
Subject: QUARTERLY INTERNAL AUDIT UPDATE REPORT

Meeting and Date: Governance Committee – 4th December 2014

Report of: Christine Parker – Head of Audit Partnership

Decision Type: Non-key

Classification: Unrestricted

Purpose of the report: This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th September 2014.

Recommendation: That Members note the update report.

1. Summary

This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th September 2014.

2. Introduction and Background

- 2.1 For each Audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to each member of Corporate Management Team, as well as an appropriate manager for the service reviewed.
- 2.2 Follow-up reviews are performed at an appropriate time, according to the status of the recommendation, timescales for implementation of any agreed actions and the risk to the Council.
- 2.3 An Assurance Statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be Substantial, Reasonable, Limited or No assurance.
- 2.4 Those services with either Limited or No Assurance are monitored, and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of Assurance to either Reasonable or Substantial. A list of those services currently with such levels of assurance is attached as Annex 2 to the EKAP report.
- 2.5 The purpose of the Council's Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
- 2.6 To assist the Committee meet its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit

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

SUMMARY OF WORK

- 2.7 There have been eight Internal Audit reports that have been completed during the period, of which two reviews was classified as providing Substantial Assurance, four as Reasonable Assurance, one as Limited, and a further one resulted in a split assurance which was partially limited. Summaries of the report findings and the recommendations made are detailed within Appendix 1 to this report.
- 2.8 In addition five follow-up reviews have been completed during the period, which are detailed in section 3 of the quarterly update report.
- 2.9 For the six-month period to 30th September 2014, 143.43 chargeable days were delivered against the planned target of 260.96, which equates to 54.96% 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 2014-15 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 2014-15 - Previously presented to and approved at the 20th March 2014 Governance Committee meeting.
- Internal Audit working papers - Held by the East Kent Audit Partnership.

Contact Officer: Christine Parker, Head of Audit Partnership



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

1. INTRODUCTION AND BACKGROUND

- 1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th September 2014.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level
2.1	EKS – Housing Benefit Payments	Substantial
2.2	Anti-Money Laundering	Substantial
2.3	Contract Standing Order Compliance	Reasonable
2.4	HMO Licensing	Reasonable
2.5	White Cliffs Countryside and Up on the Downs Partnerships	Reasonable
2.6	Waste Management	Reasonable
2.7	Planning and s.106 Agreements	Substantial/Limited/ Limited
2.8	Safeguarding Children and Vulnerable Groups	Limited

2.1 EKS Housing Benefit Payments – Substantial Assurance.

2.1.1 Audit Scope

To ensure that the processes and procedures established by EK Services are sufficient to provide the level of service required by the partner authorities of Canterbury CC, Dover DC and Thanet DC and incorporate relevant internal controls regarding the payments of Housing Benefit.

2.1.2 Summary of Findings

Housing Benefit payments are processed and administered by EK Services inline with the Social Security Contributions and Benefits Act 1992 and the Housing Benefit Regulations 2006. Housing Benefit payments across the UK totalled £23.8 billion during 2013/14, this accounts for almost 30% of the total welfare bill. It is therefore important that the controls in place are robust to ensure error detection and fraud detection controls are effective.

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

- Policies, processes and procedures are in place which supports the business objectives set out by EK Services;
- Robust system based controls across all three Councils; and
- Effective reconciliation routines in place.

The only scope for improvement identified was the need to align a few of the processes across the three sites to encourage a consistent approach across EK Services.

2.2 Anti-Money Laundering – Substantial Assurance.

2.2.1 Audit Scope

To ensure that the Council's obligations and responsibilities regarding money laundering are adequately discharged; specifically to do all we can to prevent, wherever possible, the organisation and its staff being exposed to money laundering, to identify the potential areas where it may occur, and to comply with all legal and regulatory requirements, especially with regard to the reporting of actual or suspected cases.

2.2.2 Summary of Findings

Money laundering is the term used for a number of offences involving the proceeds of crime and terrorist funds. The following acts constitute the act of money laundering:

- Concealing, disguising, converting, transferring or removing criminal property from England and Wales, or from Scotland, or from Northern Ireland.
- Becoming concerned in an arrangement in which someone knowingly or suspects and facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person.
- Acquiring, using or possessing criminal property.

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

- The Council's Anti-Money Laundering process is working well.
- The Council has a nominated Anti-Money Laundering Officer.
- Appropriate arrangements are in place to ensure that all relevant staff within the Council are aware of the Policy, procedures, reporting arrangements and the action that needs to be taken if they identify anything suspicious.

Small scope for improvement was identified in the following area:

- The Council should provide staff with awareness update training on the Council's Anti-Money Laundering Policy.

2.3 Contract Standing Order Compliance – Reasonable Assurance.

2.3.1 Audit Scope

The Council's practices for the procurement of goods and services achieves economic cost and good value for money and that Contract Standing Orders and the guidance and supporting procurement practices/user instructions are relevant and complied with as appropriate across both DDC and shared services who spend on Dover's behalf.

2.3.2 Summary of Findings

The purpose of the Council's Contract Standing Orders (CSOs) is to provide a structure within which procurement decisions are made and implemented. This is to ensure that resources are used efficiently, value for money is sought, corporate objectives are met, and transparency is evident. The CSOs specify financial limits which determine, prior to purchase, the number of quotes that must be obtained or whether a full tender process should be followed. In addition, high value tenders for works and services are governed by EU procurement laws and must be advertised in the OJEU (Official Journal of the European Community). The EU financial thresholds as at January 2014 are: supplies and services £172,515 and works £4,322,012. These thresholds are revised every two years.

Purchase orders are an important aid in budget monitoring and the CSOs/Procurement Guide states that purchase orders must be raised for all goods and services, unless they are exempt.

- Total number of orders raised in 2013/14: 2,336;
- Total value: £14.7m;
- Total number of orders raised in 2014/15 (Apr-Oct): 1,316; and
- Total value: £12.6m.

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

- Tender processes are followed and properly evaluated;
- Many framework agreements are in place;
- Officers are aware of CSO requirements;
- In the majority of cases, factors other than lowest price are considered; and
- Procurement Guide/CSOs is available on the intranet.

Scope for improvement was however identified in the following areas:

- Reminder needed that lowest price is not the only consideration when selecting a supplier;
- Reduce the number of retrospective orders, currently at 7.75% for 2014/15; thereby reducing the impact on suppliers' cashflow;
- Monitor orders between £10k-£99k for evidence of market testing; and
- Maintain a summary of waivers.

2.4 HMO Licensing – Reasonable Assurance.

2.4.1 Audit Scope

To provide assurance in respect of the controls and procedures operated by management to work with landlords and tenants to ensure the legal standards for housing are met.

2.4.2 Summary of Findings

The Housing Act 2004 introduced mandatory licensing of all houses in multiple occupation (HMO) which had three or more storeys and are occupied by five or more persons forming two or more households. This was to address some of the historical issues regarding badly managed and poorly maintained HMO's and specifically improve the overall management of these properties.

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

- There are effective procedures in place to ensure that the administration of the HMO license applications is dealt with consistently and effectively.
- All premises are visited prior to the license being granted.
- The information available on the Council's website regarding HMO's is comprehensive and links to the government guidance.

Scope for improvement was however identified in the following areas:

- Files are still being kept manually when M3 has the facility to scan documents and append them to the relevant premise.
- Gas safety and electrical certificates are not being effectively monitored resulting in a breach of license conditions.

2.5 White Cliffs Countryside & Up on the Downs Partnerships – Reasonable Assurance.

2.5.1 Audit Scope

To help conserve and enhance the special coast and countryside the district, and make it accessible to all.

2.5.2 Summary of Findings

White Cliffs Countryside Partnership:

The WCCP was launched in December 1989 (and is now about to celebrate its 25th anniversary) with three staff funded by seven organisations for a limited 3 year period. In 2013 the WCCP was funded by more than 23 organisations. The WCCP carries out long term management of land that has a high value for wildlife and landscape, making it accessible to everyone. Many of the sites managed by WCCP are on a national or even international level of importance for wildlife.

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

- To assist in meeting its objectives the WCCP organises around 400 events every year. These include guided walks, volunteer events and family events.
- Regular reporting to the steering group in respect of the projects that are being carried out.

- Established processes for volunteers.
- Processes are in place for dealing with income and the reconciliation of it to ensure that it is allocated to the correct cost centre.

Scope for improvement was however identified in the following areas:

- The Council's Legal Section has had a copy of the revised partnership agreement to comment on for 4 years but remains outstanding.
- Staff need to ensure that they complete the risk assessment documentation for all volunteer sessions and guided walks.
- A review of the WCCP website needs to be carried out to ensure that the information it is up to date.
- ICT issues need to be addressed in respect of how information is being backed up on the stand alone PC in the office and also how staff are saving their work on to the network

Up on the Downs Landscape Partnership Scheme:

Up on the Downs is a £2.5 million scheme which aims to make a major contribution at a landscape scale to the conservation of the heritage of the Dover and Folkestone area. This is a four year project provisionally to cease in 2017.

The scheme is largely funded by the Heritage Lottery Fund, (68% of all costs) with the remainder being contributed by its partners and the Kent Downs and Marshes Leader Programme, although other sources of funding are constantly being investigated and sort after. The scheme is hosted by Dover District Council.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as below although it should be noted that the processes that are currently in place are continuing to evolve as the scheme has only been in place for approximately 18 months.

- Grant application and awarding processes have been developed and put in place with nine grants awarded so far.
- Monitoring processes are in place including quarterly project progress reports which are presented to the Heritage Lottery Funding and the partnership board.

Scope for improvement was however identified in the following areas:

- The grant application process should be reviewed to include ensuring that both risk assessments have been carried out by the applicant for the project that they are seeking funding for and where applicable have also taken into account child protection and safeguarding vulnerable adults legislation.
- Consider having a standard agenda item at each grant panel meeting to give them feedback on the current position, including the conditions imposed, or the final outcome of each of the grants they have awarded.

2.6 Waste Management – Reasonable Assurance.

2.6.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the waste management contract terms and

conditions are being complied with regarding the performance of the service and to ensure that current payments to the contractor are in accordance with the contract terms.

2.6.2 Summary of Findings

The waste contract is a joint one between Kent County Council, Shepway District Council and Dover District Council and is now into its 4th year. The contract runs for the period 16th January 2011 to 15th January 2021.

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

- Service plans and supporting strategies are in place that support and give the future direction of the service and timetables for completion of various reviews.
- Payments and recharges are processed in a timely fashion.
- Contract monitoring is in place and is continuing to be further developed including revised working practices (from 15th September 2014) which will assist in the increased monitoring of the contractor and ensure that the contractor is meeting the expected standards as per the contract and will also penalise the contractor for non-performance. The further development of the contract monitoring is in light of the decision taken not to put in place a contract monitoring tool that was expected to be delivered by Waste Consulting Ltd and KCC at the beginning of this contract and the contract monitoring team were still waiting for now.
- Regular meetings are held with the contractor in an attempt to address issues. Although one of the main issues that still needs to be addressed by Veolia is the interface between their ECHO system and each authorities M3 systems and this is with the contract now into its fourth year.

From discussions with officers and management and viewing the comparison data, there is a two tier contract in place with the Shepway side of the contract being run better than the Dover side by the contractor. At Shepway, the contractor seems to be dealing with issues as they arise and are not behind in dealing with the worksheets either for missed bins or delivering receptacles. However at Dover there appears to be an issue with the contractor not being able to keep up with the delivery of the receptacles (484 currently outstanding as at 8/8/2014) and also with the outstanding worksheets for missed bins and other contractual duties (301).

In July 2014 Veolia decided that they would not collect contaminated recycling anymore in accordance with the contract across both Dover and Shepway. This led to a huge increase in the number of contaminated notices being issued across both Dover (3377 issued) and Shepway (2986 issued) along with increased numbers of telephone calls and complaints to each authorities call centres. Whilst this is a requirement of the contract, the way that it was rolled out and communicated to the public could have been better managed by the contractor.

2.7 Planning and s.106 Agreements – Substantial/Limited/Limited Assurance:

2.7.1 Audit Scope

Planning Applications – to ensure that planning application procedures, including those in respect of fees and collection of income are in accordance with Statute, and

the organisation's Standing Orders and Financial Regulations and that applications are processed in an efficient, effective and timely manner.

Section 106 Agreements – to ensure that S106 agreements are used where appropriate in planning applications and that all legal requirements are adhered too. All income/benefits from the agreement are received and obligations imposed are complied with to the benefit of the district.

Summary of Findings

The Council's development management function is responsible for deciding whether a proposed development should be allowed. Most new buildings, major alterations to existing buildings and significant changes to the use of a building or piece of land need planning permission. Certain minor building works do not need planning permission as the effect on neighbours or the surrounding environment is minimal and in these instances they are classed as permitted development.

The number of planning applications received each year in total has not altered significantly, however the number of major applications received has increased and this can have a negative impact on the planning resources available.

Year	Major applications	Minor applications	Other applications	Total applications
2011/12	35	267	636	938
2012/13	48	225	592	865
2013/14	57	285	612	954

Key performance indicators reported quarterly for the planning function show that the targets are not being met each quarter.

2013 /14 qtr.	Major apps processed within 13 weeks	Major apps processed within 13 weeks	Minor apps processed within 8 weeks	Minor apps processed within 8 weeks	Other apps processed within 8 weeks	Other apps processed within 8 weeks
	Target	Actual	Target	Actual	Target	Actual
1	60%	50%	65%	58%	80%	50%
2	60%	43%	65%	73%	80%	67%
3	60%	56%	65%	66%	80%	71%
4	60%	71%	65%	63%	80%	72%

Management can place:

- Substantial Assurance on the system of internal controls in operation for monitoring the financial obligations recorded in S106 agreements.
- Limited Assurance on the system of internal controls in operation for the planning application function; and
- Limited Assurance on the discharge of planning conditions and the monitoring of non-financial S106 obligations.

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

- The financial obligations of the S106 agreements that have been made have been designated to one Officer and subsequently these are monitored closely to ensure the funds are received and spent correctly.
- Since the DES review the planning administration procedures have been reviewed and streamlined. However as part of the Digital Future project these will be scrutinised further and more efficiency will be sought.

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

- Inconsistency in the administration of planning applications.
- When checklists are being used these are incomplete.
- Actions are not being recorded on Acolaid to provide a complete audit trail.
- Inefficiencies have been identified where unnecessary visits are being carried out.
- Planning files are not being maintained in an orderly manner.
- The planning conditions are not being routinely monitored where appropriate.
- The S106 non-financial obligations are not systematically being monitored.
- The planning performance figures are being impacted in a negative way because extensions of time are not being correctly administered.

As part of the Digital Future Project which is looking at providing digital service delivery for Planning, the Planning Support Supervisor and the Planning Delivery Manger have reviewed many of the issues raised in the audit report. The Project will reengineer many of the current processes and administration for planning. From April 2015, Householder applications will be dealt with electronically. Once this has been implemented successfully action will be taken to digitalise the rest of the planning service, however there will be exceptions where it is not appropriate for the planning application to be made electronically however these should be kept to a minimum.

2.8 Safeguarding Children and Vulnerable Groups – Limited Assurance.

2.8.1 Audit Scope

To ensure that the Council fulfils its legal obligations under section 11 of the Children Act 2004 and under the Safeguarding Vulnerable Groups Act 2006.

2.8.2 Summary of Findings

The Council's Child Protection policy states that the authority recognises that the protection of children and young people is a corporate responsibility. It will seek to ensure that all children and young people who come into contact with the Council and its employees are protected and treated with respect. The Council will also seek to ensure that all employees appointed to work with children and young people, or who are likely to come into contact with them, are suitable through appropriate recruitment and selection processes, training, and working practices and procedures.

The last full audit in this area was carried out in September 2010 and it was identified at that time that several issues needed to be addressed. Subsequent follow up reviews were carried out as part of the audit process, with the last one in November 2011 again highlighting many of the same issues that still needed to be addressed.

This audit review in July 2014 has also identified that many of the original issues remain outstanding. Management can therefore continue to place only Limited Assurance on the system of internal controls in operation.

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

- A lack of management support in ensuring that staff are aware of their responsibilities in respect of the requirements of the Safe Guarding Vulnerable Groups Act 2006 and the Children Act 2004. This is reflected in the corporate training programme which has not identified corporate training requirements, neither classroom nor online based for relevant staff for the 2013/14 or 2014/15 financial years and also in the points as listed below.
- Both the corporate risk register and the service plans (apart from Community Safety, Parking and CCTV) make no reference to child protection or safeguarding vulnerable groups.
- Non-compliance with the Child Protection Policy in respect of ensuring that contractors (including East Kent Housing and EK Services) have in place a child protection policy, if applicable for the type of works being carried out (i.e cleaning contracts) or can sign up to the Council version if they do not have one in place. These policies should be reviewed by the Designated Child Protection Co-ordinator. To date no policies have been passed to this officer for reviewing as part of the tender processes in place and this is not included in the PQQ.
- As part of the grant awarding process carried out by the Community Safety Unit, they ensure that the organisations applying for the grants comply with the Child Protection legislation, where applicable, have in place the appropriate policy and training. However, this is not being consistently applied across all the departments.
- Child protection training records held by EKHR for the Council staff are incomplete as it appears that when the online training system is updated all previous history is lost. A report has been produced by EKHR that shows staff that have completed the online training from 2009 to the current date. However, on reviewing the report there are no staff records between 01/01/2010 and 31/3/2011 and also there are very few Dover District Council employees on this report. The report also highlights that training has not been completed by all members of CMT.
- There is no communication between EKHR and the Council's Designated Child Protection Co-ordinator in respect of training and what is required for staff to complete and what reporting is required. Previous audits on this subject have flagged this up as a recommendation that needed to be addressed. The Council's Designated Child Protection Co-ordinator would like to receive a report every six months that gives him information on what training staff have carried out and then he can advise CMT of those that have not completed the training as part of his six monthly reports to them that need to be put place. This was agreed at the last follow up audit review in November 2011 but has not been implemented.
- As there are incomplete records in place for all staff, CMT and the Council's Designated Child Protection Co-ordinator should discuss the authority's training needs and how often training has to be carried out and the type of training that each officer (including casuals), volunteers and councillors are required to undertake, and then put in place the appropriate training programme that can be monitored.

Effective control was however evidenced in the following areas:

- An annual review is carried out on the Child Protection Policy every May with the revised policy in place on the intranet. However, updates need to be communicated to staff each year. One possible way to do this may be to use Net Consent as an ICT solution.
- A draft Safe Guarding Vulnerable Groups policy has been prepared but this still needs to be presented to CMT and Members for approval and will then be communicated to officers to ensure that they are aware of what is required for compliance with this policy.
- EKHR processes are in place to ensure that any new posts established within the organisation are assessed to see if a DBS check is required and that updates on existing DBS checks are carried out in a timely fashion.
- Recruitment processes are in place to ensure that any new members of staff that require a DBS check are carried out promptly.

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

- 3.1 As part of the period's work, five 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)	Cemeteries	Reasonable /Limited	Reasonable	H M L	2 4 0	H M L	0 2 0
b)	EKS – Housing Benefit Fraud	Substantial	Substantial	H M L	0 2 0	H M L	0 0 0
c)	EKS – Sundry Debtors	Substantial	Substantial	H M L	0 3 0	H M L	0 0 0
d)	Right to Buy	Reasonable	Reasonable	H M L	1 1 0	H M L	0 0 0
e)	Coastal Management	Substantial	Substantial	H M L	0 0 2	H M L	0 0 0

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

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

EKS – ICT Software Licences:

- 3.3 An Internal Audit Report dated 1st March 2013 provided Limited Assurance on the controls in place for Software Licenses administered by EK Services on behalf of the partner councils. As a result EK Services made a commitment to procure a new Software Asset Management (SAM) system. An Internal Audit Progress Report was produced on 16th July 2014 and continued to place Limited Assurance on the controls in place because a 'dispute' with the Software Supplier meant that the newly purchased SAM software had not been installed

As requested by Members at the September meeting of this Committee, the Head of ICT (Sean Hale) is present this evening to provide a verbal update.

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: Leasehold Services, Creditors and CIS, Income, Car Parking, Tackling Tenancy Fraud and Payroll.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2014-15 Audit plan was agreed by Members at the meeting of this Committee on 20th March 2014.
- 5.2 The Head of the Audit Partnership meets on a regular basis with the Section 151 Officer to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments have been made to the plan during the course of the year as some high profile projects or high-risk areas have been requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding when resources have been applied and or changed are shown as Annex 3.

6.0 FRAUD AND CORRUPTION:

- 6.1 There were no other new or recently reported instances of suspected fraud or irregularity, other than the issues that may arise from the issue referred to in point 3.2 above, that required either additional audit resources or which warranted a revision of the audit plan at this point in time.

7.0 INTERNAL AUDIT PERFORMANCE

- 7.1 For the six-month period to 30th September 2014, 143.43 chargeable days were delivered against the planned target of 260.96, which equates to 54.96% plan completion.
- 7.2 The financial performance of the EKAP is currently on target at the present time.
- 7.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has improved on the range of performance indicators it records and measures. The performance against each of these indicators is attached as Annex 4.
- 7.4 The EKAP introduced an electronic client satisfaction questionnaire, which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service. Current

feedback arising from the customer satisfaction surveys is featured in the Balanced Scorecard attached as Annex 4.

Attachments

- Annex 1 Summary of High priority recommendations outstanding after follow-up.
- Annex 2 Summary of services with Limited / No Assurances
- Annex 3 Progress to 30th September 2014 against the agreed 2014/15 Audit Plan.
- Annex 4 EKAP Balanced Scorecard of Performance Indicators to 30th September 2014.
- Annex 5 Assurance statements

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

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
<i>None to report this Quarter</i>		

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED				
Service	Reported to Committee	Level of Assurance	Management Action	Follow-up Action Due
Absence Management	June 2013	Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-progress as part of 2014-15 plan
Employee Benefits-in-Kind	September 2014	Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-progress
Safeguarding Children and Vulnerable Groups	September 2014	Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-progress
EKS – ICT Change Control	June 2014	Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-progress

PROGRESS AGAINST THE AGREED 2014-15 AUDIT PLAN.

DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-14	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking & PCNs	10	10	0.17	Work-in-Progress
Creditors and CIS	10	10	0.17	Work-in-Progress
Income	10	10	0.34	Work-in-Progress
RESIDUAL HOUSING SYSTEMS:				
HRA Business Plan	10	0	0	Postpone to accommodate additional work b/fwd from 2013-14
GOVERNANCE RELATED:				
Asset Management	10	0	0	Postpone to accommodate additional work b/fwd from 2013-14
Anti-Money Laundering	5	5	0.17	Finalised - Substantial
Fraud Prevention	10	10	0	Quarter 4
Complaints Monitoring	10	10	10.24	Finalised - Reasonable
Partnerships and Shared Service Monitoring	10	0	0.17	Postpone to accommodate DES review of property services
Corporate Advice/CMT	2	2	4.32	Work-in-Progress throughout 2014-15
s.151 Meetings and support	9	9	5.39	Work-in-Progress throughout 2014-15
Governance Committee Meetings and Reports	12	12	6.85	Work-in-Progress throughout 2014-15
2015-16 Audit Plan Preparation and Meetings	9	9	0.41	Quarter 4
CONTRACT RELATED:				
CSO Compliance	10	21	13.14	Finalised - Reasonable
Receipt and Opening of Tenders	6	0	0.17	Postpone to accommodate additional work b/fwd

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-14	Status and Assurance Level
				from 2013-14
SERVICE LEVEL:				
Safeguarding Children & Vulnerable Groups	10	15	13.57	Finalised - Limited
Community Safety	10	0	0	Postpone to accommodate additional work b/fwd from 2013-14
Pest Control	10	10	0	Quarter 4
Towards a Digital Future	18	18	14.81	Work-in-Progress
HMO Licensing	10	10	7.3	Finalised - Reasonable
Land Charges	10	0	0	Postpone to accommodate additional work b/fwd from 2013-14
Building Control	10	0	0	Postpone to accommodate additional work b/fwd from 2013-14
Waste Management	10	10	7.67	Finalised - Reasonable
White Cliffs Countryside Partnership and 'Up on the Downs'	10	10	8.53	Finalised - Reasonable
OTHER				
Liaison with External Auditors	2	2	0.2	Work-in-Progress throughout 2014-15
Follow-up Work	17	17	10.06	Work-in-Progress throughout 2014-15
UNPLANNED WORK				
DES Review – Property Services	0	10	0	Quarter 4
Enterprise Zone Grant Certification	0	0	0.27	Work-in-Progress
FINALISATION OF 2011-12 AUDITS				
Planning	5	35.96	10.46	Finalised – Substantial/Limited/Limited
Tackling Tenancy Fraud			4.57	Work-in-Progress
Payroll			4.22	Work-in-Progress
Main Accounting System			0.47	Finalised - Substantial

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-14	Status and Assurance Level
Homelessness			11.51	Finalised – Substantial/Limited
Employee BIKs			1.23	Work-in-Progress
Car Parking Investigation			6.94	Finalised
Days over delivered in 2013-14			0	Finalised
EK HUMAN RESOURCES				
Absence Management	5	5	0.08	Work-in-Progress
Payroll	5	5	0	Quarter 3
Employee Allowances & Expenses	5	5	0	Quarter 3
TOTAL - DOVER DISTRICT COUNCIL RESIDUAL DAYS	270	260.96	143.43	54.96% at 30th September 2014

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2014	Status and Assurance Level
Planned Work:				
Audit Ctte/EA Liaison/Follow-up	8	8.5	2.96	Work-in-Progress throughout 2014-15
Finance & ICT Systems	10	0	0	Postpone until 2015-16
Tenant Health & Safety	17	30	27.93	Finalised
Void Property Management.	15	18	0	Quarter 4
Sheltered Housing	30	0	0.2	Postpone until 2015-16
Finalisation of 2013-14 Audits:				
Leasehold Services	0	21	21.5	Work-in-progress
Rent Collection and Debt Management	0	2.5	2.36	Finalised - Reasonable
Days under delivered in 2013-14	0	0	-0.32	Completed
Total	80	80	54.63	68.29% at 30-09-2014
Additional Days purchased with saving from 2013-14				
Additional Days purchased with saving from 2013-14	0	8.1	0	Allocated to Leasehold Services Audit

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-14	Status and Assurance Level
Planned Work:				
Housing Benefits Admin & Assessment	15	15	6.11	Work in progress
Housing Benefits Payments	15	15	4.59	Finalised - Substantial
Council Tax	30	30	0.27	Work in progress
Customer Services	15	15	0.27	Work in progress
ICT File Controls / Data Protection / Back ups	12	14	0.34	Work in progress
ICT Internet & Email	12	18	17.64	Finalised - Reasonable

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-14	Status and Assurance Level
ICT Physical & Environment	12	14	0.20	Work in progress
Corporate / Committee /follow up	9	9	5.31	Ongoing
DDC / TDC HB reviews	40	40	9.44	Ongoing
<u>Finalisation of 2013-14 audits:</u>				
Housing Benefit Verification	0	5.15	4.59	Completed
Payroll	0	16	14.62	Completed
Total	160	191.15	63.38	33% at 30-09-2014

BALANCED SCORECARD – QUARTER 2

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>
	Quarter 2		Reported Annually		
Chargeable as % of available days	84%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 		£312.86
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs (Under EKAP management) 		£392,980
CCC	46%	50%	<ul style="list-style-type: none"> • Indirect Costs (Recharges from Host) 		£19,990
DDC	55%	50%	<ul style="list-style-type: none"> • 'Unplanned Income' 		Zero
SDC	56%	50%	<ul style="list-style-type: none"> • Total EKAP cost 		£412,970
TDC	51%	50%			
EKS	33%	50%			
EKH	68%	50%			
Overall	51%	50%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued • Not yet due • Now due for Follow Up 	26 25 30	- - -			
Compliance with the PIAS for Internal Audit Standards	Partial	Full			

BALANCED SCORECARD – QUARTER 2

<u>CUSTOMER PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>
	Quarter 2				
Number of Satisfaction Questionnaires Issued;	44		Percentage of staff qualified to relevant technician level	88%	75%
Number of completed questionnaires received back;	12 =27%		Percentage of staff holding a relevant higher level qualification	43%	32%
Percentage of Customers who felt that;			Percentage of staff studying for a relevant professional qualification	25%	13%
<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%	Number of days technical training per FTE	2.68	3.5
	100%	100%	Percentage of staff meeting formal CPD requirements	43%	32%



ANNEX 5

AUDIT ASSURANCE

Definition of Audit Assurance Statements

Substantial Assurance

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

Reasonable Assurance

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

Limited Assurance

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

No Assurance

From the testing completed during this review a substantial number of the necessary key controls of the system have been identified as absent or weak. There is evidence of substantial errors or non-compliance with many key controls leaving the system open to fundamental error or abuse. The requirement for urgent improvement has been identified, to improve existing controls or new controls should be introduced to reduce the critical risk.