

Public Document Pack



Democratic Services
White Cliffs Business Park
Dover
Kent CT16 3PJ

Telephone: (01304) 821199
Fax: (01304) 872453
DX: 6312
Minicom: (01304) 820115
Website: www.dover.gov.uk
e-mail: democraticservices@dover.gov.uk

21 July 2021

Dear Councillor

NOTICE IS HEREBY GIVEN THAT a meeting of the **GOVERNANCE COMMITTEE** will be held in the Council Chamber at these Offices on Thursday 29 July 2021 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 be "N. Beer", written over a white background.

Chief Executive

Governance Committee Membership:

D Hannent (Chairman)
S S Chandler (Vice-Chairman)
S H Beer
D A Hawkes
S J Jones
P D Jull
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 15 April 2021.

5 **QUARTERLY INTERNAL UPDATE REPORT** (Pages 7 - 35)

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

6 **ANNUAL INTERNAL AUDIT REPORT** (Pages 36 - 51)

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

7 **AUDIT FINDINGS REPORT**

To consider the report of Grant Thornton (external auditors) (to follow).

8 **FINANCIAL OUTTURN 2019/20**

To consider the report of the Strategic Director (Corporate Services) (to follow).

9 **STATEMENT OF ACCOUNTS 2019/20**

To consider the report of the Strategic Director (Corporate Resources) (to follow).

10 **SECTOR UPDATE - GRANT THORNTON**

To consider the report of Grant Thornton (external auditors) (to follow).

Access to Meetings and Information

- Members of the public are welcome to attend meetings of the Council, its Committees and Sub-Committees. You may remain present throughout them except during the consideration of exempt or confidential information.
- All meetings are held at the Council Offices, Whitfield unless otherwise indicated on the front page of the agenda. There is disabled access via the Council Chamber entrance and a disabled toilet is available in the foyer. In addition, there is a PA system and hearing loop within the Council Chamber.
- 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 Thursday, 15 April 2021 at 6.00 pm.

Present:

Chairman: Councillor D Hannent

Councillors: S H Beer
S J Jones
P D Jull
P Walker

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

27 APOLOGIES

An apology for absence was received from Councillor S S Chandler.

28 APPOINTMENT OF SUBSTITUTE MEMBERS

There were no substitute members appointed.

29 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

30 MINUTES

The Minutes of the meeting held on 26 November 2020 were approved as a correct record for signing by the Chairman.

31 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 that provided a summary of the work completed by the EKAP to 31 December 2020.

There had been six internal audit reports undertaken during the period for which two received substantial assurance - Housing Benefits Subsidy and Housing Benefits Overpayments, both administered by Civica. For the remaining four audit reports an assurance level was not applicable. In addition, three follow-up reviews were completed.

It was reported to the Committee that 73% of the audit plan had been completed to date against an adjusted target of 75% for the year. This was considered to be good progress given the resource challenges throughout the year as a result of Covid-19.

In response to the summary findings and areas of improvement of the Dover Leisure Centre Project – Post Implementation Review, Councillor P Walker, who had been a member of the Dover Leisure Centre Project Advisory Group (DLCPAG), made the point that risks had been considered in great depth by the DLCPAG. It was his view that the DLCPAG had been a success, having also invited

a member of the public onto the Group, and that it was a shame the findings did not praise the DLCPAG more as an example of what good work a PAG can do.

RESOLVED: That the Quarterly Internal Update report be noted.

32 DRAFT INTERNAL AUDIT PLAN 2021-22

The Head of Audit Partnership presented the proposed Internal Audit Plan for 2021/22 which provided a breakdown of audits and an analysis of available days for the forthcoming 12 months.

Members were directed to the report which outlined the risks and considerations when preparing the plan which had been prepared in consultation with the Directors and Council's s.151 Officer. Whilst it was recognised that this Council had performed well during 2020 and the pandemic, it was important that lessons were learned and to be prepared in its business continuity plan by preparing short, medium and long-term plans.

RESOLVED: That the Council's Internal Audit Plan for 2021/22 be approved.

33 TREASURY MANAGEMENT REPORT - QUARTER THREE

The Strategic Director (Corporate Services) presented the Treasury Management Report – Quarter Three to the committee for consideration. The report provided Members with details of the Council's treasury management up to 31 December 2020.

The Council's investment return was 2.88% which outperformed the benchmark by 2.81%. Interest rates had remained low and cashflow funds were higher than anticipated due to the Council receiving additional government funding for business support grants and which were put into short term accounts. There was significant uncertainty for the coming year being a year following Brexit and Covid-19.

RESOLVED: That the Treasury Management Report – Quarter Three be received.

The meeting ended at 6.39 pm.

Subject: QUARTERLY INTERNAL AUDIT UPDATE REPORT

Meeting and Date: Governance Committee – 29th July 2021

Report of: Christine Parker – Head of Audit Partnership

Decision Type: Non-key

Classification: Unrestricted

Purpose of the report: This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th June 2021

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 twelve internal audit assignments completed during the period, which are summarised in the table in section 2 of the report.
- 2.8 In addition eight follow-up reviews have been completed during the period, which are detailed in section 3 of the quarterly update report.
- 2.9 For the three-month period to 30th June 2021, 117.44 chargeable days were delivered against the target of 290, which equates to 40.5% 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 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 2021-22 - Previously presented to and approved at the 11th March 2021 Governance Committee meeting.
- Internal Audit working papers - Held by the East Kent Audit Partnership.

Contact Officer: Christine Parker, Head of Audit Partnership



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

1. INTRODUCTION AND BACKGROUND

1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th June 2021.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level	No. of Recs.	
2.1	Receipt & Opening of Tenders	Substantial	C H M L	0 0 0 0
2.2	Environmental Protection Complaints	Substantial	C H M L	0 0 0 3
2.3	Treasury Management	Substantial	C H M L	0 0 0 0
2.4	EKS Key Performance Indicators	Substantial	C H M L	0 0 1 1
2.5	CCTV	Substantial	C H M L	0 2 6 3
2.6	EKS ICT Disaster Recovery	Reasonable	C H M L	0 3 5 1
2.7	Planning Enforcement	Reasonable	C H M L	0 1 1 3
2.8	Land Charges	Reasonable	C H	0 2

			M L	2 3
2.9	Ottaway House Project – Post Implementation Review	Not Applicable		
2.10	HRA Stock Reconciliation	Not Applicable		
2.11	EKS/Civica – Housing Benefit Quarterly Testing (2020-21 Quarter 4)	Not Applicable		
2.12	Kearsney Abbey Project – Post Implementation Review	Not Applicable		

2.1 Receipt & Opening of Tenders – Substantial Assurance

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the controls established to ensure that the Council's procedures for the receipt and opening of tenders are in accordance with Contract Standing Orders and ensure the probity of the tendering procedure.

2.1.2 Summary of Findings

The area under review has some linkage with Corporate Priority 4 (Smarter Council) and, in particular, the objective of *'Delivering good, value for money, services'* and the 2020 aim to *'Keep tight control of spend, with management of assets, procurement and income'*. The area under review also has some linkage with Corporate Risk No. 8: *Corporate governance and ethical standards are not maintained resulting in a lowering in public perception of the Council.*

The Council has been solely using an online e-procurement system for its procurement activities since 2015. The 'Kent Business Portal' is hosted by a company called 'Proactis' and subcontracted to Dover District Council by KCC along with other district authorities in Kent.

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

- Roles, responsibilities and standards for the receipt and opening of tenders are set out in Contract Standing Orders.
- Tenders are only opened by the Procurement Manager and the Senior Procurement Officer.
- Only the Officer set up with the 'verifier' role (eTendering system role/description) may open a tender after the return date. The system records the officer, date and time of any tender opening.
- The system records the response version, date, time and who submitted the response.
- The system locks the tender submissions until after the expiry of the tender return date, where after they can be opened and viewed. The system also retains a log for all activity against each tender opportunity.
- Tenders are opened shortly after the tender return date (which is usually set to coincide with the evaluation timetable where applicable).

- System authorisation controls and user profiles are used effectively and consistently in line with approved roles and responsibilities.
- System access controls are adequately controlled, managed and deployed.
- No tender responses are visible/accessible to Officers (irrespective of their role) until after the tender deadline. After which tender returns are provided to the evaluation member/panel as appropriate.
- The system records late tenders separately from those received on time.
- Tender submissions are version controlled up until the tender deadline. No tender (after the tender deadline has expired) can be amended by the bidder.

2.2 Environmental Protection Complaints – 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 Council has an effective system for investigating and responding to environmental protection complaints in the following areas:

- Dust;
- Smoke;
- Odour;
- Fumes;
- Animals;
- Noise;
- Accumulations ;
- Filthy and verminous premises; and
- Drainage.

2.2.2 Summary of Findings

The majority of complaints dealt with by the Environmental Protection Team are statutory nuisances under the Environmental Protection Act 1990. Other legislation may also apply and may be utilised where they don't require as high a burden of proof such as, Antisocial Behaviour Crime and Policing Act 2014, Prevention of Damage by Pests Act 1949, Public Health Act 1936 and Building Act 1984, Control of Pollution Act 1974.

Officers decide the best course of action based on the type and level of nuisance to ensure a proportionate response based on the principles engage, explain, encourage, and enforce.

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

- Clear and comprehensive policies and procedures are in place and applied by officers,
- Advisory and enforcement action is taken in line with the Council policies and procedures,
- A good management trail of actions taken, and correspondence issued and received is maintained, and
- Where necessary officers consult with other departments and external bodies.

Scope for improvement was however identified in the following areas:

- The Services enforcement policy and procedures should refer accurately to current data protection legislation,
- Regular reporting on outstanding recharge works invoices should be requested for effective monitoring, and
- The opportunity to review the retention of hard copy notices issued by the Council should be reviewed with Legal Services, to limit unnecessary storage of hard copy documents.

2.3 Treasury Management – Substantial Assurance

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the various Treasury Management matters within the remit of the accountancy office are performed effectively & efficiently, in furtherance of the Council's Policies.

2.3.2 Summary of Findings

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer-term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

CIPFA defines treasury management as:

“The management of the local authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

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

- The annual treasury management strategy is included as part of the annual budget which is approved by Cabinet and Council.
- Use of external advisors (Arlingclose) for investment decisions, follow approved counter party limits, any payments made through the bankline system subject to two people authorising them.
- Use of external advisers who provide regular updates on the credit ratings of institutions, and provide a month recommended counter party list.

- Treasury Management strategy includes a table of the types of institutions the Council can invest in as advised by the Treasury Advisors.
- All counter parties and institutions have maximum limits set which should not be exceeded this is decided in consultation with our Treasury Advisors.
- Cash flow is monitored daily, and quarterly reports are presented to the Governance Committee.
- All details of investments are saved in the daily banking folder in teams.
- Documents are held online and only accessible via Council systems.
- Regular reconciliations are carried out on the main accounting system (T1) to ensure investments/ loan transactions have been recorded correctly. Spreadsheets are used to record transactions as they are made.
- Quarterly Treasury Management report presented to the Governance Committee with a year-end report also presented to Cabinet and Council.
- All loan transactions are carried out in accordance with Contract Standing Orders, Financial Regulations and the Prudential Code.
- An up-to-date borrowing policy is maintained, and its contents reviewed regularly and agreed by the Strategic Director (Corporate Resources); this is included in the annual Treasury Management Strategy.
- Loans are arranged through a broker or the PWLB, both organisations have details of staff that have the authority to borrow on behalf of the Strategic Director (Corporate Resources);. PWLB borrowing would only be done in conjunction with the Strategic Director (Corporate Resources); – who has to sign the application form.
- The Loans Register is reconciled quarterly.
- The PWLB loans are repaid by direct debit, most are interest only. The HRA self-financing loan is repayment of principal and loan and is reconciled against a schedule annually.
- All loans raised and all loan repayments are made direct to and from the Council's bank.
- The financial information system is updated promptly with all loan transactions.

2.4 EKS Key Performance Indicators – Substantial Assurance

2.4.1 Audit Scope

The audit will examine and evaluate the procedures and controls established by management, to include

- a) Ascertain the key performance indicators that are in place to be measured and the periods produced, from the current contract.
- b) Establish how these key performance indicators are calculated.
- c) Using the base data recalculate a sample of the key performance indicators to ensure that they are accurate and correct.
- d) Where there are any differences in the results ensure that there are no approved adjustments to the figures.
- e) Note that all the key performance indicators are produced by CIVICA except for the “accuracy of housing benefit processing” which is produced by EK Services.
- f) Ascertain what management information is produced from these key performance indicators and who sees this.
- g) Identify and evaluate any significant failures in the use of the key controls, and provide relevant recommendations regarding risk in a report to management.

2.4.2 Summary of Findings

The partner councils entered into an agreement with CIVICA in 2018 for them to undertake the Customer Service, Council Tax, Business Rates and Housing Benefit administration on behalf of the three councils and EK Services.

Part of that agreement was the production and reporting of key performance indicators so that CIVICA could be monitored on their outcomes on behalf of each of the services being supplied.

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

- There is a contract in place which clearly sets out the key performance indicators that will be used to monitor the services provided.
- The key performance indicators are produced and supplied on a monthly basis to the management of EKS and CIVICA and the client officers at the partner councils in the form of a performance report.
- There are regular meetings that take place, and these include the discussion of performance data.

The following potential weaknesses were identified during the audit process:

- There is potential scope for the improvement of two of the performance indicators which relate to Freedom of Information requests and complaints.
- Consideration should be given to re-introducing the annual report / performance report for EK Services to the EK Services Committee.

2.5 CCTV – Substantial Assurance

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the CCTV operation is undertaken in accordance with the Code of Practice and all prevailing legislation such as the Data Protection Act and the Human Rights Act.

2.5.2 Summary of Findings

The CCTV system operated by Dover District Council comprises of 61 Cameras being deployed across Dover, Deal, Sandwich and Aylesham. Governance of this system is via a Code of Practice. An investment of £450,000 was made to upgrade this system and it has now become fully digital.

The Council has obtained full third-party surveillance camera commissioners' certification which expires on the 30 May 2024 which was carried out by the National Security Inspectorate (NSI) on 30 May 2019.

Details of the CCTV system can be found on the Council's CCTV pages of their website, which are up to date and detail a map of camera locations across the district.

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

- There is an up to date Code of Practice available on the website for all to review;
- There are up to date procedures for CCTV control operators to follow;

- A sharing protocol is in place between the Council and it's partners;
- An annual report is being produced and available to download via the CCTV pages of the Council's website; and
- Independent reviews of the Council's CCTV system are being undertaken via the Surveillance Camera Commissioner who issue a certificate of compliance and the East Kent Audit Partnership, previous audit 2017/18 – Substantial Assurance.

Scope for improvement was however identified in the following areas:

- Management of the visitors' log, seizure log and seizure forms require improvement to ensure all details are being accurately recorded.

2.6 EKS ICT Disaster Recovery – Reasonable Assurance

2.6.1 Audit Scope

The audit will examine and evaluate the procedures and controls established by management, to include

- Review the Service Level Agreement / relevant documents which detail the processes expected by the partners to be put into place by EK Services regarding their ICT function.
- Ascertain what disaster recovery strategy / policy has been drawn up by EK Services and when and how this has been approved and whether this integrates with the partner's business continuity plans.
- Evaluate the disaster recovery strategy / policy and compare this to other best practice examples for ICT.
- Establish if partner systems have been ranked as being critical or non-critical business processes.
- Ascertain if testing is undertaken of the disaster recovery strategy, either in part or as a whole.
- Establish if there is a clear understanding of what ICT disaster recovery is the responsibility of the partners, if this is applicable.
- Review any internal guidance in place regarding the disaster recovery processes including any training for relevant officers and access to documentation off site.
- Ascertain how often the disaster recovery strategy is reviewed and updated.
- Ensure backups are stored off site in the case of loss of building access.
- Identify and evaluate any significant risks to the service and give advice on any control improvements in a report to management.

2.6.2 Summary of Findings

EK Services maintains three data centres that support around 1500 users across the partner councils. Information systems can fail and the only way to protect valuable data from being lost is to have an appropriate backup and recovery system in place. In order for disaster recovery processes to be effective management must provide commitment:

- In terms of providing appropriate resources.
- To the identification of requirements and the planning and implementation of standby arrangements.
- To the testing of the disaster recovery arrangements and the need to report on the results and make changes to the plan as appropriate.

- To the need to update the plan in the light of changing systems, people, responsibilities and external events.
- Staff numbers.

In order to prepare and manage an emergency situation ICT have a Disaster Recovery Strategy and Business Continuity Plan in place, which should be approved by all three partner councils, reviewed annually and include all critical systems. Expectations for day to day services are being managed by a Service Level Agreement.

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

- ICT Disaster Recovery is being recognised and managed via a disaster recovery plan. This is updated on an annual basis and reported to each client officer;
- Business Continuity for ICT Services is being managed via a plan and is updated annually. Partner Councils are expected to manage their own BC plans for services and should include all known ICT systems within them;
- Responsibilities for all ICT services have been adequately documented through the service catalogue;
- A Service Level Agreement is in place with a total systems failure being recognised as a high priority with faults expected to be fixed within 2 hours, if not then both the Disaster Recovery and Business Continuity Plans are to be invoked; and
- Horizon scanning and risks are adequately being documented through the Vulnerability Management Programme and reported through the Corporate Information Governance Group (CIGG).

Scope for improvement was however identified in the following areas:

- Business Impact Assessments need to be undertaken to ensure all systems have been assessed and ranked for each service area of the partner councils;
- A desk top exercise needs to be undertaken to test the disaster recovery process in full and highlight any weaknesses and training needs; and
- To ensure openness and transparency is occurring and for all partner councils to remain up to date with the ICT service and its processes and to ensure risks are being adequately managed; management reporting to the East Kent Services Committee needs to be occurring.

2.7 Planning Enforcement – Reasonable Assurance

2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council's procedures for planning enforcement is in accordance with prevailing legislation and best practice.

2.7.2 Summary of Findings

Planning Enforcement involves the investigation of alleged breaches of planning control and where a breach of planning control is identified; the aim is to resolve these using the most appropriate action in accordance with policy and legislation. This is the first audit on the service. A planning enforcement benchmarking exercise was carried out during this audit and is featured below for information: -

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

- The Planning Enforcement Action Plan (the main policy document) is a very good document that sets out the approved planning enforcement processes;
- There are a host of procedures in place that support the main policy;
- Enforcement cases are being processed correctly;
- Correspondence, records and decisions are well documented and securely stored; and
- Complaints made about the service are dealt with correctly.

Scope for improvement was however identified in the following areas:

- Historically the Council has had no planning enforcement performance indicators in place which could weaken governance arrangements and affect transparency;
- The Council does not currently have any benchmarking data in relation to the enforcement services it provides when compared to other local authorities;
- The Council needs to update its Planning Enforcement Register online.

2.8 Land Charges – Reasonable Assurance

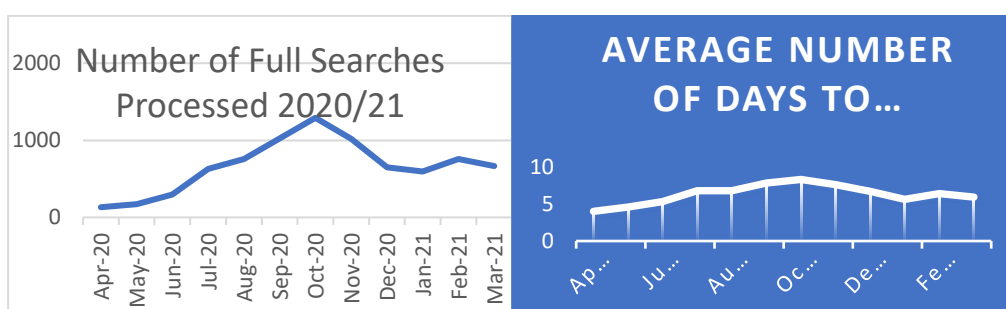
2.8.1 Audit Scope

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

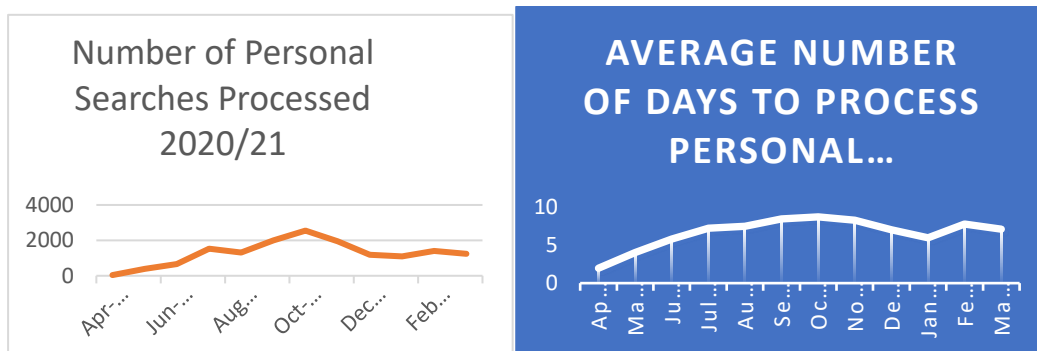
2.8.2 Summary of Findings

A Local Land Charges Register is a statutory requirement Under the Local Land Charges Act 1975. It is the duty of the Local Authority to register charges brought into existence by them or by another originating authority. The Council administered two types of searches 'personal searches' and 'official' / 'full' searches. Personal searches are a free of charge service and full official search attracts a fee which is calculated using a cost neutral exercise. During 2020/21 the number of search requests increased largely due to people moving homes fuelled by the 'race for space' and a stamp duty holiday which is set to end on 30th September 2021. Below is an analysis of performance during 2020/21 and illustrates how performance is affected by the number of searches received: -

Official Searches Performance - 2020/21



Personal Searches Performance - 2020/21



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

- Processes in place to ensure information entered on to the register is accurate and processed quickly are working effectively;
- Processes in place to ensure searches are carried out accurately and as efficiently as possible are working effectively;
- The information held on the GIS system (the register) is accurate, secure, easily identifiable, and relatively ease to download and transfer (when required);
- The audit trail of applications and searches plus fees paid is good; and
- Income collection and reconciliation routines are working effectively.

Scope for improvement was however identified in the following areas:

- The Council must undertake a cost neutral exercise during 2021/22 in preparation for fees and charges 2022/23;
- The Council must publish specific information online in accordance with Paragraph 9 of the Local Authorities (England) (Charges for Property Searches) Regulations 2008;
- There are three written procedures that should be introduced and documented to help improve transparency and resilience within the team; and
- The Council needs to engage as soon as possible with HM Land Registry to ensure it has a sufficient plan in place for the effective transfer of responsibility and data from 2023.

2.9 Ottaway House Project PIR – Not Applicable

2.9.1 Audit Scope

To provide an independent assessment of the lessons learned regarding the Project Management processes employed for the capital project from the start to delivery.

2.9.2 Summary of Findings

In May 2019, the Cabinet initially agreed to purchase eight new build one-bedroom flats in Dover for £800k which then increased to £880k in June 2019 after alterations were agreed to the final required design spec. The total final cost of the project which includes survey, legal and design costs was £925k which was within the £942k approved budget envelope. The eight one-bedroom flats have a combined estimated

value of £960k. The acquisition cost was funded from a combination of HRA borrowing from the General Fund and a grant from the Homes England Move-On Fund.

The property is arranged in the style of the four storey Victorian houses in the area, with the appearance of a semi-detached property with two flats on each floor. The units are occupied on a short-term basis by people moving on from specialist housing but who still require some low level 'floating' support while they wait to be rehoused permanently. The accommodation is provided for a maximum of two years after which time it is envisaged that occupants will be able to move into permanent accommodation and live independently.

Project Information:

This project is far more straight forward when compared to other recently reviewed projects like the Dover District Leisure Centre and the Kearsney Abbey Projects. This is because many of the risks were transferred to reputable third parties involved in the delivery of the project as part of the agreements in place. The estimated valuation of the properties was first evaluated by 'Ray Robson Surveyors', the employer's agent was 'Martello' and the design and construction was completed by Karlee Construction Ltd after being approved by CMT and then the Cabinet. The surveyor and the Employer's Agent were appointed through a transparent and well managed procurement process. A breakdown of how the project was funded is set out below: -

Homes England Move on Fund	- £280k	(Grant Funding)
HRA Funding	- £580k	(Borrowing from General Fund)
HRA Funding (legal fees etc.)	- £65k	(Borrowing from General Fund)
Total Spend	- £925k	

Various information was examined to independently and objectively determine the effectiveness of the project management processes and controls employed which included an examination of: -

- Bids and reports to Homes England Move on Fund;
- Procurement documentation produced / retained;
- CMT / Cabinet Reports and Minutes;
- Contractual and Legal documents produced / retained;
- Budget management information; and
- Documentation and audit trail retained for each project stage.

A summary of the project strengths are summarised below: -

- The simplicity of the project meant that the project team could remain very small with some support from senior management;
- The agreement to pay Karlee Construction Ltd 10% up front and 90% on completion was a very successful control and meant that the risk of significant delays and quality related issues was sufficiently minimised;
- The nature of the acquisition and agreed scope with Karlee Construction Ltd meant that the risks relating to the project fell almost entirely on the contractor;
- The procurement processes were transparent and correctly followed which resulted in the appointment of quality consultants and contractors;
- The audit trail of documentation was excellent for audit, oversight, and assurance purposes;
- Decision making was taken at the correct time and at the correct level; and
- The financial assumptions and budget level agreed was sound.

There were no control improvements identified that could have helped the Council achieve a better outcome for this project.

2.10 Housing Revenue Account Stock Reconciliation – Not Applicable

2.10.1 Summary of Findings

An exercise was undertaken to match and reconcile the HRA and leasehold properties (stock held as per housing system records) to properties insured by the Council, using interrogation software.

The reconciliation identified the following:

- One HRA property was identified as being missed off the insurance schedule. In the event of damage however, the Council is able to claim under its Capital additions insurance policy element which covers the Council for individual properties up to the value of £10m in any one location.
- No leasehold properties were identified as being uninsured.
- Nine properties insured under the Leasehold policy had in fact been bought back in the last 5 months however, the Insurance Officer had not been informed. Whilst all the properties remained insured it was found that following a change of officer responsibility the Insurance Officer was missed off the Legal property acquisitions email distribution list, this has now been resolved.
- For two properties the address was misquoted on the insurance schedules.

These matters have now been rectified on the Council's insurance schedules.

2.11 EK Services/Civica – Housing Benefit Quarterly Testing (Quartet 4 of 2020-21) – Not Applicable.

2.11.1 Introduction

Over the course of 2020/21 financial year the East Kent Audit Partnership completed a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

2.11.2 Findings

For the fourth quarter of 2020/21 financial year (January to March 2021) 27 claims including new and change of circumstances of each benefit type were selected by randomly selecting the various claims for verification.

A fail is 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.

2.11.3 Audit Conclusion

For this period twenty-seven benefit claims were checked and no claims had a financial error and there was only one data quality error (3.70%).

For 2020/21 a total of ninety-five claims have been checked of which two (2.10%) had a financial error that impacted on the benefit calculation and two had a data quality error (2.10%).

2.12 Kearsney Abbey Project PIR – Not Applicable

2.12.1 Audit Scope

To provide an independent assessment of the lessons learned regarding the Project Management processes employed for the capital project from the start to delivery.

2.12.2 Summary of Findings

Background:

The 'Parks for People' Project at Kearsney Abbey and Russell Gardens commenced following a successful bid to the Heritage Lottery Fund (HLF) which was submitted by the Council in February 2014. The seven objectives of the project which formed the bid were: -

- *Restoring a rare example of garden design by the renowned landscape architect, Thomas Mawson, and promoting it as a major tourist attraction.*
- *Restoring the Festival of Britain open air theatre to bring new audiences to the parks, host community events, and generate income to reinvest in the parks.*
- *Interpreting the parks' heritage and celebrating their links with Dover's industrial past and the mills of the River Dour.*
- *Extending the cafe to create a multi-use venue with facilities to support new volunteering, training, and education programmes, and for events hire.*
- *Providing opportunities for people to get involved through volunteering, and for the community to take greater ownership by creating a 'Friends of Kearsney' group.*
- *Improving sustainable travel/access to, between, and within the parks.*
- *Raising standards to Green Flag status*

The project encountered a number of preventable and non-preventable problems and issues throughout the life of the project relating to cost, ecology, archaeology, contractor difficulties, defects, staff changes, relationship and communication difficulties, design issues, security issues and a global pandemic.

Project Information:

As at March 2021 the Kearsney Abbey Project is yet to be completed owing to a variety of complications which have meant project delays and additional costs. The most recent complication relates to the global pandemic and subsequently one of the contractors (Coombs Canterbury Ltd) going into administration during 2020. Therefore, the final costs relating to the project are still not finalised and are likely to be higher.

Original Round 2 Project Bid Cost	£3,660,000 w/out Volunteer cont
HLF Capital Grant	£3,115,000
DDC Original Match Funding (Dev Phase)	£294,000
DDC Increased Funding One Delivery Phase	£340,000
DDC Increased funding Two Delivery Phase	£350,000

Current predicted spend Delivery phase £3,845,525 (budget approved)

As shown above, management are due to request additional funding of £350k be approved by the Cabinet to bring the project to completion, however there are still many financial unknowns at this stage of the project. The following issues still need to be resolved: -

- The cost to the Council relating to the contractor going into administration;
- The cost relating to rectification of known defects (windows etc.);
- The cost relating to unknown rectification of defects (this will become clearer once the café opens to the public); and
- The costs relating to drains that need emptying and the damage and repair work required to the car park as a result.

Various information was examined to independently and objectively determine the effectiveness of the project management processes and controls employed which included an examination of: -

- Bids and reports to the Heritage Lottery Fund (HLF);
- Agendas, minutes, and reports from various meetings;
- Project risk management documentation;
- Conversations with key officers involved;
- Budget management information; and
- Documentation and audit trail retained for each project stage.

The audit review of the Kearsney Abbey Project has focused on learning from the experience, attempting to improve the project management guidance and the risk management guidance, and improving the project risk management tools for major capital projects in the future. Much of the documentation between 2015 and 2017 could not be located and therefore could not be examined for audit and assurance purposes.

A summary of strengths are summarised below: -

- The project is on course to meet five of its seven objectives whilst two of the objectives are 'still ongoing';
- The Dover District Leisure Centre Project benefitted from some insight into some of the issues that the Kearsney Abbey Project encountered which demonstrates that the authority has a good 'learning' attitude and culture;
- The relationship and communication with the HLF was good;
- The project board included a portfolio holder which helped relay the reasons behind some of the project issues and obstacles faced to fellow councillors;
- Risk identification was partially effective; and
- Due diligence was carried out on Coombs Canterbury Ltd before engaging the contractor.

There are four key governance and risk management learning areas that were identified that should be considered by management to help deliver successful projects of this kind in future. These are: -

- The project governance arrangements for a project like this should be carefully considered. A project involving the restoration of a Grade II Listed Building should have been led by Commercial / Property Services from the outset;

- The expertise and professional competence and diligence needed to produce a well-informed, fully costed, fully planned piece of work that sets out a realistic project plan and set of costs should be carefully considered before submitting a bid or before approving a funding structure for a capital project;
- Project risk management guidance needs to be approved and put in place to support the project management guidance currently in place (but with no-one currently responsible for it). This will help project managers identify and evaluate project risks which will help keep costs under control and minimise or help foresee and plan for likely time delays during each stage of a project;
- Project risk management practices need to improve.

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

3.1 As part of the period's work, eight 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)	Statutory & Discretionary Disability Grants	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	0	M	0
				L	4	L	1
b)	Cemeteries	Reasonable	Reasonable	C	0	C	0
				H	0	H	0
				M	2	M	2
				L	3	L	1
c)	Risk Management	Reasonable	Reasonable	C	0	C	0
				H	4	H	1
				M	6	M	0
				L	0	L	0
d)	Car Parking & Enforcement	Substantial	Substantial	C	0	C	0
				H	4	H	2
				M	5	M	0
				L	2	L	1
e)	Counter Fraud Arrangements	N/A	N/A	C	0	C	0
				H	6	H	3
				M	0	M	0
				L	0	L	0

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
f)	Dog Control Services	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	0	M	0
				L	2	L	0
g)	Members' Code of Conduct & Standards Arrangements	Substantial	Substantial	C	0	C	0
				H	1	H	0
				M	2	M	0
				L	3	L	0
h)	EKHR – Employee Benefits in Kind	Reasonable /Limited	Reasonable /Limited	C	0	C	0
				H	4	H	3
				M	0	M	0
				L	0	L	0

- 3.2 Details of each of any 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 – None this quarter.

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.

e) Counter Fraud Arrangements:

The pilot was limited by the C19 pandemic with staff being redeployed, however it has been agreed to extend the arrangements, to continue to utilise the skills of the specialist investigators within the fraud team for a number of Tenancy Fraud and Right to Buy processes. The EKAP will continue to independently review the Council's Counter Fraud arrangements periodically as part of planned work.

h) EKHR – Employee Benefits-in-Kind:

At Dover District Council there should be a nominated officer responsible for monitoring the payroll exemptions and reviewing them on an annual basis or discussions should be held for this role to be included as part of the full payroll service that is stated in the EKHR Service Level Agreement.

An exercise also needs to be carried out to ensure that all the correct payroll exemptions are put in place

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 Climate Change, Officer Code of Conduct, Licensing, Housing Regulator Action Plan, CSO Compliance, and Playgrounds.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2021-22 Audit plan was agreed by Members at the meeting of this Committee on 11th March 2021.
- 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 are made to the plan during the course of the year as some high-profile projects or high-risk areas may be 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 Apart from some working in respect of grant frauds, there have been 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 three-month period to 30th June 2021, 117.44 chargeable days were delivered against the target of 290, which equates to 40.5% plan completion.
- 7.2 The financial performance of the EKAP is currently on target at the present time.
- 7.3 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 yet to be followed up.
Annex 3	Progress to 30 th June 2021 against the agreed 2020/21 Audit Plan.
Annex 4	Balanced Scorecard of performance indicators to 30 th June 2021.
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>Risk Management – May 2021:</i>		
The Guide for Project Management document should be revised to include identifying risks and the ongoing monitoring of them as part of the project management process.	Discussions to be held over who is to have ownership of this process and the ongoing monitoring.	7. The Guide for Project Management document should be revised to include identifying risks and the ongoing monitoring of them as part of the project management process. Outstanding.
<i>Car Parking & Enforcement:</i>		
Ensure the retention schedule for the service is accessible and up to date, i.e. it includes all the services systems and processes. (e.g. smartfolio)	Will review and update records if required and ensure they are accessible. Proposed Completion Date 30 October 2020 Responsibility Transport & Parking Services Manager	We have been unable to find a copy of the retention schedule due to change in management – seeking this out Outstanding. New Proposed Completion Date 30 September 2021
Annually reconcile assets being held with property services.	We are liaising with Property Services about this list as we were not even aware of this list. We are putting a system in place whereby this is reviewed annually. The testing sheet used by Audit has been supplied to management as a starting point. Proposed Completion Date 01 April 2021 Responsibility Transport & Parking Services Manager	Outstanding. New Proposed Completion Date 30 September 2021

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>Counter Fraud Arrangements Pilot – May 2021:</i>		
The councils should identify and quantify its fraud risk, which is essential to understanding specific exposures to risk, changing patterns in threats and the potential consequences to the councils and their service users.	<p>Responsibility s.151 Officers for Dover, Thanet, Canterbury</p>	<p>Agreed – ABC will undertake this as part of the next steps Outstanding. New Proposed Completion Date 30 September 2021</p>
The councils should make arrangements for the appropriate resources to support the counter fraud strategy.	<p>Responsibility s.151 Officers for Dover, Thanet, Canterbury</p>	<p>Agreed – Enter into a new agreement with ABC Outstanding. New Proposed Completion Date 30 September 2021</p>
The councils should collectively reconsider how they might share a resource to invest in counter fraud work, not only to work in accordance with best practice guidance, but to demonstrate their 'zero tolerance' to fraud, as set out in their strategies. Evidence from other councils is that this work will generate cashable savings over and above the costs invested.	<p>Responsibility s.151 Officers for Dover, Thanet, Canterbury</p>	<p>Agreed – Will achieve this with a new agreement with ABC Outstanding. New Proposed Completion Date 30 September 2021</p>
<i>EKHR – Employee Benefits in Kind (June 2021):</i>		
The next revision to the service level agreement should clarify who is responsible for the completion of the tax exemptions (i.e. EKHR or each authority) and who the responsible officer is.	<p>Discussions to be held with Client Officers to decide who is to take responsibility for the tax exemptions and this should be included in the next SLA document.</p> <p>Proposed completion date and responsibility: Sept 2020 -Head of EK Human Resources, HR Business Partners and Client Officers</p>	<p><u>Dover District Council</u></p> <p>No progress has been made in respect of this recommendation.</p> <p>Recommendation is still outstanding</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>At Dover District Council there should be a nominated officer responsible for monitoring the payroll exemptions and reviewing them on an annual basis or discussions should be held for this role to be included as part of the full payroll service that is stated in the EKHR Service Level Agreement.</p>	<p>Discussions to be held with Client Officers to decide who is to take responsibility for the tax exemptions and this will be included in the next SLA document.</p> <p>If the authorities are to take ownership, then a nominated officer should be put in place.</p> <p>Proposed completion date and responsibility:</p> <p>Sept 2020 -Head of EK Human Resources, HR Business Partners and Client Officers</p>	<p>No progress has been made in respect of this recommendation.</p> <p>Recommendation is still outstanding</p>
<p>An exercise needs to be carried out at Dover and Thanet District Councils to ensure that all the correct payroll exemptions are implemented.</p>	<p>Once ownership of the tax exemptions has been identified then the responsible person should carry out an exercise to ensure that the correct payroll exemptions are in place and have been approved by HMRC.</p> <p>Proposed completion date and responsibility:</p> <p>Sept 2020 -Head of EK Human Resources, HR Business Partners and Client Officers</p>	<p>No progress has been made in respect of this recommendation.</p> <p>Recommendation is still outstanding</p>

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
EKHR – Disclosure & Barring Service Checks	November 2020	Limited	WIP

PROGRESS AGAINST THE AGREED 2021-22 AUDIT PLAN.

DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2021	Status and Assurance Level
FINANCIAL SYSTEMS:				
Capital	10	10	0.35	Quarter 3
Creditors & CIS	10	10	0.18	Quarter 3
External Funding Protocol	10	10	0.18	Quarter 3
Main Accounting System	10	10	0.18	Quarter 3
Budgetary Control	10	10	0.18	Quarter 3
HOUSING SYSTEMS:				
Repairs & Maintenance	15	15	0	Quarter 4
Tenant H&S	10	10	0	Quarter 4
Rechargeable Works	10	10	0	Quarter 2
Tenancy & Estate Mgmt.	10	10	0.83	Work-in-Progress
GOVERNANCE RELATED:				
Cloud Computing/Digital	10	10	1	Brief issued
Officers Code of Conduct	10	10	8.40	Work-in-Progress
Project Management	10	10	0	Quarter 4
Corporate Advice/CMT	2	2	0	Work-in-Progress throughout 2021-22
s.151 Meetings and support	9	9	5.74	Work-in-Progress throughout 2021-22
Governance Committee Meetings and Reports	12	12	4.74	Work-in-Progress throughout 2021-22
2022-23 Audit Plan Preparation and Meetings	9	9	0	Quarter 4
POST IMPLEMENTATION REVIEWS:				
Ottaway House	10	10	10.63	Finalised – N/A
Main Accounting System (Tech 1)	5	5	0	Quarter 3
CONTRACT AUDITS:				
CSO Compliance	13	13	8.43	Work-in-Progress
Service Contract Mgmt.	10	10	0	Quarter 4
SERVICE LEVEL:				
Climate Change	10	10	1.86	Work-in-Progress

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2021	Status and Assurance Level
CCTV	10	10	10.61	Finalised - Substantial
Contaminated Land, Air & Water Quality	10	10	2.51	Brief issued – Quarter 3
Grounds Maintenance	12	12	0.32	Brief issued
Licensing	12	12	4.73	Work-in-Progress
Phones, Mobiles & Utilities	10	10	0.37	Quarter 3
Garden Waste & Recycling Income	10	10	0.18	Quarter 3
OTHER				
Liaison with External Auditors	1	1	0	Work-in-Progress throughout 2021-22
Follow-up Work	15	15	4.97	Work-in-Progress throughout 2021-22
FINALISATION OF 2020-21- AUDITS				
Environmental Health Protection Requests	5	5	1.39	Finalised
Treasury Management			0.38	Finalised
Land Charges			10.68	Finalised
Playgrounds			2.52	Work-in-Progress
Housing Regulator Review			19.21	Work-in-Progress
Planning Enforcement			10.11	Finalised
Responsive Work:				
HRA Properties Data Match	0	0	2.69	Finalised
Staff Related Matter	0	0	4.09	Work-in-Progress
TOTAL	290	290	117.44	40.5% as at 30th June 2021

EKS, EKHR & CIVICA:

Review	Original Planned Days	Revised Planned Days	Actual days to 30/06/2021	Status and Assurance Level
EKS Reviews;				
Housing Benefits - Payments	15	15	0	Quarter 2
Housing Benefit Testing	15	15	0.14	Work in progress throughout 21-22
Council Tax	15	15	0	Quarter 4
Customer Services/Gateway	15	15	0	Quarter 3
KPIs	5	5	0.24	Quarter 2
ICT - Change Controls	15	15	0.14	Quarter 3
ICT – Procurement & Disposal	15	15	0	Quarter 4
EKHR Reviews;				
Payroll	15	15	4.4	Quarter 2
Employee Allowances & Expenses	15	15	0	Quarter 3
Leavers & Recruitment	15	15	0.17	Quarter 3
Other;				
Corporate/Committee	5	5	3.56	Work in progress throughout 21-22
Follow up	5	5	0	Work in progress throughout 21-22
Finalisation of 2020/21 Audits:				
Restart Grants	10	10	5.98	Finalised
ICT – Disaster Recovery			0.35	Finalised
Housing Benefits – Quarterly Testing 20-21			5.45	Finalised
ICT – Software Licensing			8.68	Finalised
Responsive Work:				
Housing Benefit – RBV Framework	0	0	0.95	Work-in-Progress
Total	160	160	30.04	18.78% as at 30th June 2021

EKAP Balanced Score Card 2020-21

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Original Budget</u>
	Quarter 1		Reported Annually		
Chargeable as % of available days	90%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£356.35
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£459,443
CCC	25.92%	25%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,945
DDC	40.50%	25%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
TDC	18.84%	25%			
FHDC	22.94%	25%			
EKS	18.78%	25%			
Overall	25.75%	25%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 		£470,388
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	28	-			
<ul style="list-style-type: none"> • Not yet due 	21	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	15	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Target</u>
	Quarter 1		Quarter		
Number of Satisfaction Questionnaires Issued;	17		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	7		Percentage of staff holding a relevant higher level qualification	39%	39%
	= 41 %		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	1.4	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)	39%	39%
	100%	90%			
	100%	100%			

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 – 29th July 2021
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 undertaken by the East Kent Audit Partnership to support the annual opinion. The report includes the Head of Audit Partnership's opinion on the overall adequacy and effectiveness of the system of internal control in operation and informs the Annual Governance Statement for 2020-21, together with details of the performance of the EKAP against its targets for the year ending 31st March 2021.

Recommendation: That Members note the Opinion of the Head of Audit Partnership.

That Members note the Annual Report detailing the work of the EKAP and its performance to underpin the 2020-21 opinion.

Internal Audit Annual Report 2020-21.

SUMMARY

The main points to note from the attached report are that despite the impact of C19, a number of the agreed audits have 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 for 2020-21.

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 2020-21 for Dover 36

District Council, and provides an opinion on the system for governance, risk management and 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 In March 2020 when the Covid Emergency hit, the EKAP was initially able to continue with work in progress. Soon during April, it became necessary to suspend the audit plan and the staff were made available for redeployment. The staff were all able to utilise their skills in several different ways, spending 154 days over the partnership in roles supporting the Community Hub and business grants processes. Consequently, Quarter One (April, May and June) was impacted and it became clear that a new target of 75% plan completion would be more likely. By Quarter 2, the rhythm of commencing planned reviews, agreeing reports, setting up new briefs and closing progress reports was reinstated. Al be it that this was a new way of working for the team being 100% of their time at home. Excellent ICT and new applications or systems has made it possible to operate effectively relying only on virtual meetings and electronic access to records.
- 1.4 The EKAP delivered 73% of the agreed audit plan days to DDC. The performance figures for the East Kent Audit Partnership as a whole for the year show good performance against the adjusted targets. It is the opinion of the Head of Audit that sufficient work has been undertaken to be able to support an opinion for 2020-21.
- 1.5 No system of control can provide absolute assurance, nor can Internal Audit give that assurance. This opinion is intended to provide assurance that there is an ongoing process for identifying, evaluating and managing the key risks.

Background Papers

- **Internal Audit Annual Plan 2020-21 - Previously presented to and approved by the Governance Committee.**
- **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 2020-21 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 2020-21 in accordance with the Public Sector Internal Audit Standards.

Attachments

Annex A – East Kent Audit Partnership Annual Report 2020-21

CHRISTINE PARKER
Head of Audit Partnership

Annual Internal Audit Report for Dover District Council 2020-21

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 governance processes and 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

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 2020-21, 38

however, this has been an extraordinary year and there are no matters of concern to be raised at this time.

3.1 EKAP Resources

The EKAP has provided the service to the partners based on a FTE of 6.74. 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 2021 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 The 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 organisation.
- 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. Throughout 2020-21 the EKAP has been able to operate with strong independence, free from any undue influence of either officers or Members.

3.7 Financial Performance

Expenditure and recharges for the year 2020-21 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, efficiencies have been gained through forming the partnership.

4. Overview of Work Done

The original audit plan for 2020-21 included a total of 18 projects. To accommodate losing quarter one to C19 Redeployment, EKAP has 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 the redeployment of EKAP staff throughout quarter one, and as a result of EKH being brought back in house, changes to the plan were agreed during the year. The total number of planned projects undertaken in 2020-21 was 10, ten projects were pushed back in the overall strategic plan, with 3 being WIP at the year-end to be finalised in April, furthermore there were 5 Responsive projects undertaken, and 5 projects were finalised from the 2019-20 plan.

Review of the Internal Control Environment

4.1 Risks

During 2020-21, 49 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	0	0%
High	10	20%
Medium	19	39%
Low	20	41%
TOTAL	49	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 2020-21 the EKAP has raised and reported to the quarterly Governance Committee meetings 49 recommendations, and whilst 20% were in the Critical or High-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 fifteen pieces of completed work for Dover District Council, together with the finalisation of the five 2019-20 audits is as follows:

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

Assurance	No.	Percentage of Completed Reviews
Substantial	8	89%
Reasonable	1	11%
Limited	0	0%
No	0	0%
Work in Progress at Year-End	3	-
Not Applicable	8	-

* 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 100% of the reviews account for substantial or reasonable assurance.

There were ten reviews completed on behalf of EK Services and the assurances for these audits were - 4 Substantial, 2 Reasonable, 1 Limited, 3 Not Applicable, 2 reviews were work in progress at the year-end and 3 were Deferred. 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. The results of any follow up reviews yet to be undertaken will 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 2020-21 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 2020-21.

Total Follow Ups undertaken 9	N/A	No Assurance	Limited Assurance	Reasonable Assurance	Substantial Assurance
Original Opinion	1	0	0	4	4
Revised Opinion	1	0	0	3	5

There were no reviews with an original (partially) no or limited assurance, which means there were no DDC reviews showing a partially limited assurance after follow up that required escalation to the Governance Committee during the year.

East Kent Housing received a continuation of the detailed follow up work to the 2019 Tenants’ Health and Safety work. The two areas covered in 2020-21 were Lifts and Fire Safety, where the revised assurance levels were No and Limited assurance respectively. These concerns were escalated to the EKH Board at the time, the issues have subsequently been passed on to the Council as the service came back in house from 01.10.20. Further work regarding Tenants’ Health and Safety is planned for 2021-22.

EK Services received six follow ups; the revised assurances were Substantial for three reviews, Reasonable for one review, one with a partially Limited assurance after follow up (DDC) and one was Not Applicable.

Consequently, the areas with fundamental issues of note arising from the audits and follow up undertaken in 2020-21 have been escalated.

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 2020-21.

The EKAP is named in the Council’s whistleblowing policy as a route to safely raise concerns regarding irregularities, for which EKAP manages the Hotline (24-hour answer machine service) 01304 872198.

An independent review of the Counter Fraud Arrangements was undertaken in 2019 and this led to a joint pilot (with DDC, CCC & F&HDC) with specialist Fraud Investigators from Ashford Borough Council being undertaken in 2020. Whilst this Pilot was limited by the restrictions of C19, a recent progress report following up on the original fraud risks and agreed recommendations has been undertaken and the Council has decided the arrangements with Ashford Borough Council will be extended into a new agreement, initially focusing on Tenancy Fraud and Right to Buy Processes.

The internal audit team will build on its data analytical skills and will continue to develop exploring the opportunity to discover fraud and error by comparing different data sets and matching data via the use of specialist auditing software.

4.5 Completion of Strategic Audit Plan

Appendix 2 shows the planned time for reviews undertaken, against actual time taken, follow up reviews, responsive work and reviews resulting from any special investigations or management requests. 226.22 audit days were completed for Dover District Council during 2020-21 which represents 72.56% plan completion.

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.

Appendix 3 shows the planned time for reviews undertaken, against actual time taken for the follow up reviews and finalising audits for East Kent Housing Ltd. which ceased 30.09.20. From 2021-22 all Housing Reviews feature as part of the DDC Audit Plan.

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 28th July 2021.

5. Overall Opinion 2020-21

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. Despite losing Quarter One, taken together with previous year's opinions and having completed 73% of the planned days, there is sufficient underpinning evidence meaning that I do not have to limit the scope of the opinion for 2020-21, as follows;

5.1 Corporate Governance

Corporate Governance is defined as being the structure of rules, practices and processes that direct and control the Council. To support the Head of Audit Opinion the EKAP will undertake specific reviews aligned to these processes as a part of the Audit Plan. I am able to conclude that GDPR was the only Governance review undertaken in the year with Performance Management being deferred. The GDPR Review was undertaken as a consultancy style piece of work and therefore an assurance opinion was not applicable. An agreed action plan resulting from the review will assist the Council in improving in this area. For 20-21 the Head of Audit Partnership is satisfied the Council complies with Corporate Governance guidance.

5.2 Internal Control

The EKAP has been commissioned to perform only one follow up, in 2020-21 there were no reviews that remained a Limited Assurance after follow up, and there were no recommendations that were originally assessed as critical or high risk, which remained a high priority and outstanding after follow up escalated to the Governance Committee during the year. There are currently no reviews for DDC previously assessed as providing a Limited Assurance that are yet to be followed up.

And for East Kent Services, there is one review (DBS Checks) previously assessed as providing a Limited Assurance that is yet to be followed up (Scheduled for Quarter one 2021-22).

And for East Kent Housing, the Tenant's Health and Safety review resulted in Limited/No Assurance across five key areas. All have been followed up and during 2020-21 Fire Safety resulted in Limited assurance and Lifts in No Assurance. These risks and the further reviews form part of the DDC Audit Plan from 2021-22. The results of these follow up reviews were escalated to the Governance Committee during the year.

The Head of Audit Partnership is satisfied the Council can place assurance on the aspects of the systems of control tested and in operation during 2020/21.

5.3 Risk Management

The Council keeps a corporate risk register. The Governance Committee are responsible for overseeing the risk management framework. A follow up review has highlighted that the Council continues not comply with Best Practice with regards to Risk Management, and the pandemic has delayed other agreed recommendations from having been implemented. I am able to conclude that the Governance Committee has considered and supports the Council's current Risk Management arrangements, although the lack of compliance with best practice risk should itself be noted in the AGS. The EKAP will continue to strive to influence continuous improvement in this key area of Governance.

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.

**Performance against the Agreed 2020-21
Dover District Council Audit Plan**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-03-2021	Status and Assurance Level
FINANCIAL SYSTEMS:				
Treasury Management	10	10	11.28	Finalised– Substantial
Insurance & Inventories of Portable Assets	10	10	0.18	Deferred
HOUSING SYSTEMS:				
Housing Allocations	10	0	-	Deferred
Tenant Health & Safety Compliance	-	10	2.49	Work-in-Progress
Data Quality	-	10	-	Deferred
Leasehold Services	-	10	-	Deferred
GOVERNANCE RELATED:				
GDPR, FOI & Information Management	10	10	12.59	Finalised – N/A
Performance Management	10	0	0.38	Deferred
Corporate Advice/CMT	2	2	3.44	Finalised for 2020-21
s.151 Meetings and support	9	18	19.33	Finalised for 2020-21
Governance Committee Meetings and Reports	12	12	14.51	Finalised for 2020-21
2021-22 Audit Plan Preparation and Meetings	9	15	15.15	Finalised for 2020-21
POST IMPLEMENTATION REVIEWS:				
Kearney Abbey	10	15	15.28	Finalised – N/A
CONTRACT AUDITS:				
Receipt & Opening of Tenders	10	10	11.02	Finalised - Substantial
SERVICE LEVEL:				
Employee Health & Safety	10	0	0.18	Deferred
Cemeteries	10	12	12.45	Finalised - Substantial
Safeguarding Children & Vulnerable Groups	10	0	0.20	Deferred
Planning Enforcement	10	10	4.37	Work-in-Progress
Business Continuity & Emergency Planning	12	0	0.18	Deferred
Playgrounds	10	0	1.05	Deferred
Disabled Facilities Grants	10	10	11.81	Finalised - Substantial

Review	Original Planned Days	Revised Planned Days	Actual days to 31-03-2021	Status and Assurance Level
Land Charges	10	10	0.39	Work-in-Progress
Members' Allowances & Expenses	10	10	11.22	Finalised - Substantial
Planning Applications, Income & s106 Agreements	15	0	-	Deferred
Green Waste & Recycling Income	10	0	-	Deferred
OTHER				
Liaison with External Auditors	1	1	0	Finalised for 2020-21
Follow-up Work	15	15	9.31	Finalised for 2020-21
FINALISATION OF 2019-20- AUDITS				
Environmental Health Protection Requests	20	26	9.37	Finalised - Substantial
Car Parking & Enforcement			1.88	Finalised - Substantial
Election Management & Electoral Registration			0.45	Finalised - Substantial
Dog Warden			2.81	Finalised - Reasonable
Dover Leisure Centre PIR			12.46	Finalised – N/A
Days under delivered in 2019-20		26.76	-	Allocated
Responsive Work:				
Duplicate Creditor Payment Testing	0	5	1.08	Finalised - N/A
Discretionary Grants – Counter Fraud	0	26	36.21	Finalised - N/A
Asbestos Register	0	0	2.79	Finalised - N/A
Data Image Capturing Project	0	0	2.33	Finalised - N/A
HRA Properties Data Match	0	0	0.03	Work-in-Progress
TOTAL	255	311.76	226.22	72.56%
C-19 Redeployments	0	38	38	Finalised - N/A

*30 days added to the revised planned days from the former East Kent Housing audit plan from 1st October 2020.

**Performance against the Agreed 2020-21
East Kent Housing Audit Plan**

Review	Original Planned Days	Revised Planned Days	Actual To 30/09/2020	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Ctte/EA Liaison	4	4	3.09	Finalised for 2020-21
Follow-up Reviews	7	0	0	Finalised for 2020-21
Tenants' Health & Safety	8	8	8.13	Finalised -Various
Finalisation of 2019/20 Work-in-Progress:				
Days over delivered in 2019/20		-7.37		Allocated
Welfare Reform	0	1	0.41	Finalised - Substantial
Employee Health & Safety	1	0.63	1.00	Finalised - Limited
Total	20	12.63	12.63	100% as at 30/09/2020

**Performance against the Agreed 2020-21
East Kent Services Audit Plan**

Review	Original Planned Days	Revised Planned Days	Actual days to 31/03/2021	Status and Assurance Level
EKS Reviews;				
Housing Benefits Overpayments	10	15	14.08	Finalised - Substantial
Housing Benefit Testing	30	30	33.64	Finalised - N/A
Housing Benefit Subsidy	10	10	10.08	Finalised - Substantial
Customer Services Gateway	10	0	0	Deferred
ICT – Disaster Recovery	15	15	11.27	Finalised - Reasonable
ICT – Software Licensing	15	15	9.79	Work-in-Progress
KPIs	5	5	4.30	Finalised - Substantial
EKHR Reviews;				
Payroll – Data Testing	15	15	1.19	Work-in-Progress
Employee Allowances (Policy)	8	8	8.02	Finalised - N/A
Employee Expenses	7	7	0	Deferred
EK Leavers	15	15	0.66	Deferred
Other;				
Corporate/Committee	5	8	8.24	Finalised for 2020-21
Follow up	5	7	7.35	Finalised for 2020-21
Finalisation of 2019/20 Audits:				
Days underdelivered in 2019/20		30.67	-	Allocated
EKHR Employee Benefits in Kind	10	2	1.19	Finalised - Substantial / No
Housing Benefit Testing 2019/20		11.67	10.82	Finalised - NA
EKHR Payroll		11	10.34	Finalised - Reasonable
EKHR DBS Checks		16	16.00	Finalised - Limited
Total	160	190.67	146.97	77.08%

EKAP Balanced Scorecard – 2020-21

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2020-21 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2020-21 Actual</u>	<u>Original Budget</u>
	Quarter 4		Reported Annually		
Chargeable as % of available days	90%	80%	• Cost per Audit Day	£339.14	£339.14
Chargeable days as % of planned days			• Direct Costs	£432,553	£437,130
CCC	99.99%	100%	• + Indirect Costs (Recharges from Host)	£10,530	£10,530
DDC	72.56%	100%	• - 'Unplanned Income'	-£4,577	Zero
F&HDC	87.37%	100%			
TDC	77.17%	100%			
EKS	77.07%	100%			
EKH to 30.09.20 End	100%	100%	• = Net EKAP cost (all Partners)	£447,660	£447,660
C19 Redeployment Days 154.48					
Overall	82.22%	100%			
Follow up/ Progress Reviews;					
• Issued	41	-			
• Not yet due	14	-			
• Now due for Follow Up	32	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2020-21 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2020-21 Actual</u>	<u>Target</u>
	Quarter 4		Quarter		
Number of Satisfaction Questionnaires Issued;	64		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	28		Percentage of staff holding a relevant higher level qualification	39%	39%
	= 44%		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	2.97	3.5
• Interviews were conducted in a professional manner	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	39%	39%
• The audit report was 'Good' or better	100%	90%			
• That the audit was worthwhile.	95%	100%			