit is necessary).

5.3 Documentation

The EKAP is committed to continuous improvement and has standardised all the working practices across the partnership. The Internal Audit team has access to a common Audit Manual to ensure that the same processes are operational across all the partner sites. The Audit Manual is subject to (at least) annual review. Audit working papers contain the principal evidence to support the report and they provide the basis for review of work. The Auditors employ an audit methodology that requires the production of working papers, which document the following:

- The samples of transactions collected when examining the adequacy, effectiveness and application of internal controls within the system.
- The results of the testing undertaken.
- Other information obtained from these examinations.
- Any e-mails, memos or other correspondence with the client concerning or clarifying the findings.
- A report summarising significant findings and recommendations for the reduction of risk or further control improvement.
- The Service Manager's response to the draft report and then agreed recommendations made in the final audit report.

5.4 Consultation

5.4.1 Prior to the commencement of an audit, the Head of Audit Partnership or Deputy Heads of Audit will communicate by phone, e-mail or face to face meeting with the relevant Manager to discuss the terms of reference. Having agreed the proposed brief with the Manager, the Head of Audit Partnership or Deputy Heads of Audit will:

- issue a copy of the proposed Audit Brief by e-mail, and
- where appropriate arrange a pre-audit meeting between the Service Manager and the Auditor to discuss the purpose, scope and expected timing of the work.

In the case of special investigations, such prior notification may not be given where doing so may jeopardise the success of the investigation. In such an event, the prior approval of the Chief Executive, s.151 Officer or Monitoring Officer will be obtained.

5.4.2 During the conduct of reviews, Auditors are to consult orally and / or in writing with relevant staff to:

- ensure that information gathered is accurate and properly interpreted,

- allow Management to present adequate/reliable evidence to ensure a balanced judgment is formed,
- ensure recommendations add value, are cost effective and practicable, and
- keep Management informed of the progress of the audit.

5.5 Reporting

- 5.5.1 A written discussion document (draft report) is prepared and issued by the responsible Auditor at the conclusion of each audit. Prior to its issue, the appropriate Deputy Head of Audit reviews the draft together with the supporting working papers. The purpose of this document is to allow the service manager the opportunity to confirm factual accuracy and challenge any of the findings of the review.
- 5.5.2 The draft document will contain an outline action plan listing proposed individual recommendations for internal control improvement. These recommendations are categorised to indicate whether there is a high, medium or low risk of the control objectives failing. It is at this stage that the Service Manager accepts or negotiates that the risks are in fact present, that they accept responsibility for the risks and discuss how they proposed to mitigate or control them.
- 5.5.3 The document is then updated, and if changes are required following the discussion, is presented to the Service Manager as a Draft Report. On completion of the Action Plan, a final version of the report containing “Agreed Actions” is issued to the Service Manager with a copy to the relevant Director. Additional copies are circulated as agreed with each Partner Authority.
- 5.5.4 The agreed actions will be followed up, and high priority recommendations will be tested to ensure they have been effective after their due date has passed.
- 5.5.5 Audit reports are to be clear, objective, balanced and timely. They are to be constructed in a standardised format which will include:
- The objectives of the audit,
 - The scope of the audit, and where appropriate anything omitted from the review,
 - An overall conclusion and opinion on the subject area,
 - Proposed actions for improvement,
 - Service Manager’s comments (where appropriate), and
 - A table summarising all the Proposed/Agreed Actions, risk category, a due date and any management responses.
- 5.5.6 Each Final Report carries one of four possible levels of Assurance. This is assessed as a snapshot in time, the purpose of which is for all stakeholders to be able to place reliance on that system of internal controls to operate as intended; completely, consistently, efficiently and effectively. Assurance given by Internal Audit at the year end is based on an overall assessment of the assurance opinions it has given during that year, and can only apply to the areas tested. There are insufficient resources to audit every aspect of every area every year.
- 5.5.7 In addition to individual audit reports for each topic, the performance of the East Kent Audit Partnership is analysed and reviewed as described in section 3.4 of this Charter.

5.6 Follow Up

- 5.6.1 The Audit Partnership will follow up on management action arising from its assignments. Each individual recommendation is recorded on the specialist auditing software used.

Each recommendation is classified as to whether it is high, medium or low risk. The due date for implementation and the responsible person are also recorded.

- 5.6.2 Following the last due date within the Action Plan, the auditors follow up whether or not action has been taken to reduce the identified risk. They ask the responsible officer for each individual recommendation whether:
- a. The control improvement has successfully been implemented
 - b. Progress is being made towards implementing the control improvement
 - c. No action has yet occurred due to insufficient time or resources
 - d. That after agreeing the action, the risk is now being tolerated
 - e. That the control improvement is no longer relevant due to a system change
 - f. Other reason (please specify).
- 5.6.3 Further testing will be carried out where necessary (e.g. critical and high risk recommendations) to independently confirm that effective action has in fact taken place.
- 5.6.4 A written summary of the results of the follow up action is issued to the relevant Service Manager and Director, and where appropriate a revised assurance level is issued. The results of follow-up reviews and the revised assurance opinions issued are also reported to the audit committee.
- 5.6.5 Any areas of concern after follow up, where it is thought that management has not taken appropriate action, will be escalated to senior management and ultimately the Audit Committee as described in paragraph 3.3.2 of this Charter.

6 Resources

6.1 Staff Resources

- 6.1.1 Dover District Council is the host authority for the shared internal audit service therefore it employs or contracts with all the staff engaged to deliver the service. The current team is made up of full or part time staff all providing a range of skills and abilities within the Internal Audit profession. Those staff accredited to a professional body are required to record their Continued Professional Development (CPD) in order to evidence that they maintain their skills and keep up to date. Additionally, the staff are bound by the professional standards and code of ethics for their professional body, either CIPFA, the ACCA or the CIIA.
- 6.1.2 A mix of permanent staff and external contractors will provide the resources required to fill the required number of chargeable audit days. Internal Audit staff will be appropriately qualified and have suitable, relevant experience. Appropriate professional qualifications are ACCA, IIA or AAT. The DDC appraisal scheme including an assessment of personal development and training needs will be utilised to identify technical, professional, interpersonal and organisational competencies. Having assessed current skills a personal development plan will be agreed for all EKAP staff intended to fill any skill gaps.
- 6.1.3 The Dover District Council's Personal Performance Review process will be the key driver to identifying any skill gaps, and training, where appropriate, will be investigated at an individual level, as well as across the team, and on a Kent wide basis (through collaborative arrangements at Kent Audit Group). In the short-term, the specialised computer audit skills gap may be addressed through the engagement of contractors for specialist work, and where possible, a team member will shadow the "expert" to gain additional skills.

6.2 **Budget**

The EKAP budget is hosted by DDC and apportioned between the partners based on the agreed number of audit days. The cost per audit day is a metric reported annually in the Annual Report. The budget includes direct and indirect costs to the partnership. The individual salaries paid to the staff, including the Head of the Audit Partnership are standard grades as assessed by the DDC Job Evaluation system.

7. **Quality assurance**

The quality assurance arrangements for the EKAP include all files being subject to review by either the Deputy Head of Audit for the site and/or by the Head of Audit Partnership (particularly if the review has 'no' or 'limited' assurance). The review process is ongoing and includes adequate supervision of the audit staff and of the audit work performed. This review ensures that the work undertaken complies with the standards defined in the Public Sector Internal Audit Standards and with the requirements of this Charter. In addition to the ongoing review of the quality of individual working papers and reports and performance against the balanced scorecard of performance indicators; an annual assessment of the effectiveness of Internal Audit is undertaken separately by each of the partner authorities. To comply fully with the PSIAS the EKAP has presented the options for an external quality assessment to be undertaken before October 2017. However, the s.151 Client Officer Group at its meeting held 16.11.16 has decided to not spend resources on an External Quality Assessment. This decision was confirmed again at the annual meeting on 05.12.19.

8. **Additional Services**

8.1 **Special Investigations and Fraud Related Work**

The EKAP is, from time to time, required to carry out special investigations, including suspected fraud and irregularity investigations and other special projects. The prevention and detection of fraud and corruption is ultimately the responsibility of management within the four partner authorities. However, EKAP is aware of its role in this area and will be alert to the risk of fraud and corruption when undertaking its work. The EKAP will immediately report to the relevant officer any detected fraud or corruption identified during the course of its work; or the discovery of any areas where such risks exist.

Consequently, a provision for additional time in the event of fraud related work being required has not been included in any of the annual audit plans. Any special investigations which the EKAP is requested to undertake may be accommodated from re-allocating time within the relevant partner's own plan, or through buying in additional resource to either investigate the case, or to back-fill whilst partnership staff carry out the investigation. The provision of resources decision will be made on a case-by-case basis in conjunction with the relevant partner's s.151 Officer and other management as necessary.

An added advantage due to the flexibility of the arrangements within the EKAP means that we are able to use auditors who are not necessarily known at an authority to complete special investigations as this strengthens independence.

The s.151 Officer will keep the Head of Audit Partnership apprised via the regular meetings of any disciplinary action taken by the council that may be relevant to internal audit planning and risk assessments, if staff have been found to act deceitfully or circumvent controls etc.

8.2 **Ad Hoc / Consultancy Work/ External Bodies**

A contingency has not been included in any of the partners' plans. Therefore if work has not been included in the plan from the outset, a variation will need to be agreed for any subsequently requested work, to re-allocate time within the relevant partner's own plan, or through buying in additional resource, to back-fill whilst partnership staff carry out the

assignment. The decision will be made in conjunction with the relevant partner's s.151 Officer and other management as necessary. Conflicts of interest may be avoided if carrying out consultancy work due to the flexibility of the arrangements within the EKAP, as we are able to rotate auditors accordingly. Approval of requests from Management for additional projects are subject to certain criteria, to include whether the EKAP has the relevant skills and capacity to undertake the assignment.

Requests for assurance work from external bodies are not anticipated, nor does the EKAP have capacity or spare resource to deliver such requests. However, in the event that a request is received, the s.151 Client Officer Group would consider and authorise such an undertaking and a separate legal agreement confirming the engagement would be drawn up with DDC as the host authority (EKAP not being a separate legal entity). The Head of Audit Partnership would give the same consideration to conflicts of interest, capacity, skills and competency when assessing the scope of the work, as it if were an internal assignment, before agreeing to undertake the engagement

8.3 Value for Money (VFM) Reviews

VFM relates to internal audit work that assesses the economy, efficiency and effectiveness of an activity. The work of EKAP is planned to take account of VFM generally, indeed this is supported by the objective to port best practice between sites where appropriate. Audit plans may have a specific provision for VFM reviews (or a review of VFM arrangements). Where possible VFM reviews will be run concurrently with other sites within East Kent where this is deemed to be most beneficial to participating authorities. The EKAP staff are alert to the importance of VFM in their work, and to report to management any examples of actual or possible poor VFM that they encounter in the course of their duties.

9. Amendment to Audit Charter

Amendment of this Charter is subject to the approval of the Partners' Audit Committees, Chief Executives, s.151 Officers and the Head of Audit Partnership.

February 2020

References:

Former Audit Strategy

Audit Manual

Public Sector Internal Audit Standards (PSIAS)

CIPFA Local Government Application Note to PSIAS

Plan Area	Corporate Plan and/or Corporate Risk Ref:	Year last audited	Previous Assurance level	2020-21 Planned Days	Quarter Prioritised for 2020-21	2021-22 Planned Days	2022-23 planned days	2023-24 Planned Days
Financial Systems:								
Capital	CR1	2018-19	Substantial				10	
Treasury Management	CR9	2016-17	Substantial	10	3			
Car Parking & Enforcement	CP1	2019-20	Reasonable			10		13
Bank Reconciliation		2018-19	Reasonable				10	
Creditors and CIS		2017-18	Substantial			10		
External Funding Protocol	CP1, CP4 & CR 1	2017-18	Reasonable			10		
Main Accounting System	CP4 & CR1	2016-17	Substantial					
Income	CP4	2017-18	Substantial/ Reasonable			10		
Budgetary Control	CP4, CR1 & CR2	2016-17	Substantial			10		
VAT		2018-19	Substantial				10	
Insurance and Inventories of Portable Assets		2016-17	Substantial	10	3			
Residual Housing Systems:								
Homelessness	CR4	2018-19	Substantial/ Limited				10	
Housing Allocations	CP3 & CR4	2015-16	Substantial	10	4		10	
Right to Buy		2016-17	Reasonable				10	
HRA Business Plan	CP3	2010-11	Limited				10	
Governance Systems:								
Data Protection, FOI and Information Management	CP4 & CR10	2018-19	Limited	10	4		15	
Members' Code of Conduct, Register of Interests, Gifts and Hospitality, and Standards Arrangement	CP4 & CR18	2019-20	Substantial					10
Officers' Code of Conduct and Gifts and Hospitality	CP4 & CR18	2017-18	Substantial			10		
Local Code of Corporate Governance	CP4	2017-18	Reasonable			10		
Anti-Fraud & Corruption Assurance mapping		2019-20	N/A				10	
Performance Management	CP4 & CR17	2016-17	Reasonable/ Limited	10	3			
Complaints Monitoring	CP4	2014-15	Reasonable				10	
Shared Services Monitoring	CP4, & CR9	2015-16	Reasonable					10
Scheme of Officer Delegations	CP4	2017-18	Substantial			10		
Corporate/Governance and Audit Committee		Annually	N/A	32	1 to 4	32	32	32
Project Management	CP4	2017-18	Reasonable			10		
Risk Management	Informs all Corporate Risks	2018-19	Reasonable			10	10	
Other:								
Liaison with the External Auditors	N/A	Annually	N/A	1	1 to 4	1	1	1
Previous Year Work in Progress b/fwd	N/A	Annually	N/A	20	1	5	5	5
Follow-up	N/A	Annually	N/A	15	1 to 4	15	15	15
Capital/Project Post Implementation Reviews:								
Kearsney Abbey		N/A	N/A	10	2			
Main Accounting System		N/A	N/A			10		
Contract Audits:								
CSO Compliance	CP4	2017-18	Reasonable			10		
Service Contract Monitoring	CP4, CR27 & CR31	2017-18	Reasonable			10		
Receipt and Opening of Tenders	CP4	2016-17	Substantial	10	4			
Procurement	CP4	2019-20	Reasonable/ Limited					12
Service Level Audits:								
Employee Health & Safety	CR20	Previously EKS - Reasonable		10	1			
Cemeteries		2016-17	Reasonable	10	2			
Safeguarding Children and Vulnerable Groups/DBS Checks	CP3 & CR28	2014-15	Reasonable	10	2			

Private Sector Housing – HMO Licensing	CP3	2018-19	Limited				10	
Community Safety	CP2	2019-20	Reasonable					10
Coastal Management		2013-14	Substantial			10		
Climate Change		New Area	To be Assessed					12
CCTV	CP2	2017-18	Substantial			10		
Dog Warden Service, Street Scene and Litter Enforcement (incl. graffiti and flytipping)	CP2	2019-20	2019-20 WIP					10
Electoral Registration & Election Management	CP3 & CR14	2019-20	Substantial					13
Environmental Health – Food Safety	CP2 & CP3	2018-19	Substantial				10	
Environmental Health – Public Health Burials	CP3	2019-20	2019-20 WIP					10
Environmental Health - Port Health	CP3 & CR5/6	2017-18	Substantial			10		
Planning Enforcement	CR12	New Area	To be Assessed	10	3			
Environmental Health – Health and Safety at Work	CR8	2019-20	2019-20 WIP					10
Environmental Health - Environmental Protection Service Requests	CP3	2019-20	2019-20 WIP					10
Environmental Health - Contaminated Land, Air and Water Quality	CP3	2017-18	Reasonable			10		
Business Continuity and Emergency Planning	CR7, CR19 & CR25	2016-17	Reasonable	12	1			
Playgrounds	CP3	2016-17	Reasonable	10	2			
Legal Services		Not audited by EKAP, assurance is instead provided by LEXCEL accreditation						
Equality and Diversity	CP3 & CR13	2019-20	2019-20 WIP					12
Events Management		Pre 2004-05	To be Assessed				10	
Grounds Maintenance	CP2 & CP4	2017-18	Reasonable			10		
Disabled Facilities Grants	CP3	2016-17	Substantial	10	1			
Land Charges		2016-17	Reasonable/Limited	10	4			
Licensing	CP3	2017-18	Reasonable			12		
Commercial Properties - Compliance	CR14 & CR30	New Area	To be Assessed				10	
Museum and VIC	CP1	2019-20	Reasonable					15
Commercial Let Properties and Concessions (incl allotments, Industrial estates, Media Centre, Innovation centre etc)	CP4	2019-20	Reasonable					15
Members' Allowances and Expenses		2016-17	Substantial	10	2			
Planning Applications, Income and s106 Agreements	CR12	2016-17	Limited/Substantial	15	4			15
Local Plan, Corporate Plan and MTFP	CR12	New Area	To be Assessed				10	
Building Control		2018-19	Reasonable					12
Phones, Mobiles and Utilities - Expenditure and Controls		2017-18	Substantial/Reasonable			10		
Printing, photocopying and postage		2019-20	Substantial					10
Your Leisure - Sports and Leisure	CP1 & CP3	2019-20	19-20 WIP					15
Whitecliffs Countryside Partnership	CP2	2018-19	Reasonable				10	
Waste Management and Street Cleansing	CP2 & CR13	2018-19	Reasonable/Limited					15
Garden Waste and Recycling Income	CP2	2016-17	Reasonable	10	3			
Total Planned Days:				255		255	255	255

EAST KENT HOUSING: To be reviewed after 4 months

Plan Area	Corporate Risk Reference	Year last audited	Previous Assurance level	2020-21 planned days	2021-22 Planned Days	2022-23 Planned Days
Rent Accounting, Collection and Debt Management	S10	2019-20	Substantial			40
Rechargeable Works	S1	New Area	To be Assessed	35		

Repairs, Maintenance including contract variations		2018-19	Various		40	
Void Property Management		2018-19	Various		20	
Leasehold Services		2017-18	Reasonable	40		
Tenants' Health and Safety (Gas, Fire, Lifts, Legionella and Asbestos)	S13	2019-20	Sustantial/ Reasonable/ Limited/No	15	20	16
Sheltered and Supported Housing (including Supporting People)		2015-16	Reasonable	36		
Estate Management Inspections		2019-20	2019-20 WIP			40
Anti-Social Behaviour		2019-20	2019-20 WIP			40
Tenancy Fraud		2017-18	Limited	10		
Contract Letting - CSO Compliance	S11	2015-16	Reasonable			
Contract Monitoring	S14	2018-19	Limited		36	
Resident Involvement	S9	2018-19	2018-19 WIP		20	
Follow Up / Progress reviews	ALL RISKS	2019-20	Ongoing	4	4	4
Total Planned Days:				140	140	140

EKS/EKHR & CIVICA:

Plan Area	Year lasted audited	Previous assurance level	2020-21 Planned Days	2021-22 Planned Days	2022-23 Planned Days	2023-24 Planned Days
EK Services - Revenues & Benefits (CIVICA)						
Housing Benefits – Payment	2017/18	Substantial			15	
Housing Benefits – Overpayments	2016/17	Substantial	15			
Housing Benefits – Admin & Assessment	2018/19	Substantial		15		
Housing Benefit - Appeals	2019/20	Substantial				15
Housing Benefit - DHP	2018/19	Reasonable			15	
Housing Benefit - Subsidy	2016/17	Substantial	15			
Housing Benefit Testing	2019/20	N/A	15	15	15	15
Council Tax	2014/15 (19)	Substantial				15
Council Tax Reduction Scheme	2017/18	Substantial		15		
Customer Services/Gateway	2016/17	Substantial	15			
Business Rates	2017/18	Substantial		15		
Business Rates reliefs / credits	2019/20	Substantial				15
Debtors and rechargeable Works	2018/19	Substantial			15	
Key Performance Indicators	2019/20	New	5	5	5	5
Sub-Total EK Services Planned Days			65	65	65	65
EK Services Corporate						
Meetings/ Agree Audit Plan			5	5	5	5
Carried forward / follow up			15	15	15	15
Total EK Services Corporate			20	20	20	20
EK Services - ICT						
ICT – Change Controls	2016/17	Substantial	15			
ICT - Data Management	2017/18	Substantial		15		
ICT – Network Security	2018/19	Substantial			15	
ICT – Procurement and Disposal	2017/18	Reasonable		15		
ICT – Physical and Environment	2019/20	Substantial				15
ICT - Software Licensing	2016/17	Reasonable	15			
ICT - PCI-DSS	2018/19	Reasonable / Limited			15	
ICT - Disaster Recovery	2015/16 (19)	Sub / Reasonable				15
EKS ICT Total			30	30	30	30
EK Services - EKHR						
Recruitment	2016/17 (19)	Substantial			15	
Absence Management/Annual Leave and Flexi Leave	2018/19	Reasonable		15		
Payroll, SMP and SSP	2018/19	Reasonable	15	15	15	15
Employee Allowances and Expenses	2017/18	Sub / Reasonable	15			15
Employee Benefits-in-kind	2019/20	Substantial / Limited			15	
Leavers	2016/17	Substantial	15			15
Apprenticeships	2018/19	Sub / Reasonable		15		
Total EK Services HR			45	45	45	45
Overall total			160	160	160	160

Subject:	QUARTERLY INTERNAL AUDIT UPDATE REPORT
Meeting and Date:	Governance Committee – 19 March 2020 & 25 June 2020
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 31st December 2019

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 six internal audit assignments completed during the period, which are summarised in the table in section 2 of the report.
- 2.8 In addition five follow-up reviews have been completed during the period, which is detailed in section 3 of the quarterly update report.
- 2.9 For the nine-month period to 31st December 2019, 152.06 chargeable days were delivered against the revised target of 250.41, which equates to 60.72% 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 2019-20 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 2019-20 - Previously presented to and approved at the 14th March 2019 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 31st December 2019.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level	No. of Recs.	
2.1	East Kent Housing – Welfare Reform	Substantial	C H M L	0 0 0 3
2.2	EK Services – Business Rates Credits & Reliefs	Substantial	C H M L	0 0 3 2
2.3	Members' Code of Conduct & Standards Arrangements	Substantial	C H M L	0 1 2 3
2.4	Let Commercial Properties and Concessions	Reasonable	C H M L	0 1 1 3
2.5	Dover Museum & VIC	Reasonable	C H M L	0 2 3 3
2.6	East Kent Housing – Compliance Indicators Data Quality	Reasonable	C H M L	1 1 0 0

2.1 East Kent Housing; Welfare Reform – Substantial Assurance

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to guard against the potential risks arising from the introduction of Welfare Reform Act in terms of increased caseload, rent arrears and higher debt levels.

2.1.2 Summary of Findings

The Welfare Reform Act 2012 is an Act of Parliament in the United Kingdom which makes changes to the rules concerning a number of benefits offered within the British social security system. It was enacted by the Parliament of the United Kingdom on 8 March 2012.

The Department of Work and Pensions started work on Universal Credit (UC) in 2010 with an original completion date of October 2017. However, the government reset the programme in 2013 after a series of problems with managing the programme and developing the necessary technology. There have been many revised completion dates and in June 2018 it announced a further delay to the completion of the programme to March 2023.

East Kent Housing manages the housing portfolio for Canterbury, Dover, Folkestone & Hythe, and Thanet Councils. This means that they have to manage the expectations of the tenants and as such are one of the main points of contact for tenants who may be affected by changes in the welfare system. As part of the reforms one of the main changes has been the introduction of UC, as part of the new system tenants are now expected to manage their benefits payments and pay their rent direct. In addition to which there is an expectation that the first payments under the new regime will be delayed having a knock-on effect on the tenants' capability to meet normal household costs, pay their essential bills and their rent. This will all have to be sensitively managed.

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

- There is an up to date Risk Strategy Process in place;
- Up to date Action Plans are in place to detail how the roll out of Universal Credit and its impact is to be managed and reported on;
- Information, advice and assistance relating to the Welfare Changes have been made available to tenants and the general public via the website and staff have been kept up to date via the intranet and staff meetings; and
- Benefit & Money advisors have been put in place to assist tenants during the changeover process.

Scope for improvement was however identified in the following areas:

- Staff procedures relating to the Welfare Reform need to be made more accessible to staff, perhaps via a link on the intranet pages; and
- Training needs of staff involved with the new scheme need to be more comprehensive and customer focused.

2.2 EK Services; Business Rates Credits & Reliefs – Substantial Assurance

2.2.1 Audit Scope

To ensure that the processes established by EK Services/CIVICA, on behalf of the partner councils, are sufficient to adequately manage the monitoring of Business Rates accounts where these are in credit and that these procedures comply with legislation. Also to ensure the accurate documentation, proper approval and allocation of relevant reliefs from liability in compliance with government legislation.

2.2.2 Summary of Findings

The Local Government Finance Act 1988 and subsequent legislation requires each Council to grant discretionary relief for premises occupied by Charities and similar organisations that own or occupy them wholly or mainly for charitable purposes. Likewise, certain premises situated within a rural settlement area will be eligible for relief. Powers have also been granted under the Localism Act 2011, which allow for the granting of discretionary rate relief to any premises where a Council feels the granting of such relief would be of benefit to the local community.

In addition to the above, Central Government is keen that in certain cases, assistance should be provided to businesses that have had increases in their rate liability due to the revaluation of premises in April 2017. In these cases, and where a Council meets Central Government guidelines, grants are available under section 31 of the Local Government Act 2003. Whilst all Councils are obliged to grant relief to premises, which fall within the mandatory category, the Partnership Councils also have powers to grant discretionary relief and reductions to ratepayers, subject to certain criteria being met.

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

- Established working practices have been in place for a considerable period of time even prior to the transfer to an outside contractor for the service provision.
- Supporting policies are in place that inform the public of both the mandatory and discretionary business rate reliefs that are available. However the policies when updated could show the version of the document, and the date of issue. They should also be easily accessible on each authority's website however currently they are not easily found on the Canterbury City Council website.

Scope for improvement was however identified in the following areas:

- Historic credits going back a number of years are being investigated on an ad-hoc basis by CIVICA therefore a timetable for this work being carried out should be considered and agreed; this could be reflected within the SLA / Contract that is in place.
- The Business Rates Officers need to ensure that copies of any bespoke letters sent from outside of the main systems are recorded so that a full audit trail is in place for each business rate account..

2.3 Members' Code of Conduct & Standards Arrangements – Substantial Assurance
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2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the highest standards of Member conduct and probity are maintained.

2.3.2 Summary of Findings

In accordance with the Localism Act 2011 the authority must promote and maintain high standards of conduct by Members and co-opted Members of the authority. In discharging this duty, the authority must adopt a code dealing with the conduct that is expected of Members and co-opted Members of the authority when they are acting in that capacity. Dover District Council has adopted the Kent model Code of Conducts (district and parish) which were last updated in June 2015 and can be viewed and downloaded from the Council's website.

As a councillor there is a requirement to adhere to the Council's agreed code of conduct for elected members. A failure to comply with the Council's code can be dealt with via the arrangements in place for investigating allegations. These can be found on the Council's webpages.

Following the abolition of Standards for England on 31 March 2012, the Council assumed responsibility for dealing with and investigating all complaints relating to breaches of the Code, including those made against Parish Councillors within the district. Specific responsibility for assessing alleged breaches of the Code rests with the Monitoring Officer, in consultation with the Independent Person, who is appointed by Council. If the Monitoring Officer, in consultation with the Independent Person, considers that the complaint merits investigation, he will appoint an investigation officer to undertake the investigation. Once the investigation has concluded, the Monitoring Officer may consider that informal resolution is appropriate. Alternatively, he may convene a meeting of the Hearing Panel.

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

- There is a Code of Conduct in place which is accessible to view via the Council's webpages;
- There is a documented process in place for the investigation into allegations of non-compliance with the code, which again can be viewed and downloaded from the Council's webpages;
- Declarations of interests are being adequately recorded, although some files reviewed were lacking signatures;
- Complaints are being considered and dealt with in accordance with the Act.

Scope for improvement was however identified in the following areas:

- General housekeeping functions need to be strengthened to ensure up to date information is available and to evidence a full audit trail for both the declaration and complaint processes;
- Notes on the meetings held/discussions/investigation process of the monitoring officer and independent persons i.e. the complaint assessment checklist, needs to be retained on file until such a time they can be destroyed under the retention policy; and

- The investigator should be made aware that recommendations are not required as part of the report and therefore not required as part of the executive summary.

2.4 Let Commercial Properties and Concessions – 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 derives the maximum value from its let properties and concessions and that where applicable these lettings further support the Council's regeneration aims and aspirations.

2.4.2 Summary of Findings

The Council has a corporate property portfolio with a net book value of £125,376 million (excluding housing and garages) as at March 2019. These assets include investment properties and operational properties.

Asset management should seek to align the asset portfolio with the needs of the organisation. Corporate objectives express the needs and wishes of the organisation at high level; the asset requirements to deliver these objectives should be expressed in a medium/long term plan (five to ten years), variously known in different organisations as an asset strategy, an asset management strategy or a corporate property strategy. The conversion of these corporate aims and visions into asset reality is the business of the asset management plan'; CiPFA.

Management can place Reasonable Assurance on the system of internal controls in operation to manage commercial leases and income. However, whilst assets are largely being managed in line with corporate priorities and to maximise income, it must be recognised that Property Services are adhering to a draft Asset Management Plan dated 2016 that is yet to be completed and formally approved.

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

- A detailed corporate property portfolio is maintained on a single system.
- Record of ownership can be found within the Council's systems.
- Valuations and Rebuild calculations for insurance purposes are up to date although a significant proportion of these are desk based.
- Debtor accounts are monitored, and any arrears are pursued.

Scope for improvement was however identified in the following areas:

- The Asset Management Plan and its associated policies has remained in draft since 2016 and is yet to be completed, approved and published.
- Regular performance monitoring of property yields should be reported to management demonstrating income achieved from assets, balanced against community needs and to highlight areas for improvement.

2.5 Dover Museum & VIC – Reasonable Assurance:

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council's Museum is operated in an efficient and effective manner which safeguards Council assets (exhibits, income, stock, reputation etc.) and minimises risk.

2.5.2 Summary of Findings

The Dover Museum and Bronze Age Boat Gallery is located in Market Square, Dover. Admission is now free to members of the public so income is generated through various means the majority of which in 2018/19 included: the sale of souvenirs (£28.5k), admission fees from Schools (£20.1k), service charges (£16k), town council contribution (£10k), donations (£7,7k), the sale of various documents, stamps / books etc. (£6.6k), and income generated from sales commission (£2.1k).

For 2019/20 the Council has valued the artefacts and exhibits under its control at £7m for insurance purposes. £3m of the museum collections are located at the Dover Museum and the remaining £4m are located at Dover Town Hall, Deal Town Hall, Western Road, Whitfield Offices and various sculptures located across the district.

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

- There are adequate fire prevention and environmental controls in place to protect the museum collections from fire, flooding and theft, although these need to be assessed at the other locations (i.e. Dover Town Hall, Western Road etc.)
- The insurance arrangements in place for all museum and other collections is adequate and includes arrangements for the movement of collections;
- The financial controls in place are generally operating well;
- Educational operations are operating extremely well and help to drive shop sales;
- The shop management controls are operating effectively; and
- Visitor information arrangements are well managed.

Scope for improvement was however identified in the following areas:

- The audit trail of museum collections could be improved to help track, value, record and locate each collection and any stories attached to each artefact;
- Not all museum staff (and volunteers) have received safeguarding and other training in accordance with the requirements set by Dover District Council and there may be a case to introduce DBS checks on staff and volunteers;
- The daily museum shop cashing up / reconciliation record could be improved slightly and consistently applied; and
- The museum shop annual stock take is labour intensive and could be improved with technology.

2.6 East Kent Housing; Compliance Indicators Data Quality – Reasonable Assurance.

2.6.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established by East Kent Housing to ensure the safety of all residents in all properties for which they are responsible for is not compromised.

2.6.2 Summary of Findings

Following concerns being raised around the integrity of Health & Safety compliance data streams being reported to each of the East Kent Councils, this audit has been undertaken to review systems and processes in place in East Kent Housing (EKH) to produce compliance reports to establish the level of reliance which can be placed on the reports by each Council.

Having reviewed and assessed the methodology, accuracy of collection and measurement of performance indicators relating to tenant health & safety, there is emerging evidence that management can have reasonable assurance in the information being reported to them each week.

It is the following findings which result in a conclusion of Reasonable Assurance.

- EKH is making considerable improvement in the monitoring and reporting of compliance for properties which it is responsible for.
- EKH recognised that it still has some work to do to ensure that the new compliance monitoring and reporting processes become embedded across the organisation.

Audit testing identified the following weaknesses resulting in a marginal level of risk to the achievement of the system objectives.

- Cloned data from a partial stock condition survey means that EKH cannot place full reliance on the data it has and properties it is responsible for compliance on. Until a 100% survey has been undertaken on all properties, this will remain the case.
- Partner Councils have not given EKH any guidance on the format and content of compliance reports, other than to accept the reports EKH are presenting them with. This could mean that there are other areas where weak compliance is not being reported.
- Current reporting arrangements are placing a significant burden on EKH which is not only unsustainable, but also, detracting resources away from making improvements in overall compliance performance.
- Some compliance reports contain minor differences in the property populations being reported across different compliance streams from week to week.

A number of errors were identified in compliance figures being reported when comparing the Word-based compliance report to the Scorecard report for the corresponding week. Whilst the differences in the compliance percentage may have changed, none of the differences were to such an extent that the story being told was any different. In some cases tested the difference between the two reports was less than 1%. In most areas of compliance being reported, levels of compliance are so far away from 100% that a 1% or even 5% difference in the two reports means very little.

For example, in one reporting period on Domestic EICR's. The MS Word report reported 65.38% whilst the Scorecard reported compliance at 65.31%. For the purposes of audit testing this was noted as an error. However, both reports give the council the same important information that compliance on Domestic EICR's is a long way for where it needs to be.

A large reason for the changes being made to property population numbers and errors in repots is down to EKH not knowing exactly what they have in each and every property, and that is as a result of a partial stock condition survey, and the differences/ gaps being made up by cloned data.

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)	East Kent Housing – Tenant Health & Safety (Electrical Safety)	No	Limited	C	1*	C	0
				H	1*	H	0
				M	0	M	0
				L	0	L	0
b)	Building Control	Reasonable /No	Reasonable	C	0	C	0
				H	2	H	0
				M	2	M	0
				L	2	L	0
c)	EK Services / ICT Procurement & Disposals	Reasonable	Reasonable	C	0	C	0
				H	0	H	0
				M	7	M	1
				L	0	L	0
d)	GDPR Compliance	Limited	Limited	C	6	C	3
				H	10	H	5
				M	6	M	2
				L	4	L	0
e)	Procurement	Reasonable /Limited	Reasonable /Limited	C	0	C	0
				H	3*	H	0
				M	2	M	0
				L	1	L	0

*Partially implemented at the time of follow-up

- 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:

a) East Kent Housing – Tenant Health & Safety (Electrical Safety):

There were two main issues identified in the original audit which needed to be addressed. The first being around undertaking action to immediately review and rectify the C1 category faults identified on EICR certificates in Communal blocks and then C2 faults. Discussions with EKH have established that immediate action has been taken to address C1 faults on EICR's held by EKH. Then EKH would be able to work to address C2 faults on EICR's. This work is still ongoing, and therefore the first recommendation is considered to be partially implemented with a positive direction of travel towards full implementation. It is acknowledged however by EKH that due to the number of potential C2 faults, this work is likely to be ongoing until at least March 2020.

The second recommendation that was originally agreed was around moving to a 5 yearly EICR process. All four Councils have agreed and moved to a 5 yearly process, but in doing so, overall levels of compliant EICR's are lower than desired. Compliance reports in early November reported EICR compliance in domestic properties varying between 66% (Dover) and 27% (Folkestone and Hythe). This means that there is still a significant amount of work required to ensure that EICR compliance reaches an acceptable level. For this reason, the second recommendation is also considered to be only partially implemented with a positive direction of travel. See below for levels of EICR compliance as at early November.

Communal Blocks

	CCC	DDC	F&H	TDC
Compliant	302	132	143	204
Non Compliant	178	242	3	0
Total props	480	374	146	204
Compliant %	63%	35%	98%	100%

Domestic properties

	CCC	DDC	F&H	TDC
Compliant	2495	2852	930	892
Non Compliant	2611	1465	2466	2119
Total props	5106	4317	3396	3011
Compliant %	48%	66%	27%	30%

EKH recognised the need for better compliance reporting around EICR's and have purchased software to aid with EICR compliance reporting. Compliance staff have undertaken a significant amount of work to implement the software, but that work is still ongoing, and not likely to be completed until around March 2020. Whilst the software will not improve levels of EICR compliance as that can only be achieved by undertaking work on properties. It will however ensure that EICR compliance is

accurately reported more easily and that outstanding remedial work and EICR renewals is better and more efficiently planned.

The controls around the addressing of faults initially raised on EICR certificates have improved significantly, particularly around C1 faults. Analysis undertaken by staff has identified large numbers of non-existent EICR's in both Communal blocks and Domestic properties. While a significant amount of work has already been complete, there remains a significant amount of work still outstanding.

EKH expect that by March 2020, the Corgi software will be fully operational and reporting on EICR compliance, which should have also significantly improved by that point in time.

d) GDPR Compliance:

At the point of the initial audit in May 2019 the Council was working through the new data protection responsibilities introduced as part of the GDPR which came into effect in May 2018. The audit was focused on compliance with the new regulations and practices which would help ensure the Council is doing everything it reasonably can to protect personal and sensitive data. Many authorities are still working towards full compliance with the new regulations and since the initial audit in May 2019 Dover District Council has taken many positive steps to address many of the outstanding issues raised in the initial audit report.

The Council has made a lot of progress since the initial audit report however the Council is still not able to adequately demonstrate compliance with Article 6, Article 9, Article 12, Article 13, Article 30, Article 39 (1b) and Article 28-3a but also some of the Articles listed 24 to 43 in Chapter 4 of the GDPR.

Management response - The workload of implementing of GDPR has far exceeded that first envisaged by management back in 2018. GDPR has brought increased protection for the public but at the same time, significantly increased obligations for all organisations. Many private organisations are still struggling with the full impact of GDPR even though they have a far more limited range of business activities than a local authority. GDPR compliance is particularly challenging for local authorities as the amount of personal data being processed on a day to day basis is significant and that data is being processed for a multiplicity of business purposes. This is particularly true in the case of district councils which have a very wide variety of small-scale information streams making compliance disproportionately burdensome. For Dover, compliance is led by one officer, the Data Protection Officer who fulfils other significant but largely unrelated roles. The authority is therefore reliant on Heads of Service and Service Managers to adopt appropriate practices in their areas of work, alongside maintaining the continuity of their services.

Management are grateful for the detailed work done in relation to this audit and pleased to see that the considerable work undertaken to improve the situation since the original audit has been recognised, that is 15 of the 26 recommendations made by the audit team have been fully implemented and one now identified as no longer relevant. It is of note, however, that this audit relates to the authority as a whole and several of the remaining recommendations are reliant on work being done by across the entire organisation, particularly by Heads of Service and Service Managers. This need is recognised by Management and it will be given the necessary priority over the coming months.

e) Procurement:

The main issues that needed to be addressed were the number of staff that been allocated access to the e-procurement process and provided with procurement cards and also the lack of correct receipts being provided by officers so that the Council could reclaim VAT expenditure when they make purchases with their procurement cards. Following additional testing this remains an issue and further action is required to maximise VAT recovery.

Management Response - The Senior Procurement Officer will again remind all Card Holders of their responsibility to provide VAT receipts, and that the use of personal club cards (against Council purchases) is not permitted. In addition to the above, the Senior Procurement Officer will perform regular dip checks and remove cards for repeat offenders reporting to the Head of Service (and Head of Finance) accordingly.

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: Members' Code of Conduct & Standards Arrangements, Public Health Burials, Environmental Health & Safety at Work, Environmental Health, Housing Repairs & Maintenance, , and Dog Warden & Street Scene Enforcement.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

5.1 The 2019-20 Audit plan was agreed by Members at the meeting of this Committee on 14th March 2019.

5.2 The Head of the Audit Partnership meets on a quarterly basis with the Strategic Director (Corporate Resources) - 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 nine-month period to 31st December 2019, 152.06 chargeable days were delivered against the revised target of 250.41, which equates to 60.72% 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.

- 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 31st December 2019 against the agreed 2019/20 Audit Plan.
Annex 4 Balanced Scorecard of performance indicators to 31st December 2019.
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>GDPR Compliance – January 2020</i>		
<p>Critical - The DPO should arrange for an email to be distributed requesting all staff complete the five e-learning modules on GDPR. As at 20/02/2019 49.9% of staff had completed all five e-learning modules.</p>	<p>The Council has secured from the LGA one-year funding for Dojo Cyber Security modules. These are currently being reviewed by each Council's SIRO and DP Officer and the initial view is that these modules are much more accessible, are tailored to local government, whilst having good content. It was agreed at the CIGG on 13 March 2019 that this will be delivered to all staff at each authority using theatre style training sessions.</p> <p>Proposed Completion Date & Responsibility</p> <p>SIRO and DPO - Ongoing to be completed for all staff by 31 December 2019</p>	<p><u>Management Comment</u> DDC has rolled out the new DOJO Cyber Security & Data Protection Training to all staff. In total eight theatre style training sessions have been given to all staff provided by the Data Protection Officer, Governance Officer, Senior Information Security Officer and Senior Information Risk Owner. In total 304/326 (92.9%) of Dover employees have been trained in terms of Cyber Security & Data protection. The remaining staff have been asked to complete the training online and sign a declaration form which requires their managers signature. In order to demonstrate we have given this training and have evidence of who has attended, we hold two records; the attendance sheet of each session as well as an all staff list of who has and hasn't attended one of the training sessions demonstrating compliance with the GDPR accountability principle.</p> <p><u>Auditor Comment</u> The Cyber Security & Data Protection Training is an excellent way of delivering training. The Auditor attended the course and the face to face nature and interactive</p>

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.
		<p>nature of the training compared with that of e-learning was insightful, engaging and well delivered. To date 92.9% of staff have received training which is very good, however there are 22 members of staff that have not received the training and these officers will pose a risk to Dover District Council particularly if a data breach is caused by their lack of knowledge. The list of staff includes officers from Museums & Tourism, Asset Management, Building Control, Community Safety, Property Services, Financial Services, Strategic Housing, Corporate Support; Leadership Support, Legal, Highways and Parking & Community Services.</p> <p>Recommendation Outstanding – Revised Implementation Date May 2020</p> <p><u>Risk Outstanding</u> The Council may not be able to successfully demonstrate compliance with Article 39 (1b) of GDPR.</p>
<p>High - Once the Information Asset Register has been reformatted formatted (recommendation 5) the Data Protection Office (HR) should ensure the Information Asset Register is full completed by all Heads of</p>	<p>Agreed. Once the Information Asset Register has been reviewed, it will be presented to CMT and the Heads of Service Group to gain buy in, prior to requiring each HOS to provide an updated IAR to the DPO.</p> <p>Proposed Completion Date & Responsibility</p>	<p><u>Management Comment</u> Since updating the format of the register, the SIRO then updated the Heads of Service group on the proposal that the information asset register will be sent around for each department and service</p>

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.
<p>Service to capture more detail about the personal information being processed and stored by the Council.</p>	<p>Heads of Service, supported by the DPO and Governance Officer - 31 October 2019</p>	<p>manager to complete. A total of ten completed registers have be received numerous are still outstanding even after numerous emails.</p> <p><u>Auditor Comment</u> The Governance team has worked hard to ensure the information asset registers are completed on the new register template by Heads of Service and management and returned to the Governance Officer however there are four Privacy Notices outstanding: -</p> <ol style="list-style-type: none"> 1) Asset Management (medium risk); 2) Community Services (high risk); 3) Parks and Open Spaces (low risk); 4) Property & Valuations (medium risk). <p>This does not necessarily mean that the Council is non-compliant, but it weakens the evidence behind the Privacy Notices detailing how personal information is collated, used, managed, stored and deleted. This will become a problem for the Council if the ICO ever asks to review this information following a data protection breach.</p> <p>Recommendation Outstanding – Revised Implementation Date May 2020</p>

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.
		<p><u>Risk Outstanding</u> The Council may not be able to successfully demonstrate compliance with Article 9 of GDPR.</p>
<p>Once the Information Asset Register has been completed (recommendation 6) each Head of Service and the Data Protection Officer (HR) should assess the risk to ‘special categories’ of personal data being collated and stored within systems of hard copy files, the results of which should be recorded within the Information Asset Register in order to evidence to the ICO (if ever requested) that this has been done in accordance with the Council’s own Data Protection Policy.</p>	<p>Agreed. On receipt of all IARs the DPO and HoS will review and ensure that special category data and the associated risks are fully recorded in the IAR.</p> <p>Proposed Completion Date & Responsibility</p> <p>Heads of Service, DPO and Governance Officer - 31 December 2019</p>	<p><u>Management Comment</u> Still waiting for the outstanding information asset registers. Additionally, we have also created an appropriate policy document for when processing special category or criminal offence data under GDPR article 9 & 10. This requires us to hold a document which sets out how we are processing this type of data in line with the data protection principles and the conditions relied on to processing such data listed in the DPA18 schedule 1; this is attached to the amended Data Protection Policy.</p> <p><u>Auditor Comment</u> The new Data Protection Policy was examined and now contains an ‘Appropriate Policy Document’ in accordance with the requirements of GDPR however there are still ten outstanding incomplete Information Asset Registers which are there to demonstrate to the ICO that Heads of Service have identified and assessed special category</p>

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.
		<p>data etc. and form part of the Record of Processing Activities.</p> <p>Recommendation Outstanding – Revised Implementation Date May 2020</p> <p><u>Risk Outstanding</u> The Council may not be able to successfully demonstrate compliance with Article 9 of GDPR.</p>

<p>Critical - The Council should draft, approve and publish the following Privacy Notices for the following services: -</p> <ul style="list-style-type: none"> • Asset Management; • Parks and Open Spaces; • Legal; • Community Services; • Financial Services; and • Media and Communications. 	<p>Agreed. The DPO will work with the relevant Heads of Service to ensure that a draft Privacy Notice is provided for the services identified to the Governance Officer for review and sign off.</p> <p>Proposed Completion Date & Responsibility</p> <p>Relevant Heads of Service, supported by the DPO and Governance Officer - 30 June 2019</p>	<p>Management Comment Privacy notices can be accessed here at www.dover.gov.uk/privacy</p> <p>Since the initial audit the following privacy eleven departmental notices have been added.</p> <p>Numerous others are drafted which need reviewing by the relevant officers, even though a few are still outstanding the corporate notice is there to provide the necessary information where a service specific notice hasn't been provided.</p> <p>Auditor Comment The following Privacy Notices are still outstanding.</p> <ol style="list-style-type: none"> 1) Asset Management (medium risk); 2) Community Services (high risk); 3) Parks and Open Spaces (low risk); 4) Property & Valuations (medium risk). <p>These should be published as soon as possible. If there was a data breach within one of these service areas the ICO would ask to see the Information Asset Register and the Departmental Privacy Notice to check how management have structured and organised the information governance mechanisms.</p> <p>Recommendation Outstanding – Revised Implementation Date May 2020</p>
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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.
		<p><u>Risk Outstanding</u> The Council may not be able to successfully demonstrate compliance with Articles 12 and 13 of GDPR.</p>
<p>High - A separate document should be created which sets out all Data processing Activities in accordance with 'Article 30 of the GDPR - Records of processing activities' in preparation for any future request by the Information Commissioner.</p>	<p>Agreed. On completion of the PNs and Retention Schedules and the review of the Information Asset Register, this document will be created.</p> <p>Proposed Completion Date & Responsibility</p> <p>DPO and Governance Officer - 31 December 2019</p>	<p><u>Management Comment</u> Management have chosen to satisfy ROPA requirements across Privacy Notices, Retention Schedules & Information Asset Register, in accordance with GDPR Article 30.</p> <p>This will work out better as not all the documents above are required to be made public. Most of the requirements of the ROPA (Article 30) will be met by the completion of information asset registers and the rest will be in privacy notices and retention schedules. Management have already got numerous privacy notices and retention schedules in place so would be the most effective and efficient way forward.</p> <p><u>Auditor Comment</u> Management have decided to provide the information across Privacy Notices, Retention Schedules & Information Asset Register, as shown in our GDPR Audit Action Plan under Article 30.</p>

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.
		<p>However, ten incomplete Departmental Information Asset registers, and four Privacy Notices are still outstanding and therefore the record of processing activities will be incomplete until recommendations 6, 7, 9 & 10 are implemented and therefore the Council will be unable to satisfy the requirements of GDPR Article 30.</p> <p>Recommendation Outstanding – Revised Implementation Date May 2020</p> <p><u>Risk Outstanding</u> The Council may not be able to successfully demonstrate compliance with Article 30 of GDPR.</p>
<p>The Benefits Privacy Notice and the Homelessness Privacy Notice should be reviewed to ensure it contains sufficient detail about how children's data is held, secured and processed. The Benefits Privacy Notice should also contain information making clear that the Council collects 'ethnic origin' sensitive personal data.</p>	<p>Agreed. The DPO and Governance Officer will work with the relevant Head of Service to ensure that the Homelessness Privacy Notices contain the required information relating to children's data.</p> <p>The Council will ensure the Benefits Privacy Notice is reviewed following the outcome of recommendation 20 (legal advice on shared services arrangements).</p> <p>Proposed Completion Date & Responsibility</p>	<p><u>Management Comment</u> Both Privacy Notices can be located here – www.dover.gov.uk/privacy</p> <p>Management have decided to draft a specific privacy notice which details where and how children's personal data is processed. This will cover all departments processing. Secondly a child friendly privacy notice so it is easier to read and understand. The ICO has stated that going into the second year of GDPR their focus</p>

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.
	DPO and Governance Officer Homelessness - 30 June 2019 & Benefits Privacy Notice – 31 December 2019	<p>has moved more to the accountability side ensuring controllers are demonstrating that they are compliant.</p> <p><u>Auditor Comment</u> The decision to put in place a specific privacy notice for Children's data processing is a good idea in principle. When this is completed the Council should ensure that the Homelessness Privacy Notice and Benefits Privacy Notice clearly cross references any new privacy notice dealing with children's data held.</p> <p>Recommendation Outstanding – Revised Implementation Date May 2020</p> <p><u>Risk Outstanding</u> The Council may not be able to successfully demonstrate compliance with Article 6 of GDPR.</p>
Critical - Management should produce a reliable list of existing / legacy contracts in place with third parties in order to start to plan for contract variations that is required to ensure that responsibility for protecting personal data shared and held by the contractor is securely dealt with in	Agreed in part. Using a robust and documented risk assessment process, contracts that contain high levels of personal data, including special category data will be addressed in priority and attempts made to secure any contractual variations. However, low risk contracts, with low level of personal data and no special category data, where a variation may prove to be costly to the Council, may only be regularised at contract extension or renewal stage.	<p><u>Management Comment</u> Legal and Procurement have produced a list of contracts which require data protection amendments.</p> <p><u>Auditor Comment</u> Recommendation 17 and Recommendation 18 are two stages of a process aimed at resolving contractor risk.</p>

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.
<p>accordance with GDPR / Council Policy and Council Privacy Notices.</p>	<p>Proposed Completion Date & Responsibility</p> <p>Procurement Manager and Legal Executive (Litigation and Procurement) - 31 December 2019</p>	<p>Procurement have produced a list of legacy contracts (as at November 2019) in accordance with the recommendation. The list contains 41 contracts in place. Internal Audit estimates that approximately 13 of the contractual arrangements involve the handling of personal or sensitive data.</p> <p>Fully Implemented</p>
<p>Critical - Dover District Council should seek legal clarification on the legal relationship (for data protection purposes) between Dover District Council and East Kent Housing / EKHR & Civica in order to map out and define roles and responsibilities for data protection, data sharing and Privacy Notices. This will provide the legal assurance required to start assessing whether any data protection processes or data sharing protocols require review.</p>	<p>Ongoing. A meeting was arranged for 25 March 2019 to consider the legal opinion. Following receipt of the opinion resultant changes, if required will be built into the GDPR action plan.</p> <p>Any necessary changes will be made to contractual governance arrangements.</p> <p>Proposed Completion Date & Responsibility</p> <p>DPO - 31st December 2019 Subsequent action linked to Recommendation 4</p>	<p><u>Management Comment</u></p> <p>The Council is to adopt addendum agreement by WSLaw in the case of EKS. End date to be moved back 6 months to wait the outcome of the consultation regarding EKH.</p> <p><u>Auditor Comment</u></p> <p>East Kent Housing was the main focus of this recommendation and the data protection risk will remain outstanding until the new Board (which is made up of the Chief Executives from all four Councils) decides if East Kent Housing is a Data Controller or a Data Processor. It is the view of Internal Audit that East Kent Housing is more likely to be a Data Controller however the four Councils are yet to agree on this from a legal standpoint. The risk will remain high until such time</p>

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.
		<p>that this legal issue is resolved and responsibilities for data protection are clarified.</p> <p>Recommendation Outstanding – Revised Implementation Date May 2020</p> <p><u>Risk Outstanding</u> The Council may not be able to successfully demonstrate compliance with Article 28-3a and also some of the Articles listed 24 to 43 in Chapter 4 of GDPR.</p>

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Tenancy & Right to Buy Fraud	March 2019	Limited	Winter 2019
East Kent Housing – Tenant Health & Safety	September 2019	Limited/No	Work-in-Progress – Part complete
EK Services – PCI-DSS	December 2019	Reasonable / Limited	Spring 2020

PROGRESS AGAINST THE AGREED 2019-20 AUDIT PLAN.

DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2019	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking & Enforcement	10	10	0.35	Work-in-Progress
Budgetary Control	10	10	0.18	Postponed till future year
Insurance & Insurance of Portable Assets	10	10	0.24	Postponed till 2020-21 due to retendering of insurance in 2019-20
RESIDUAL HOUSING SYSTEMS:				
HRA Business Plan	10	10	0.18	Postponed till future year
GOVERNANCE RELATED:				
Members' Code of Conduct & Standards Arrangements	10	10	4.53	Finalised - Substantial
Anti-Fraud & Corruption	2	2	1.79	Finalised
Shared Service Monitoring	10	10	0	Postponed till future year
Corporate Advice/CMT	2	2	9.02	Work-in-progress throughout 2018-19
s.151 Meetings and support	9	9	9.83	Work-in-progress throughout 2018-19
Governance Committee Meetings and Reports	12	12	10.03	Work-in-progress throughout 2018-19
2019-20 Audit Plan Preparation and Meetings	9	9	4.81	Work-in-Progress
SERVICE LEVEL:				
Procurement	10	10	10.2	Finalised – Reasonable/Limited
Community Safety	10	10	13.26	Finalised - Substantial
Dog Warden, Street Scene and Litter Enforcement	10	10	0	Work-in-Progress

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2019	Status and Assurance Level
Electoral Registration & Election Management	13	13	2.86	Work-in-Progress
Environmental Health – Public Health Burials	10	10	0	Work-in-Progress
Environmental Health – Health & Safety at Work	10	10	0.23	Work-in-Progress
Environmental Protection Service Requests	10	10	0.18	Work-in-progress
Equality & Diversity	10	10	0.18	Work-in-progress
Museum & VIC	12	12	13.53	Work-in-Progress
Commercial Properties & Concessions	12	12	13.21	Work-in-progress
Petty Cash & Travel Arrangements	8	8	0	Postponed to future year
Printing, Photocopying & Postage	10	10	9.86	Finalised - Reasonable
Sports & Leisure	15	15	0	Work-in-Progress
OTHER				
Liaison with External Auditors	1	1	0	Work-in-progress throughout 2019-20
Follow-up Work	15	15	12.49	Work-in-progress throughout 2019-20
FINALISATION OF 2018-19- AUDITS				
Food Safety	5		4.39	Finalised
Data Protection			0.31	Finalised
Building Control			3.33	Finalised
Waste Management & Street Cleansing			17.16	Finalised
Risk Management			9.64	Finalised
Days over delivered in 2018-19	0	-4.59	0	Completed
Responsive Work:				
Homelessness – 2018-19	0	0	0.27	Finalised
TOTAL	255	250.41	152.06	60.72% as at 31st December 2019

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2019	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Ctte/EA Liaison	4	4	11.11	Work-in-progress throughout 2019-20
Follow-up Reviews	4	4	10.24	Work-in-progress throughout 2019-20
Rent Accounting, Collection & Debt Mngmt.	40	40	32.44	Work-in-progress
Rechargeable Works	10	10	0	Postponed till future year
Tenants' Health & Safety	15	15	21.89	Finalised – Limited/No
Customer Contact	12	12	0	Postponed till future year
East Kent Housing Improvement Plan	10	10	0	Postponed till future year
Estate Management Inspection	15	15	0	Postponed till future year
Anti-Social Behaviour	15	15	0	Postponed till future year
Employee Health, Safety & Welfare	15	15	5.02	Work-in-progress
Finalisation of 2018-19 Work-in-Progress:				
Days under delivered in 2018-19	0	19.50	0	Allocated
Staff Performance Management	0	0	9.12	Work-in-Progress
Welfare Reform	0	0	8.23	Finalised
Repairs & Maintenance	0	0	37.33	Work-in-Progress
Service Level Agreements	0	0	0.97	Finalised
Responsive Work:				
Data Integrity	0	0	4.46	Finalised - Reasonable
Total	140	159.50	140.81	88.28% as at 31-12-2019

EKS, EKHR & CIVICA:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2019	Status and Assurance Level
EKS, EKHR & Civica Reviews:				
Business Rates – Reliefs and Credits	15	15	16.76	Finalised - Substantial
Council Tax	20	20	0	Quarter 4
Housing Benefit Appeals	15	15	13.54	Finalised - Substantial
KPIs	5	5	5.44	Work-in-Progress
ICT Disaster Recovery	15	15	0	Quarter 4
ICT Physical & Environment	15	15	13.81	Finalised - Substantial
Housing Benefit Testing	15	15	13.15	Finalised – N/A
EKHR Reviews:				
Employee Benefits-in-Kind	15	15	8.99	Work-in-Progress
Payroll	15	15	0.25	Work-in-Progress
Recruitment	15	15	0.17	Quarter 4
Other:				
Corporate/Committee	8	8	6.46	Work-in-progress throughout 2019-20
Follow up	7	7	5.74	Work-in-progress throughout 2019-20
Days under delivered in 2018-19	0	27.26	-	Allocated as below
Finalisation of 2018/19 Audits:				
Days under delivered in 2018-19	0	27.26	-	Allocated below
Housing Benefit Testing 18-19	0		8.70	Finalised
Payroll			2.22	Finalised - Reasonable
ICT PCI-DSS Compliance			10.64	Finalised – Reasonable/Limited
Total	160	187.26	105.87	57% at 31-12-2019

EAST KENT
DOVER • FOLKESTONE & HYTHE • THANET • CANTERBURY



AUDIT PARTNERSHIP

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2019-20</u> <u>Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2019-20</u> <u>Actual</u>	<u>Original</u> <u>Budget</u>
	Quarter 3		Reported Annually		
Chargeable as % of available days	85%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£332.50
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£428,375
CCC	62.82%	75%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) • - 'Unplanned Income' 	£	£10,530
DDC	60.72%	75%		£	Zero
F&HDC	56.71%	75%			
TDC	79.75%	75%			
EKS	56.52%	75%			
EKH	88.28%	75%			
Overall	64.55%	75%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 		£438,905
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued • Not yet due • Now due for Follow Up 	29 12 28	- - -			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>
	Quarter 3				
Number of Satisfaction Questionnaires Issued;	46		Percentage of staff qualified to relevant technician level	74%	75%
Number of completed questionnaires received back;	14		Percentage of staff holding a relevant higher level qualification	38%	36%
	= 30%		Percentage of staff studying for a relevant professional qualification	15%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	4.1	3.5
<ul style="list-style-type: none"> • Interviews were conducted in a professional manner • The audit report was 'Good' or better • That the audit was worthwhile. 	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	36%	36%
	100%	90%			
	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.

Subject: QUARTERLY INTERNAL AUDIT UPDATE REPORT

Meeting and Date: Governance Committee – 25th June 2020

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 31st March 2020

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 six internal audit assignments completed during the period, which are summarised in the table in section 2 of the report.
- 2.8 In addition six follow-up reviews have been completed during the period, which is detailed in section 3 of the quarterly update report.
- 2.9 For the one-month period to 30th April 2020, 12.52 chargeable days were delivered against the revised target of 281.76, which equates to 4.44% 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 2019-20 and 2020-21 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 2019-20 - Previously presented to and approved at the 14th March 2019 Governance Committee meeting.
- Internal Audit Annual Plan 2020-21 – The plan would have been presented to and approved at the 19th March 2020 Governance Committee meeting, however this meeting not held due to the Covid-19 lockdown. The Plan is attached as Annex 3.
- 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 31st December 2019.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level	No. of Recs.	
2.1	Electoral Registration & Election Management	Substantial	C H M L	0 0 2 1
2.2	East Kent Housing - Rent	Substantial	C H M L	0 0 2 1
2.3	Car Parking & Enforcement	Substantial	C H M L	0 4 5 2
2.4	East Kent Housing – Employee Health & Safety	Limited	C H M L	0 3 6 2
2.5	East Kent Housing – Repairs, Maintenance & Void Property Management	Substantial/ Reasonable/Limited	C H M L	0 6 2 2
2.6	EK Services – Housing Benefit Quarterly Testing - Quarters 3 & 4 2019/20	Not applicable		

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

Elections in Great Britain are run by independent Returning Officers (RO) based in each local authority area. The Electoral Commission is the independent watchdog that provides guidance to both ROs and Electoral Registration Officers.

The administration of government elections, both local and national held within the district of Dover are the responsibility of the Returning Officer (Head of Paid Service). Dover District Council officers manage the electoral process on behalf of its own elections and also third parties when requested, such as a general or parish elections. The costs of these elections are borne by the respective body, therefore once the election has been held the associated costs are reclaimed by Dover District Council from the relevant party, such as Kent County Council (KCC), the parishes or Central Government etc.

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

- Established processes are in place for the preparation and ongoing maintenance of the register of electors. However, within these processes there is the opportunity to review them to reduce the amount of paper records that are held and fully utilise electronic record keeping (i.e. scanning of documents).
- Project plans and risk assessments are produced for each election that support the established processes that are in place for each of the different elections that are carried out.
- Financial returns are submitted for each election to ensure that the maximum amount of monies can be recovered for each of the different elements that make up an election. Financial returns are to ensure that maximum recoverable amounts are not exceeded.

1.5 Scope for improvement was however identified in the following areas:

- The Electoral Services Manager should request a breakdown of the how the recharge figure is calculated by Building Services for the Caretaker duties during an election so that it may be used as supporting evidence with claims made for the elections.
- A decision should be made in respect of the election duty payments made to the Caretakers as to how they are processed either through their normal payroll record (as currently done so) or if they should be processed through the election payroll for any duties that relate to the running of an election.

2.2 East Kent Housing (Rents) – Substantial Assurance

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the rent accounting, collection and recovery functions are carried out efficiently and effectively.

2.2.2 Summary of Findings

East Kent Housing collects rent on behalf of the four East Kent authorities and is also responsible for the collection of current and former tenant arrears. The figures below highlight the values for these key areas at 31 March 2019:

- The total current residential arrears for all four authorities at 31 March 2019 was £2,445,864 (3.51% of the annual debit) compared to £745,221 in 2016/17 (1.03% of the annual debit). This rise is due to the impact of tenants transitioning to Universal Credit (UC);
- The total former tenant arrears for all four authorities at 31 March 2019 was £1,104,404, and;
- A total of 30 evictions took place due to rent arrears at 31 March 2019.

The Income team is centrally based at Garrity House, Aylesham. Rent accounts for all four authorities are held in the Northgate Single System and apart from rent refunds and some cash posting routines, processes are harmonised on behalf of the four councils.

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

- Clear and up to date rent management policies are in place and available to all staff;
- Review of 41 tenant accounts across the four local authorities, with both rent arrears and court costs attached, were 100% satisfactory in terms of monitoring and managing recovery of both rent arrears and courts costs;
- Court costs and tenant issues were suitably recorded in 100% of the 41 accounts reviewed;
- Rent refunds are only paid once all checks confirm there are no outstanding arrears on any other accounts e.g. council tax, HB, former tenancies;
- A variety of payment methods are available to tenants and tenants should soon be able to view their accounts online;
- Performance information is provided to the four authorities to the level, detail and timescales required.

1.4 Scope for improvement was however identified in the following areas:

- Attempts should be made to bring Canterbury district cash posting processes in line with the three other local authorities.
- There is potential to streamline and harmonise the rent refund process; issuing rent refunds electronically/directly from the Northgate system could be explored.
- Historically, statements were issued quarterly however this has stopped since the Single System was recently introduced. The Income team are currently awaiting an upgrade to the Single System which will allow tenants to view their accounts and latest balances online. Statements should still be issued to those without online access, both currently and in the future.

2.3 Car Parking & Enforcement – Substantial Assurance

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that:

- Car park machine income (on-street and off-street), is adequately monitored and reconciled to expected income and that income trends are monitored for individual car parks for management information.
- Income due to the Council from PCNs is adequately monitored and reconciled to expected income and that income trends are monitored for management information.

2.3.2 Summary of Findings

The legislation that governs this service is as follows and has adequately been detailed throughout the various policies and procedures available via download on the Council's webpages:

- Part IV Road Traffic Regulation Act 1984;
- Dover District Council (Off Street Parking Places Order) (Current);
- Road Traffic (Permitted Parking Area and Special Parking Area) (County of Kent) Order (District of Dover) Order 2001;
- The Kent County Council (Various Roads, Dover District) (Waiting Restrictions and Street Parking Places) Order (current); and
- The Traffic Management Act 2004 (Part 6).

The Council provides 3065 car parking spaces throughout the district in car parks (off street) and a number of spaces both pay & display and free on-street. The fees and charges are set annually and agreed by Members, the current charges in place have remained static for the last four financial years. The revenue for car parks is approx. £1,700,000 pa. The car parking system is operated via an on-line package called Smartfolio, this allows management to monitor faults, managed cash collections, reconcile income and, where applicable manage disputes.

The Council also provides residents' parking schemes in some residential areas close to the town centres of Deal, Dover and Sandwich. There is also a provision made for regular users and visitors in order that they may park at a reduced rate over the year via a permit scheme – for the purposes of this audit only the resident permit scheme has been reviewed. The application process for permits went to a virtual system in April 2018 and has proven to be successful.

Although parking contraventions have been de-criminalised, they have not been de-legalised. It therefore remains an illegal act to park in contravention of the restrictions. The Council enforces all parking regulations throughout the district for both on and off street and have issued an average of 297 penalty charge notices a week which should bring in a revenue circa £540,540+ pa. Enforcement on street is carried out by the Council on behalf of Kent County Council.

In addition to this the Council provides a cash collection service to Eurotunnel (Samphire Hoe) and English Heritage (Deal and Walmer Castles) for a charge.

The Council uses three computer packages to manage and monitor the services provided, these are Smartfolio (ticket machines); 3Sixty (PCN's) and Permit Smarti (Parking Permits).

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

- There are procedures in place for both staff and the public to access for various enforcement, permit and PCN uses. However, these could benefit from being version controlled to ensure they remain relevant and up to date;
- There is adequate insurance cover in place to ensure any losses can be re-claimed for this service;
- Charges are being reviewed and reported to Members on an annual basis, benchmarking exercises have been undertaken to ensure value for money is being maintained and are also supported by car parking strategies which were undertaken in 2015;
- Risk assessments have been carried out for this service;
- A full audit trail exists for car parking income;
- Machine faults are being dealt with appropriately and promptly to ensure income is being maximised;
- The income and baking regime is timely; and
- Budgets are being effectively managed and monitored.

1.4 Scope for improvement was however identified in the following areas:

- A more robust reconciliation of asset process is required;
- The conditions of use for residents permits requires a review to ensure the conditions are meaningful, clear, concise and can be accessed by all;
- Review and update the authorised signatory list to ensure it captures the processes being operated within the service;
- Management reports should be produced from the PCN system to ensure the automated reconciliation processes are efficient and data capture is accurate.

2.4 East Kent Housing (Employee Health & Safety) – Limited Assurance:

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the policies and procedures established to protect staff in relation to various health and safety issues, such as fire safety, lone working and home working, whilst also taking into account the legislative requirements placed upon the Council as their employer.

2.4.2 Summary of Findings

Employers must protect the 'health, safety and welfare' at work of all their employees, as well as others on their premises, including temps, casual workers, the self-employed, clients, visitors and the general public. However, these duties are qualified with the words 'so far as is reasonably practicable'. For the purposes of this review the focus has been on employees.

EKHR are the safety advisors for East Kent Housing (EKH). Each of the four authorities (that EKH manage the Council stock for) has its own employee health and safety process, and as East Kent Housing Ltd are a separate legal entity, they must establish their own processes and procedures. There is an up to date Health and Safety Policy and associated procedures in place which have been made available to staff via the intranet.

It should be noted that during the review there was a change over in computer software and systems as well as changes to the board/management which may affect the

current assigned responsibilities within the policy which may need to be reviewed and updated as a matter of urgency.

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

- The statement of intent needs to be revised to ensure it reflects the updated policy;
- Staff training needs to be more robustly managed and monitored;
- Overall, a more robust record keeping and monitoring process is required.
- Evidence of the meetings and actions from the Health and Safety Committee meetings need to be made available;
- Ensure the First Aider and Fire Warden information is and remains current.
- Evidence of the Annual Report being made for 2018 and 2019 could not be sourced, this could result in the non-implementation of the annual plan agreed by the board.

Effective control was however evidenced in the following areas:

- There is an up to date policy in place;
- Procedures are in place and available for staff to access via the intranet but do require a review and update to ensure they remain compliant with legislation and best practice;
- Adequate training courses have been identified and highlighted within the webpages;
- There are reporting lines/methods in place, however record keeping was found to be inconsistent.
- Risk and COSHH assessments are being carried out and are up to date.

It should be noted that this Audit was carried out when the future of East Kent Housing was uncertain. It has now been established that the four authorities will be bringing the management of their housing stock back in house later this year. This has had an impact on the audit reporting process and as such the Action Plan has neglected to be completed by management of East Kent Housing. The only way to progress this audit was to report the findings and recommendations to each authorities s151 Officer and Client-Side Officer for their perusal, consideration and files. This was done on 16 March 2020.

In accordance with standard audit procedures, a short follow-up review should be undertaken later in the year to provide management with assurance that the recommendations contained within the report had been implemented. However, as East Kent Housing will no longer be in operation and therefore no management actions to follow-up on, it is recommended that the report be distributed to the Health and Safety Advisors of the four councils for their consideration when bringing staff back into their respective authorities.

2.5 East Kent Housing (Housing Repairs, Maintenance & Void Property Management) – Substantial/Reasonable/Limited Assurance:

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Councils' housing stock is well maintained, proving a good level of service to Council tenants (which demonstrates value for money and tenant participation), in partnership with the Councils' contractors and in accordance with Council policy and procedures.

2.5.2 Summary of Findings

East Kent Housing (EKH) is responsible for managing the repairs and maintenance of the Housing stock for Canterbury, Dover, Folkestone and Hythe and Thanet councils. This also includes the voids processes and expenditure when properties have been vacated and they are returned to the councils so that they can be prepared for the next tenants to move into. This audit and the subsequent conclusions have been carried out based on the information provided by East Kent Housing and Mears, who are the contractor for day to day repairs. It should also be noted that during the course of this audit the day to day working practices have been revised and the use of a new application on the officers' mobile phones has enhanced the processes that are in place.

Management can place the following assurances on the system of internal controls in operation.

- Budget Monitoring - Substantial Assurance;
- Repairs and Maintenance - Limited Assurance - there is evidence of non-compliance with some key controls not operating as intended resulting in a risk to the achievement of the system objectives, in particular supporting data for post inspection of works by EKH, and analysis of tenant satisfaction surveys; and
- Voids - Reasonable Assurance

The positive findings giving rise to the above assurance opinions are as follows:

Budget Monitoring

- Extensive budget monitoring is carried out to monitor over 100 budgets for repairs and voids across the four authorities. This includes meetings being held with Client Officers and Senior Management within EKH.

Repairs

- There are established processes, that are well advertised, in place for tenants to report day to day issues that require attention.
- Contracts are in place with Mears for day to day repairs. (Although it should be noted that Canterbury City Council did not sign the 2015 extension to the contract).
- Mears are providing monthly information on the number of post inspections for Canterbury, Dover and Folkestone and Hythe (Thanet have decided that they no longer require this information) that have been carried out along with the number of failures as part of the performance information that they provide. However, it should be noted that they are not always meeting their monthly 10% target for post inspections.
- Regular meetings are held with the contractor but there are no formal minutes from these meetings to support actions that are agreed and put in place along with the subsequent outcomes from these actions.

Voids

- The day to day responsibilities for voids is being reasonably managed by the inspectors and extensive ongoing budget monitoring is in place.
- Concerns have been raised over the costs of the void works being carried out by Canterbury City Council, however when reviewing the expenditure for 2018/19 there is an underspend of approximately £103,000. However, it should

be noted that with an aging housing stock when properties are returned then the major work requirements are likely to continue to increase so that legislation is complied with.

Scope for improvement was identified in the following areas:

Repairs

For each month, as part of the contract monitoring procedures, the Maintenance Inspectors should be completing post inspections on 10% of the completed jobs that have been raised by the contractor. As part of the improvement plan (for 2019/20) monthly post inspection figures are being reported for each authority. In order to validate these figures and select a sample for audit testing several requests have been made for the supporting background data. However, to date the only information that has been provided is in respect of Thanet inspections. Therefore, the Auditor has been unable to carry out any testing and is unable to form an assurance opinion regarding whether the inspections and the payments to the contractor are correct and are in accordance with the contracts that are in place. This concern over post inspections has also been raised as part of previous internal audits in this area.

2.6 EK Services – Housing Benefits Quarterly Testing Quarters 3 & 4 2019/20 – An assurance is not applicable for this work

2.6.1 Introduction

Over the course of 2019/20 financial year the East Kent Audit Partnership will complete a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

2.6.2 Findings

For the quarters three and four of 2019/20 financial year (October 2019 to March 2020) 44 claims including new and change of circumstances of each benefit type were selected by randomly selecting the various claims for verification.

A fail is now categorised as an error that impacts on the benefit calculation. However data quality errors are still to be shown but if they do not impact on the benefit calculation then for reporting purposes the claim will be recorded as a pass.

2.6.3 Audit Conclusion

For this period forty-four benefit claims were checked and one had a financial error (2.27%) and there were no data quality errors.

For 2019/20 a total of eighty-four benefit claims have been checked of which two (2.38%) had a financial error that impacted on the benefit calculation and none had a data quality error.

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

- 3.1 As part of the period's work, six 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)	Income	Substantial/ Reasonable	Substantial	C	0	C	0
				H	3	H	0
				M	1	M	0
				L	1	L	0
b)	Creditors & CIS	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	1	M	0
				L	2	L	1
c)	East Kent Housing – Tenant Health & Safety (Lifts)	No	No	C	2	C	2
				H	1	H	1
				M	0	M	0
				L	0	L	0
d)	EK Services – PCI- DSS	Reasonable /Limited	*Reasonable/ Limited	C	0	C	0
				H	0	H	0
				M	2	M	0
				L	2	L	0
e)	Community Safety	Substantial	Substantial	C	0	C	0
				H	2	H	0
				M	2	M	1
				L	0	L	0
f)	Printing, Media, and Postage	Reasonable	Reasonable	C	0	C	0
				H	2	H	0
				M	3	M	1
				L	1	L	0

*** EKS PCI-DSS (DDC)**

The assurance level in respect of PCI-DSS is Reasonable Assurance for the main processes and level of compliance, but Limited for the one department that is non-compliant.

- 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:

a) East Kent Housing – Tenant Health & Safety (Lifts):

The main issue that needed to be addressed was around the rectification of faults identified on Lift Examinations and the management of the lift maintenance contractor to ensure that lifts are well maintained and examinations are not halted due to safety or access issues.

Of the 3 recommendations that were originally agreed, all three recommendations are considered to be only partially implemented as a result of the progress recently being made since the appointment of a Lift Compliance Manager.

One additional recommendation categorised as Critical has been made (see below) as a result of a weakness identified during testing at the time of follow up.

The appointment in November 2019 of a dedicated Compliance Manager with responsibility for lifts has resulted in improvements in procedures around the actioning of faults identified on lift examination reports. Similarly, improvements are becoming evident around the monitoring of the contractors for the maintenance of lifts. While the new procedures are showing improvements, they are not yet considered embedded. Similarly, there remains a large amount of faults still outstanding on lifts which is likely to take a number of months yet to get to the point where all outstanding faults have been addressed.

At the time of the audit, 3 lifts which are still being used, did not have a current LOLER examination in place, and therefore should not be in service.

NEW RECOMMENDATION - Immediate action should be taken by the EKH Chief Executive to recede the instruction to Zurich to keep lifts in service where faults are being identified at examination which should require the lift to be taken out of service until the work has been completed.

At the time of the initial audit we concluded that Management could have No Assurance in this area.

Following completion of this follow-up review, we recognise the significant improvements which have been made since the appointment of the Lift Compliance Manager, however, our opinion has been kept at No Assurance for the following reasons:

- 3 lifts in use at the time of the do not have a current LOLER certificate.
- 1 lift was kept in service for nearly 12 months with faults identified on the lift which meant that it should have been taken out of service.

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: Members' Code of Conduct & Standards Arrangements, Public Health Burials, Environmental Health & Safety at Work, and Dog Warden.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2019-20 Audit plan was agreed by Members at the meeting of this Committee on 14th March 2019.

The 2020-21 Audit plan was due to have been agreed by Members at the meeting of this Committee on 19th March 2020, however that meeting was cancelled due to the Covid-19 pandemic.

- 5.2 The Head of the Audit Partnership meets on a quarterly basis with the Strategic Director (Corporate Resources) - 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.

- 5.3 There has of course been an impact on the work of the internal audit team as a result of the C19 Crisis. The Audit Plan for 2020-21 was prepared as usual throughout February and agreed with the s.151 Officer and MT to be presented to the March meeting, however, this was subsequently cancelled. Following this, the team was re-deployed to assist with C19 response work in the community. As a consequence, no new internal audit work has been commissioned or undertaken throughout April and May, leading to a total of 247 audit days being lost (over the partnership). The plan that was drafted for approval at the March meeting is set out in the table in Annex 3, with few days allocated up to the end of May. It is therefore intended to work with the s.151 Officers to agree a revised plan based on 9 month's work not 12 which will be presented at the September meeting. The second reason for delaying setting out the revised plan is to accommodate the new Housing audits which will commence after 1st October once the former EKH Ltd responsibilities have transferred back to the four councils. Except for follow up, now new EKH Ltd audit will commence before the end of September.

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 one-month period to 30th April 2020, 12.52 chargeable days were delivered against the revised target of 281.76, which equates to 4.44% 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.
- 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 31st April 2020 against the agreed 2020/21 Audit Plan.
- Annex 4 Balanced Scorecard of performance indicators to 31st March 2020 – this is included within the separate Annual Report.
- 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>None this Quarter</i>		

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Tenancy & Right to Buy Fraud	March 2019	Limited	A pilot Anti-Fraud scheme is being undertaken in conjunction with Ashford Borough Council
East Kent Housing – Tenant Health & Safety	September 2019	Limited/No	Work-in-Progress – Part complete
EK Services – PCI-DSS	December 2019	Reasonable / Limited	Spring 2020

PROGRESS AGAINST THE AGREED 2020-21 AUDIT PLAN.

DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-04-2020	Status and Assurance Level
FINANCIAL SYSTEMS:				
Treasury Management	10	10	0.18	Brief Prepared
Insurance & Inventories of Portable Assets	10	10	0.18	Brief Prepared
RESIDUAL HOUSING SYSTEMS:				
Housing Allocations	10	10	0	-
GOVERNANCE RELATED:				
GDPR, FOI & Information Management	10	10	0.18	Brief Prepared
Performance Management	10	10	0.17	Brief Prepared
Corporate Advice/CMT	2	2		Work-in-Progress throughout 2020-21
s.151 Meetings and support	9	9	2.04	Work-in-Progress throughout 2020-21
Governance Committee Meetings and Reports	12	12	1.56	Work-in-Progress throughout 2020-21
2021-22 Audit Plan Preparation and Meetings	9	9	0.34	Quarter 4
POST IMPLEMENTATION REVIEWS:				
Kearnsy Abbey	10	10	0	-
CONTRACT AUDITS:				
Receipt & Opening of Tenders	10	10	0.21	Brief Prepared
SERVICE LEVEL:				
Employee Health & Safety	10	10	0.18	Brief Prepared
Cemeteries	10	10	0.18	Brief Prepared
Safeguarding Children & Vulnerable Groups	10	10	0.20	Brief Prepared
Planning Enforcement	10	10	0.18	Brief Prepared
Business Continuity & Emergency Planning	12	12	0	-
Playgrounds	10	10	0.22	Brief Prepared
Disabled Facilities Grants	10	10	0.18	Brief Prepared
Land Charges	10	10	0.21	Brief Prepared
Members' Allowances & Expenses	10	10	0.18	Brief Prepared

Review	Original Planned Days	Revised Planned Days	Actual days to 30-04-2020	Status and Assurance Level
Planning Applications, Income & s106 Agreements	15	15	0	-
Green Waste & Recycling Income	10	10	0	-
OTHER				
Liaison with External Auditors	1	1	0	Work-in-Progress throughout 2020-21
Follow-up Work	15	15	1.29	Work-in-Progress throughout 2020-21
FINALISATION OF 2019-20- AUDITS				
Environmental Health Protection Requests	20	20	2.25	Work-in-Progress
Car Parking & Enforcement			1.25	Finalised - Substantial
Election Management & Electoral Registration			0.45	Finalised - Substantial
Dog Warden			0.84	Work-in-Progress
Dover Leisure Centre PIR			0.08	Work-in-Progress
Days under delivered in 2019-20	0	26.76	-	
Responsive Work:				
Covid-19 Redeployments	0	0	0	Work-in-Progress
TOTAL	255	281.76	12.52	4.44% as at 30th April 2020

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-04-2020	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Cttee/EA Liaison	4	4	0.44	Work-in-Progress
Follow-up Reviews	4	4	0.33	Work-in-Progress
Finalisation of 2019-20 Work-in-Progress:				
Days over delivered in 2019-20	0	-26.87	0	Allocated
Repairs & Maintenance	0	0	0.05	Finalised - Various
Employee Health & Safety	0	0	0.04	Finalised - Limited
Responsive Work:				
Responsive Repairs	0	0	0.05	Work-in-Progress

Review	Original Planned Days	Revised Planned Days	Actual days to 30-04-2020	Status and Assurance Level
Total	140	113.13	0.93	0.82% as at 30-04-2020

EKS, EKHR & CIVICA:

Review	Original Planned Days	Revised Planned Days	Actual days to 30/04/2020	Status and Assurance Level
EKS Reviews;				
Housing Benefits Subsidy	10	10	0	Quarter 1
Housing Benefit Testing	30	30	8.14	Work in progress
Housing Benefits Overpayments	10	10	0	Quarter 2
Customer Services	10	10	0	Quarter 3
ICT – Disaster Recovery	15	15	0	Quarter 4
ICT – Change management	15	15	0	Quarter 3
KPIs	5	5	0	Quarter 2
EKHR Reviews;				
Payroll	15	15	8.24	Work in progress
Leavers	15	15	0	Quarter 2
Employee Allowances	15	15	0	Quarter 4
Other;				
Corporate/Committee	8	8	1.32	Ongoing
Follow up	7	7	0	Ongoing
Finalisation of 2019/20 Audits:				
Carried over reviews	5	5	0	
Days under delivered in 2019/20	0	30.69	0	Allocated below
Employee Benefits in Kind	0	0	0	
ICT Software Licensing	0	0	0	
Recruitment - DBS	0	0	0	
Total	160	190.69	17.70	9% at 30/04/2020

Definition of Audit Assurance Statements & Recommendation Priorities

Cipfa Recommended Assurance Statement Definitions:

Substantial assurance - A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable assurance - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited assurance - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

No assurance - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

EKAP 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.

Subject:	ANNUAL INTERNAL AUDIT REPORT
Meeting and Date:	Governance Committee – 25th June 2020
Report of:	Christine Parker – Head of Audit Partnership
Decision Type:	Non-key
Classification:	Unrestricted

Purpose of the report:	This report provides a summary of the work completed by the East Kent Audit Partnership together with details of the performance of the EKAP against its targets for the year ending 31 st March 2020.
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Recommendation:	That Members note the report.
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Internal Audit Annual Report 2019-20.

SUMMARY

The main points to note from the attached report are that the agreed programme of audits has been completed. The majority of reviews have given a substantial or reasonable assurance and there are no major areas of concern that would give rise to a qualified opinion.

1.0 INTRODUCTION

1.1 The primary objective of Internal Audit is to provide independent assurance to Members, the Chief Executive, Directors and the Section 151 Officer on the adequacy and effectiveness of those systems on which the Authority relies for its internal control. The purpose of bringing forward an annual report to members is to:

- Provide an opinion on the overall adequacy and effectiveness of the Council's internal control environment.
- Present a summary of the internal audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies,
- Draw attention to any issues the Head of the Audit Partnership judges particularly relevant to the preparation of the Annual Governance Statement.
- Compare actual audit activity with that planned, and summarise the performance of Internal Audit against its performance criteria.
- Comment on compliance with the Public Sector Internal Audit Standards (PSIAS), and report the results of the Internal Audit quality assurance programme.
- Confirm annually that EKAP is organisationally independent, whether there have been any resource limitations or instances of restricted access.

1.2 The report attached as Annex A therefore summarises the performance of the East Kent Audit Partnership (EKAP) and the work it has performed over the financial year 2019-20 for Dover District Council, and provides an overall assurance on the system for internal control based on the audit work undertaken throughout the year, in accordance with best practice. In providing this opinion, this report supports the Annual Governance Statement.

1.3 The internal audit team is proactive in providing guidance on procedures where particular issues are identified during audit reviews. The aim is to minimise the risk of loss to the Authority by securing adequate internal controls. Partnership working for the service has

added the opportunity for the EKAP to share best practice across the four sites within the East Kent Cluster to help drive forward continuous service improvement.

- 1.4 During 2019-20 the EKAP delivered 91% of the agreed audit plan days. The performance figures for the East Kent Audit Partnership as a whole for the year show good performance against targets.

Background Papers

- **Internal Audit Annual Plan 2019-20 - Previously presented to and approved at the March 2019 Governance Committee meeting.**
- **Internal Audit working papers - Held by the East Kent Audit Partnership.**

Resource Implications

There are no financial implications arising directly from this report. The costs of the internal audit work have been met from the Financial Services 2019-20 budget.

Consultation Statement

Not Applicable.

Impact on Corporate Objectives and Corporate Risks

The recommendations arising from each individual internal audit review are designed to strengthen the Council's corporate governance arrangements, control framework, counter fraud arrangements and risk management arrangements, as well as contributing to the provision of economic, efficient and effective services to the residents of the District. This report summarises of the work of the East Kent Audit Partnership for the year 2019-20 in accordance with the Public Sector Internal Audit Standards.

Attachments

Annex A – East Kent Audit Partnership Annual Report 2019-20

CHRISTINE PARKER
Head of Audit Partnership

Annual Internal Audit Report for Dover District Council 2019-20

1. Introduction

The Public Sector Internal Audit Standard (PSIAS) defines internal audit as:

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

A more detailed explanation, of the role and responsibilities of internal audit, is set out in the approved Audit Charter. The East Kent Audit Partnership (EKAP) aims to comply with the PSIAS, and to this end has produced evidence to the s.151 and Monitoring Officers to assist the Council’s review of the system of internal control in operation throughout the year.

This report is a summary of the year, a snapshot of the areas at the time they were reviewed and the results of follow up reviews to reflect the actions taken by management to address the control issues identified. The process that the EKAP adopts regarding following up the agreed recommendations will bring any outstanding high-risk areas to the attention of members via the quarterly reports, and through this annual report if there are any issues outstanding at the year-end.

2. Objectives

The majority of reviews undertaken by Internal Audit are designed to provide assurance on the operation of the Council’s internal control environment. At the end of an audit we provide recommendations and agree actions with management that will, if implemented, further enhance the environment of the controls in practice. Other work undertaken, includes the provision of specific advice and support to management to enhance the economy, efficiency and effectiveness of the services for which they are responsible. The annual audit plan is informed by special investigations and anti-fraud work carried out as well as the risk management framework of the Council.

A key aim of the EKAP is to deliver a professional, cost effective, efficient, internal audit function to the partner organisations. The EKAP aims to have an enabling role in raising the standards of services across the partners through its unique position in assessing the relative standards of services across the partners. The EKAP is also a key element of each councils’ anti fraud and corruption system by acting as a deterrent to would be internal perpetrators.

The four partners are all committed to the principles and benefits of a shared internal audit service and have agreed a formal legal document setting out detailed arrangements. The statutory officers from each partner site (the s.151 Officer) together form the Client Officer Group and govern the partnership through annual meetings. The shared arrangement for EKAP also secures organisational independence, which in turn assists EKAP in making conclusions about any resource limitations or ensuring there are no instances of restricted access.

3. Internal Audit Performance Against Targets

3.1 EKAP Resources

The EKAP has provided the service to the partners based on a FTE of 6.88. Additional audit days have been provided via audit contractors in order to meet the planned workloads.

3.2 Performance against Targets

The EKAP is committed to continuous improvement and has various measures to ensure the service can strive to improve. The performance measures and indicators for the year are shown in the balanced scorecard of performance measures at Appendix 5. The measures themselves were reviewed by the Client Officer Group at their annual meeting and no changes were made.

3.3 Internal Quality Assurance and Performance Management.

All internal audit reports are subject to review, either by the relevant EKAP Deputy Head of Audit or the Head of the Audit Partnership; all of whom are Chartered Internal Auditors. In each case this includes a detailed examination of the working papers, action and review points, at each stage of report. The review process is recorded and evidenced within the working paper index and in a table at the end of each audit report. Detailed work instructions are documented within the Audit Manual. The Head of Audit Partnership collates performance data monthly and, together with the monitoring of the delivery of the agreed audit plan carried out by the relevant Deputy Head of Audit, regular meetings are held with the s.151 Officer. The minutes to these meetings provide additional evidence to the strategic management of the EKAP performance.

3.4 External Quality Assurance

The external auditors, Grant Thornton, conducted a review in February 2020 of the Internal Audit arrangements. They have concluded that, where possible, they can place reliance on the work of the EKAP. See also 3.6.1 below.

3.5 Liaison between Internal Audit and External Audit

Liaison with the audit managers from Grant Thornton for the partner authorities and the EKAP is undertaken largely via email to ensure adequate audit coverage, to agree any complementary work and to avoid any duplication of effort. The EKAP has not met with any other review body during the year in its role as the Internal Auditor to Dover District Council. Consequently, the assurance, which follows is based on EKAP reviews of Dover District Council's services.

3.6 Compliance with Professional Standards

3.6.1 The EKAP self-assessment of the level of compliance against the Public Sector Internal Audit Standards shows that some actions are required to achieve full compliance which EKAP will continue to work towards. There is however, no appetite with the Client Officer Group to pay for an External Quality Assessment of the EKAP's level of compliance, relying on a review by the s.151 officers of the self-assessment. Consequently, the EKAP can say that it partially conforms with PSIAS and this risk is noted in the AGS.

3.6.2 The internal audit activity adds value to the organisation (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management and control processes.

3.6.3 In 2019-20 EKAP as required by the standards has demonstrated that it achieved the Core Principles in three key ways. Firstly, by fulfilling the definition of Internal Auditing which is the statement of fundamental purpose, nature and scope of internal auditing. The definition is authoritative guidance for the internal audit profession (and is shown at paragraph 1 above). Secondly by demonstrating that it has been effective in achieving its mission showing that it;-

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organization.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

And thirdly by complying with The Code of Ethics, which is a statement of principles and expectations governing behaviour of individuals and organisations in the conduct of internal auditing. The Rules of Conduct describe behaviour norms expected of internal auditors. These rules are an aid to interpreting the Core Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

3.7 Financial Performance

Expenditure and recharges for year the 2019-20 are all in line with the Internal Audit cost centre hosted by Dover District Council. The EKAP was formed to provide a resilient, professional service and therefore achieving financial savings was not the main driver, despite this considerable efficiencies have been gained through forming the partnership.

4. Overview of Work Done

The original audit plan for 2019-20 included a total of 19 projects. We have communicated closely with the s.151 Officer, CMT and this Committee to ensure the projects actually undertaken continued to represent the best use of resources. As a result of this liaison some changes to the plan were agreed during the year. A few projects (9) have therefore been pushed back in the overall strategic plan, to permit some higher risk projects to come forward (1). The total number of projects undertaken in 2019-20 was 10, with 4 being WIP at the year end to be finalised in April. In addition, 6 projects were finalised from the 2018-19 plan.

Review of the Internal Control Environment

4.1 Risks

During 2019-20, 110 recommendations were made in the agreed final audit reports to Dover District Council. These are analysed as being Critical, High, Medium or Low risk in the following table:

Risk Criticality	No. of Recommendations	Percentage
Critical	8	7%
High	41	37%
Medium	40	36%
Low	21	20%
TOTAL	110	100%

Naturally, more emphasis is placed on recommendations for improvement regarding high risks. Any high priority recommendations where management has not made progress in implementing the agreed system improvement are brought to management and members' attention through Internal Audit's quarterly update reports. During 2019-20 the EKAP has raised and reported to the quarterly Governance Committee meetings 110

recommendations, and whilst 80% were in the Critical, High or Medium Risk categories, none are so significant that they need to be escalated at this time.

4.2 Assurances

Internal Audit applies one of four 'assurance opinions' to each review, please see Appendix 1 for the definitions. This provides a level of reliance that management can place on the system of internal control to deliver the goals and objectives covered in that particular review. The conclusions drawn are described as being "a snapshot in time" and the purpose of allocating an assurance level is so that risk is managed effectively and control improvements can be planned. Consequently, where the assurance level is either 'no' or 'limited', or where high priority recommendations have been identified, a follow up progress review is undertaken and, where appropriate, the assurance level is revised.

The summary of Assurance Levels issued on the ten pieces of completed work for Dover District Council, together with the finalisation of the six 2018-19 audits is as follows:

NB: the percentages shown are calculated on finalised reports with an assurance level

Assurance	No.	Percentage of Completed Reviews
Substantial	5	42%
Reasonable	2	17%
Limited	4	33%
No	1	8%
Work in Progress at Year-End	4	-
Not Applicable	0	-

* See list in the table below

NB: 'Not Applicable' is shown against special investigations or work commissioned by management that did not result in an assurance level.

Taken together 59% of the reviews account for substantial or reasonable assurance, whilst 41% of reviews placed a (partial) limited assurance to management on the system of internal control in operation at the time of the review. There was one review assessed as having partially no assurance, as a key requirement had not been complied with, due to progress made this was reassessed to reasonable Assurance at the time of the follow up review.

There were eleven reviews completed on behalf of East Kent Housing Ltd. and the assurances for these audits were - 2 Substantial, 3 Reasonable, 3 Limited, 1 No Assurance 2 Not Applicable and 0 work in progress at the year-end. Information is provided in Appendix 3.

There were seven reviews completed on behalf of EK Services and the assurances for these audits were - 3 Substantial, 1 Reasonable, 1 Limited, 2 Not Applicable and 4 reviews were work in progress at the year-end. Information is provided in Appendix 4.

For each recommendation, an implementation date is agreed with the Manager responsible for implementing it. Understandably, the follow up review is then timed to allow the service manager sufficient time to make progress in implementing the agreed actions against the agreed timescales. Those areas assessed as being as either 'limited' or 'no' assurance audit opinion during the year are detailed in the table at paragraph 6, these areas are also recorded as an appendix to the quarterly report until the follow up report is issued, so that they do not get overlooked. The results of any follow up reviews yet to be undertaken will therefore be reported to the Committee at the appropriate time.

4.3 Progress Reports

In agreeing the final Internal Audit Report, management accepts responsibility to take action to resolve all the risks highlighted in that final report. The EKAP carries out a follow up/progress review at an appropriate time after finalising an agreed report to test whether agreed action has in fact taken place and whether it has been effective in reducing risk.

As part of the follow up action, the recommendations under review are either:

- “closed” as they have been successfully implemented, or
- “closed” as the recommendation is yet to be implemented but is on target, or
- (for medium or low risks only) “closed” as management has decided to tolerate the risk, or the circumstances have since changed, or
- (for critical or high risks only) escalated to the audit committee.

At the conclusion of the follow up review the overall assurance level is re-assessed.

The results for the follow up activity for 2019-20 are set out below. The shift to the right in the third column in the table from the original opinion to the revised opinion also measures the positive impact that the EKAP has made on the system of internal control in operation throughout 2019-20.

Total Follow Ups undertaken 8	No Assurance	Limited Assurance	Reasonable Assurance	Substantial Assurance
Original Opinion	1	4	2	1
Revised Opinion	0	3	4	1

The reviews with an original (partially) no or limited assurance, together with the result of the follow up report, are shown in the following table which concludes there are three DDC reviews showing a partially limited assurance after follow up, these were escalated to the Governance Committee during the year.

Area Under Review	Original Assurance	Follow Up Result
Private Sector Housing	Limited	Limited
GDPR Compliance	Limited	Limited
Procurement	Reasonable/Limited	Reasonable /Limited
Building Control	Reasonable/ No	Reasonable
Waste Management & Street Cleansing	Reasonable/Limited	Reasonable

East Kent Housing received five follow up reviews for which the revised assurance levels remained at No or partially Limited assurance after follow up, these concerns have been escalated to the EKH Board.

EK Services received four follow ups; the revised assurances were Substantial for two reviews, Reasonable for one review and one with a partially Limited assurance after follow up.

Consequently, the areas with fundamental issues of note arising from the audits and follow up undertaken in 2019-20 have been escalated. There are three DDC reviews showing a limited or partially limited assurance after follow up.

4.4 Special Investigations and Fraud Related Work

The prevention and detection of fraud and corruption is ultimately the responsibility of management however, the EKAP is aware of its own responsibility in this area and is alert to the risk of fraud and corruption. Consequently, the EKAP structures its work in such a way as to maximise the probability of detecting any instances of fraud. The EKAP will immediately report to the relevant officer any detected fraud or corruption identified during the course of its work; or any areas where such risks exist.

The EKAP is, from time to time, required to carry out special investigations, including suspected fraud and irregularity investigations and other special projects. Whilst some responsive work was carried out during the year at the request of management, there were no fraud investigations conducted by the EKAP on behalf of Dover District Council in 2019-20.

4.5 Completion of Strategic Audit Plan

Appendix 2 shows the planned time for reviews undertaken, against actual time taken, follow up reviews and unplanned reviews resulting from any special investigations or management requests. 228.24 audit days were completed for Dover District Council during 2019-20 which represents 91.15% plan completion. The 22.19 days behind at the year end, will be adjusted in 2020-21. The EKAP was formed in October 2007; it completes a rolling programme of work to cover a defined number of days each year. As at the 31st March each year there is undoubtedly some “work in progress” at each of the partner sites; some naturally being slightly ahead and some being slightly behind in any given year. However, the progress in ensuring adequate coverage against the agreed audit plan of work since 2007-08 concludes that EKAP is 22.19 days behind schedule as we commence 2020-21, as shown in the table below.

Year	Plan Days	Plus B/Fwd	Adjusted Requirement from EKAP	Days Delivered	Percentage Completed	Days Carried Forward (Days Planned – Days Delivered)
2008-09	450	0	450.00	459.33	102.07%	+9.33
2009-10	450	-9.33	440.67	431.22	97.80%	-18.78
2010-11	420	+9.45	429.45	445.21	103.60%	+25.21
2011-12	312	-15.76	296.24	291.25	98.32%	-20.75
2012-13	300	+4.99	304.99	313.85	102.91%	+13.85
2013-14	270	-8.86	261.14	270.18	103.46%	+0.18
2014-15	270	-9.04	260.96	259.66	99.49%	-10.34
2015-16	270	+1.3	271.30	257.22	94.8%	-12.78
2016-17	270	-14.1	255.90	278.15	97.91%	+8.15
2017-18	255	+5.95	260.95	273.06	104.64%	+18.06
2018-19	255	-12.11	242.89	247.48	101.89%	-7.52
2019-20	255	+4.59	250.41	228.24	91.15%	-22.17
Total	3,777			3,754.83	99.41%	

Appendix 3 shows the planned time for reviews undertaken, against actual time taken, follow up reviews and unplanned reviews resulting from any special investigations for

East Kent Housing Ltd. Dover District Council contributed 25 days from its original plan in 2011-12 and 20 days in subsequent years as its share in this four way arrangement. From 2017-18 an additional 15 days has been contributed to the EKH Plan from each partner taking the total EKH plan to 140 days. The EKH Annual Report in its full format will be presented to the EKH – Board on 17th June 2020.

Appendix 4 shows the planned time for reviews undertaken, against actual time taken, follow up reviews and unplanned reviews resulting from any special investigations for East Kent Services. Dover District Council contributed 60 days from its original plan as its share in this three-way arrangement. As EKS is hosted by TDC, the EKS Annual Report in its full format will be presented to the TDC - Governance & Audit Committee on 29th July 2020.

5. Overall assessment of the System of Internal Controls 2019-20

Based on the work of the EKAP on behalf of Dover District Council during 2019-20, the overall opinion is:

There are no major areas of concern, which would give rise to a qualified audit statement regarding the systems of internal control concerning either the main financial systems or overall systems of corporate governance that have been examined in this year.

There were five new areas where a partially no or limited assurance level was given which reflected a lack of confidence in arrangements. All these reviews have since been followed up as detailed in the table at Paragraph 4.3. The three areas that remain at limited assurance have been escalated to the Committee.

6. Significant issues arising in 2019-20

From the work undertaken during 2019-20, there were no instances of unsatisfactory responses to key control issues raised in internal audit reports by the end of the year. There are occasions when audit recommendations are not accepted for operational reasons such as a manager's opinion that costs outweigh the risk, or as in the case of Risk Management not complying with best practice is known and understood by the Committee; therefore none of these are significant and require reporting or escalation at this time.

The EKAP has been commissioned to perform only one follow up, there were three reviews that remained a partially Limited Assurance after follow up, and twelve recommendations that were originally assessed as critical or high risk, which remained a high priority and outstanding after follow up were escalated to the Governance Committee during the year (from 3 reviews - Service Contract Monitoring June 19, Private Sector Housing September 19, and GDPR March 2020).

There are currently no reviews for DDC previously assessed as providing a Limited Assurance that are yet to be followed up.

And for EK Services four follow up reviews were undertaken which resulted with two Substantial, one with Reasonable assurance and one remained at partially Limited after follow up. There are no new reviews with a limited assurance awaiting a follow up. The overall Opinion in the 2019-20 Annual Report for EKS is Reasonable Assurance.

And for East Kent Housing Contract Management remained at partially Limited assurance after follow up, and three recommendations that were originally assessed

as high risk, which remained a high priority and outstanding after follow up were escalated to the Governance and Audit Committee at the year end. Additionally, the Tenant's Health and Safety review resulted in Limited/No Assurance across five key areas. Four of these have been followed up and Fire Safety is awaiting follow up, this currently sits at No assurance. There are three new reviews with partially limited assurance where the follow up is not yet due.

The findings in respect of Contract Management reinforce the concerns in the overall environment of asset management. Several audits have also identified a common theme of the lack of continuity through the use of interim staff which has a potential detrimental impact upon the implementation of agreed audit recommendations. Overall, the impact of the findings within the Tenant's Health and Safety Review have been far reaching. Having self-referred to the Housing Regulator, the four councils have requested that the Internal Audit follow up work continues to be an important source of independent assurance. However, it is slow progress with a need to test the systems control changes to ensure they have become embedded before revising the opinion. And, (particularly the case for Fire Safety) awaiting EKH to inform Internal Audit that they have made sufficient progress for the progress report to be undertaken. Tolerating these critical risks for such a long period of time is unacceptable. We would usually aim to see improvement within 3 months. The original Tenant's H&S audit was reported to Committee in September 2019. The overall Opinion in the 2019-20 Annual Report for EKH is Limited Assurance.

Members of this Committee should be aware of this risk as it impacts upon the risk management and internal control framework of the organisation.

EKH Ltd. is in the process of being wound up, and operational responsibility is transferring back to the four councils. Therefore, the 2020-21 Audit Plan will need to be re-designed and the number of days per partner will transfer back to each council (35 days). It will be for the s.151 Officer at each council to agree the Internal Audit resources they require on housing areas in future years.

7. Overall Conclusion

The Internal Audit function provided by the EKAP has performed well against its targets for the year. Clearly there have been some adjustments to the original audit plan for the year 2019-20, however, this is as expected and there are no matters of concern to be raised at this time.

It is a requirement of s.151 of the Local Government Act 1974 for the Council to maintain an 'effective' internal audit function, when forming my opinion on the Council's overall system of control, I need to have regard to the amount of work which we have undertaken upon which I am basing my opinion.

From the work undertaken the EKAP assesses the overall system of internal control in operation throughout 2019-20 as providing reasonable assurance. No system of control can provide absolute assurance, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance that there is an ongoing process for identifying, evaluating and managing the key risks. Doubtless, the results of Internal Audit assurances given on some areas of EKH have had an impact on the overall control environment for 2019-20 for the four councils involved.

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.

**Performance against the Agreed 2019-20
Dover District Council Audit Plan**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-03-2020	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking & Enforcement	10	15	14.7	Finalised - Substantial
Budgetary Control	10	0	0.18	Postponed
Insurance & Insurance of Portable Assets	10	0	0.24	Postponed due to retendering of insurance in 2019-20
RESIDUAL HOUSING SYSTEMS:				
HRA Business Plan	10	0	0.18	Postponed
GOVERNANCE RELATED:				
Members' Code of Conduct & Standards Arrangements	10	10	9.92	Finalised - Substantial
Anti-Fraud & Corruption	2	2	2	Finalised – N/A
Shared Service Monitoring	10	0	0	Postponed
Corporate Advice/CMT	2	15	14.88	Finalised for 2019-20
s.151 Meetings and support	9	10	10.65	Finalised for 2019-20
Governance Committee Meetings and Reports	12	15	14.84	Finalised for 2019-20
2020-21 Audit Plan Preparation and Meetings	9	13	12.98	Finalised for 2019-20
SERVICE LEVEL:				
Procurement	10	10	10.2	Finalised – Reasonable/Limited
Community Safety	10	13	13.4	Finalised - Substantial
Dog Warden, Street Scene and Litter Enforcement	10	10	9.77	Work-in-Progress
Electoral Registration & Election Management	13	14	14.02	Finalised - Substantial
Environmental Health – Public Health Burials	10	1	0.18	Postponed
Environmental Health – Health & Safety at Work	10	2	1.21	Postponed
Environmental Protection Service Requests	10	2	1.73	Postponed
Equality & Diversity	10	10	0.18	Postponed
Museum & VIC	12	14	13.97	Work-in-Progress
Commercial Properties & Concessions	12	14	14.45	Work-in-progress

Review	Original Planned Days	Revised Planned Days	Actual days to 31-03-2020	Status and Assurance Level
Petty Cash & Travel Arrangements	8	0	0	Postponed
Printing, Photocopying & Postage	10	10	9.86	Finalised - Reasonable
Sports & Leisure	15	15	3.3	Work-in-Progress
OTHER				
Liaison with External Auditors	1	1	0	Finalised for 2019-20
Follow-up Work	15	20	20.27	Finalised for 2019-20
FINALISATION OF 2018-19- AUDITS				
Food Safety	5	39	4.39	Finalised - Substantial
Data Protection			0.31	Finalised - Limited
Building Control			3.33	Finalised – Reasonable/No
Waste Management & Street Cleansing			17.16	Finalised – Reasonable/Limited
Risk Management			9.94	Finalised - Reasonable
Days over delivered in 2018-19	0	-4.59	0	Completed
Responsive Work:				
Homelessness – 2018-19	0	0	0.27	Finalised – Substantial/Limited
TOTAL	255	250.41	228.51	91.25%

**Performance against the Agreed 2019-20
East Kent Housing Audit Plan**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-03-20	Status and Assurance Level
Planned Work:				
MT/Audit Sub Ctte/EA Liaison	4	13	13.30	Finalised
Follow-up Reviews	4	13	13.90	Finalised
Rent Accounting, Collection & Debt Management.	40	40	40.44	Finalised - Substantial
Rechargeable Works	10	0	0	Postponed
Employee Health, Safety & Welfare	15	15	9.34	Finalised - Limited
Customer Contact	12	0	0	Postponed
East Kent Housing Improvement Plan	10	0	0	Postponed
Estate Management Inspection	15	0	0	Postponed
Anti-Social Behaviour	15	0	0	Postponed
Tenants' Health & Safety Split in to 5 areas - Gas	15	20	21.97	Finalised – Limited
Fire Safety				Finalised – No
Lifts				Finalised – No
Electrical Testing				Finalised – No
Legionella				Finalised – No
Finalisation of 2018-19 Work-in-Progress:				
Days under delivered in 2018-19	0	19.50	0	Allocated Below
Staff Performance Management	0	10	10.34	Finalised - Limited
Welfare Reform	0	0	8.23	Finalised - Reasonable
Repairs & Maintenance split into 3 areas – Budget Control	0	20	40.22	Finalised – Substantial
Voids				Finalised - Reasonable
Repairs & Maintenance				Finalised -Limited
Service Level Agreements	0	0	0.97	Finalised - N/A
Responsive Work:				
Data Integrity	0	5	4.46	Finalised - Reasonable
Planned Maintenance Contracts	0	4	3.70	Finalised - N/A
Total	140	159.50	166.87	104.62%

**Performance against the Agreed 2019-20
East Kent Services Audit Plan**

Review	Original Planned Days	Revised Planned Days	Actual days to 31/03/2020	Status and Assurance Level
EKS & Civica Reviews:				
Housing Benefits Appeals	15	14	13.54	Finalised - Substantial
Housing Benefit Testing	15	20	20.44	Finalised – N/A
Business Rates Reliefs & Credits	15	15	16.76	Finalised - Substantial
Council Tax	20	20	0	Postpone
ICT – Disaster Recovery	15	0	0.20	Postpone
ICT – Physical & Environment	15	15	13.81	Finalised – Substantial
ICT – Software Licensing	0	13	0.24	Work in progress
KPIs	5	5	5.44	Work in progress
EKHR Reviews:				
Payroll	15	15	6.97	Work in progress
Recruitment	15	15	0.17	Postpone
Employee Benefits in Kind	15	15	11.39	Draft report
Other:				
Corporate/Committee	8	9	8.96	Finalised
Follow up	7	10	9.85	Finalised
Finalisation of 2018/19 Audits:				
Days under delivered in 2018-19			27.26	Allocated below
Housing Benefit Testing 2018-19	0	9	8.70	Finalised – N/A
Payroll	0	2	2.22	Finalised - Reasonable
PCI-DSS Compliance	0	10.26	10.64	Finalised – Reasonable/Limited
Total	160	187.26	129.33	69%

EKAP Balanced Scorecard – 2019-20

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Original Budget</u>
	Quarter 4		Reported Annually		
Chargeable as % of available days	86%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 	£324.66	£332.50
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£419,910	£428,375
CCC	95%	100%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£10,530	£10,530
DDC	91%	100%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	-£1,886	Zero
F&HDC	79%	100%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 	£428,554	£438,905
TDC	89%	100%			
EKS	69%	100%			
EKH	105%	100%			
Overall	87%	100%			
Follow up/ Progress Reviews;				(£10,351 reduction due to resource changes - credit rolled over to 2020-21)	
<ul style="list-style-type: none"> • Issued • Not yet due • Now due for Follow Up 	28	-			
	12	-			
	37	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>
	Quarter 4		Quarter 4		
Number of Satisfaction Questionnaires Issued;	56		Percentage of staff qualified to relevant technician level	74%	75%
Number of completed questionnaires received back;	19		Percentage of staff holding a relevant higher level qualification	38%	36%
	= 33%		Percentage of staff studying for a relevant professional qualification	15%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	4.1	3.5
<ul style="list-style-type: none"> • Interviews were conducted in a professional manner • The audit report was 'Good' or better • That the audit was worthwhile. 	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	36%	36%
	100%	90%			
	100%	100%			

Subject: CONSTITUTIONAL AMENDMENTS FOR REMOTE MEETINGS

Meeting and Date: GOVERNANCE COMMITTEE – 25 JUNE 2020
COUNCIL – 22 JULY 2020

Report of: Democratic Services Manger

Classification: UNRESTRICTED

Purpose of the report: Article 15, paragraph 15.02(a) requires that amendments to the Constitution will only be approved by Council (or its committees) after consideration of the proposal by the Governance Committee.

Recommendation:

Governance Committee *To recommend to Council that the changes set out in the Appendix 1 be approved and incorporated into the Constitution as Annex 1 to the Council Procedure Rules to be effective until 7 May 2021.*

Council *To approve the changes to the Constitution set out in Appendix 1 and incorporate them as Annex 1 to the Council Procedure Rules to be effective until 7 May 2021.*

1. Summary

- 1.1 The provisions of The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (the ‘Regulations’) introduced a number of temporary provisions that permit local authorities to operate fully (or partially) remote committee meetings. This report sets out the changes that need to be incorporated into the Council’s Constitution.
- 1.2 It is suggested that these be in the form of an annex to the current procedure rules given the time limited nature of the Regulations.

2. Introduction and Background

- 2.1 The Regulations, made under section 78 of the Coronavirus Act 2020, apply notwithstanding any other legislation or current or pre-existing standing orders or any other rules of the Council governing meetings and remain valid until 7 May 2021. This means that, wherever there is a conflict with the Constitution, the Regulations take precedence in relation to any remote meeting.
- 2.2 The Regulations exist only on a temporary basis, having effect between 4 April 2020 and 7 May 2021.

3. Constitutional Amendments

- 3.1 It is our view, also shared by the guidance issued by the Association of Democratic Services Officers / Lawyers in Local Government (ADSO/LLG), that the Regulations, have an automatic amending effect on an authority’s existing rules and can be applied immediately in order to run committee and cabinet meetings remotely. Notwithstanding

this we believe that as a matter of good practice the full Council should be asked to adopt these provisions at the first opportunity to do so.

4. Identification of Options

4.1 Option 1: To recommend to the full Council that it adopts the amendments to the Constitution set out in Appendix 1.

4.2 Option 2: To recommend another option to the full Council, including making no recommendation.

5. Evaluation of Options

5.1 Option 1 is the preferred option as it codifies the current position in respect of remote meetings.

5.2 Option 2 may require a further report on any proposals made by the Governance Committee. It is not recommended that the proposals be rejected as the Regulations are already in effect.

6. Resource Implications

6.1 There are no resource implications to this proposal.

7. Climate Change and Environmental Implications

7.1 The Constitution is primarily an electronic document. Remote meetings have a beneficial environmental impact by reducing the carbon footprint of members and officers travelling to the Council Offices. In addition, remote meetings facilitate social distancing for those in at risk categories.

8. Corporate Implications

8.1 Comment from the Strategic Director (Corporate Resources) (linked to the MTFP): The Head of Finance and Housing has been consulted on this report and has no further comments to add.

8.2 Comment from the Solicitor to the Council and Monitoring Officer: The Solicitor to the Council and Monitoring Officer has been consulted in the preparation of this report and has no further comments to make.

8.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

9. Appendices

Appendix 1 – Council Procedure Rules Annex 1

10. Background Papers

The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020

Contact Officer: Rebecca Brough, Democratic Services Manager

Annex 1 – Council Procedure Rules for Remote Meetings

Change	Rule No.	Text
INSERT NEW	CPR 28 28.1	<p>REMOTE MEETINGS <i>This rule applies to meetings of Council, Committees and Sub-Committees.</i></p> <p><i>The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020 (the ‘Regulations’) apply until 7 May 2021.</i></p> <p><i>Where a conflict exists between the provisions the Regulations and/or Council Procedure Rule 28 and another procedure rule, the Regulations and/or Council Procedure Rule 28 shall be considered to apply in relation to any remote meeting.</i></p> <p>For all purposes of the Constitution, the terms “notice”, “summons”, “agenda”, “report”, “written record” and “background papers” when referred to as being a document that is:</p> <p>(a) “open to inspection” shall include for these and all other purposes as being published on the website of the council; and</p> <p>(b) to be published, posted or made available at offices of the Authority shall include publication on the website of the Authority.</p>
INSERT NEW	CPR 28.2	<p>For all purposes of the Constitution the term “meeting” is not limited in meaning to a meeting of persons all of whom, or any of whom, are present in the same place, for which purposes any reference to:</p> <ul style="list-style-type: none"> • “place” is to be interpreted as where a meeting is held, or to be held, includes reference to more than one place including electronic, digital or virtual locations such as internet locations, web addresses or conference call telephone numbers: and • “open to the public” includes access to the meeting being through remote means including (but not limited to) video conferencing, live webcast, and live interactive streaming and where a meeting is accessible to the public through such remote means the meeting is open to the public whether or not

1

Change	Rule No.	Text
		<p>the demand verbally when called upon by the Chairman] the Chairman will take the vote by</p> <p>(a) by the affirmation of the meeting if there is no dissent [by assent]; or</p> <p>(b) requesting Democratic Services to take the vote by rollcall and the number of votes for, against or abstaining in respect of the motion or amendment will be collated and the result advised to the Chairman.</p>
INSERT NEW	CPR 28.8	<p>Members excluded from the meeting</p> <p>Where a Member is required to withdraw from a meeting where they have an interest that would preclude them from remaining in the meeting, or if required by the Chairman under Council Procedure Rule 22.3 (Disorderly Conduct) to leave the meeting, the means of remote attendance and access for that Member is to be severed whilst any discussion or vote takes place in respect of the item or items of business which the member or co-opted member may not participate.</p> <p>The Member should not observe the meeting by any other meetings during the period during which they have withdrawn or been excluded from the meeting or attempt to communicate with any Member remaining in the meeting during the time they have left the meeting.</p>
Amends CPR 11.7 and Suspends CPR 11.8	CPR 28.9	<p>Council Procedure Rule 11.7 (Asking the question at the meeting) to be amended as if to read:</p> <p>“The chairman will ask the question be put to the executive member on the questioner's behalf.”</p> <p>Council Procedure Rule 11.8 (Supplementary Question) to be suspended.</p>
Amends CPR 20	CPR 28.10	<p>Council Procedure Rule 20 (Record of Attendance) to be amended as if to read:</p> <p>“A roll call will be conducted by Democratic Services at the start of each meeting. Any Member arriving after the start of the meeting must indicate that they are present to the Chairman at the first opportunity in the meeting.</p> <p>All members present during the whole or part of a meeting must indicate verbally that they are present before the conclusion of every meeting to assist with the record of attendance.”</p>
Suspends CPR 22.1 And	CPR 28.11	Council Procedure Rule 22.1 (Standing to Speak) to be suspended.

1

Change	Rule No.	Text
Amends CPR 22.2		Council Procedure Rule 22.2 (Chairman Standing) to be amended to read: “When the chairman indicates during a debate, any member speaking at the time must stop speaking. The meeting must be silent.”

Subject:	ANNUAL GOVERNANCE ASSURANCE STATEMENT UPDATE
Meeting and Date:	Governance Committee – 25 June 2020
Report of:	Louise May, Head of Governance
Classification:	Unrestricted
Purpose of the report:	To receive an update regarding the Annual Governance Assurance Statement 2019/2020
Recommendation:	That the Committee note the report

1. Summary

- 1.1 Annually, the Council is required to conduct a review of the effectiveness of our system of internal control and also, the extent to which we comply with our own Local Code of Corporate Governance. This must be conducted in accordance with the Delivering Good Governance in Local Government Framework 2016 Edition and is reported as the Annual Governance Assurance Statement.
- 1.2 This report is designed to give an update to Members as the current status of the Annual Governance Assurance Statement for 2019/2020.

2. Introduction and Background

- 2.1 The Accounts and Audit Regulations 2015 (the Regulations), require that the Council conducts at least annually, a review of the effectiveness of its system of internal control and also, the extent to which we comply with our own Local Code of Corporate Governance. The Council's Annual Governance Assurance Statement (AGAS) is prepared to meet these requirements and is provided alongside the published Statement of Accounts in accordance with the Accounts and Audit Regulations 2015.
- 2.2 The statement has to be signed by the Leader of the Council and the Chief Executive, having paid due regard to any matters raised by the Head of Governance and the Monitoring Officer. They have to have particular regard to the opinion of the Head of Governance and Monitoring Officer on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.
- 2.3 The Accounts and Audit Regulations 2015 require that the AGAS is prepared and following signature by the Leader and the Chief Executive, approved by the Governance Committee in advance of the approval by the authority of the annual statement of accounts.
- 2.4 Usually, the statement of accounts is required to be approved by 31 July each year. However, due to the Covid19 pandemic, the Regulations have been amended and the statement of accounts is now required to be approved by 30 November 2020. With this in mind, it is now proposed to take the AGAS through the formal approval process in September, with Cabinet considering it on 7 September 2020 and then seeking approval from the Governance Committee on 24 September 2020.

2.5 As Members will be aware, the Annual Governance Assurance Statement for 2019/2020 will be prepared taking into account the following information:

- A detailed review of the Council's performance measured against the Core and Sub Principles as detailed in the Delivering Good Governance in Local Government Framework 2016 Edition.
- The service review work performed by Internal Audit during the year.
- Internal Audit's review of Corporate Governance arrangements.
- Assurance Statements produced by individual Directors of Service.
- The information gathered as a result of risk assessment and management.
- The annual reports of the Scrutiny and Governance Committees.

2.6 Members will be very aware that there have been delays in the usual programme of meetings due to the pandemic. Now that Members are able to access Remote Teams Live Meetings, it is proposed that the Annual Meeting of the Council will take place on 22 July 2020 and therefore the annual reports of the Scrutiny and Governance Committees will be received by the full council and therefore be able to be relied upon for the purposes of preparation of the AGAS.

3. Identification of Options

3.1 Option 1: To note the report

3.2 Option 2: To refuse to note the report

4. Evaluation of Options

4.1 Option 1 is the preferred option, as delaying the preparation of the AGAS will mean that it can be prepared properly and in accordance with the following:

"The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) would fulfil the statutory requirements across the United Kingdom for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts. In England the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be "prepared in accordance with proper practices in relation to accounts". Therefore a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016)".

5. Resource Implications

None.

6. Background Papers

Accounts and Audit Regulations 2015

Contact Officer: Louise May, Head of Governance