
Subject: **QUARTERLY INTERNAL AUDIT UPDATE REPORT**

Meeting and Date: **Governance Committee – 3rd December 2015**

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 2015.

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 2015.

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 three reviews were classified as providing Substantial Assurance, and two as Reasonable Assurance, whilst two reviews concluded a split assurance level which was partially limited. There was one additional assignment undertaken for which an assurance opinion is not applicable as it comprised of quarterly benefit testing.
- 2.8 In addition three 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 2015, 76.22 chargeable days were delivered against the planned target of 271.32, which equates to 28% 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 2015-16 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 2015-16 - Previously presented to and approved at the 26th March 2015 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 2015.

2. SUMMARY OF REPORTS:

	Service / Topic	Assurance level
2.1	Dover Museum and VIC	Substantial
2.2	Environmental Protection Service Requests	Substantial
2.3	Bank Reconciliation	Substantial
2.4	Capital	Reasonable
2.5	Waste & Recycling Collection Bin Review	Reasonable
2.6	EK Human Resources; Sickness Absence, Leave & Flexi	Reasonable/Limited
2.7	East Kent Housing - Sheltered and Supported Housing	Limited
2.8	EKS – Quarterly Housing Benefit Testing (Quarter 1 of 2015-16)	Not Applicable

2.1 Dover Museum and VIC – Substantial Assurance.

2.1.1 Audit Scope

Dover Museum:

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

Visitor Information Arrangements:

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

2.1.2 Summary of Findings

The Museum and VIC are situated in the Market Square in Dover. The VIC provides an information and booking service (i.e. National Express) to the public. The Museum houses the Bronze Age Boat that is known throughout the world, and also provides and education and research facility for schools and colleges.

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

- A Sound system of control has been established over both the Dover Museum and visitor information arrangements.
- Working practices and established procedures adequately safeguard the Council's assets, income and stock.
- A revised working schedule and structure has been developed that will deliver the appropriate service delivery and customer support by the front of house team.

Scope for improvement was however identified in the following areas:

- There is a need to address the ongoing ICT issues that the staff are experiencing at the Museum and the VIC which impact upon service delivery to the public and day to day staff routines.
- With the redevelopment of the town centre about to commence it is hoped that this will bring added footfall to the town centre and hopefully to the Museum and if it has free entry, (this is currently being considered due to falling numbers of paying customers), then the customers may spend additional monies in the gift shop within the VIC part of the building. There is also the need to ensure that the Museum and the VIC are properly advertised on the back of the new development. This means that there needs to be put in place a forward thinking marketing programme (either controlled by the museum or included as part of the role carried out by the corporate marketing team) for when the new development opens that gets the message to the public on what the Museum and the VIC offers and its location.

2.2 Environmental Protection Service Requests – 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 of controls and procedures for investigating and responding to environmental protection complaints in the following areas:

1. Dust;
2. Smoke;
3. Odour;
4. Fumes;
5. Animals;
6. Noise;
7. Accumulations ;
8. Filthy and verminous premises ;
9. Drainage.

2.2.2 Summary of Findings

The Authority provides to the public a complaints process for all aspects of environmental protection. This covers a wide range of issues (e.g. complaints concerning odours, noise and smoke). Pro-active steps are taken to try and address issues that impact on the public without the need of issuing simple cautions, prosecutions or seizing equipment. However, if these steps fail then the Authority does, and has, successfully proceeded to carrying out formal intervention.

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

- Procedures are in place for the recording, logging, and investigating of complaints and responding to them in a timely manner. These processes are working well.
- All inspections, incident reports and complaint documentation are completed and kept secure.
- Information is available to the public via various communication channels (internet, fact sheets etc.) on how to make complaints and the type of complaints that the authority will deal with and how they are actioned. In addition, a new on line reporting of complaints service has now been made available to the public for the last couple of months via the Dover District Council website.
- Publicity arrangements are in place to ensure that enforcement action is being communicated to the public to act as a deterrent.

Scope for improvement was however identified in the following areas:

- Procedure notes and supporting policies should be reviewed on a regular basis so that they are kept up to date and comply with current legislation.
- The Authority should review the East Kent Housing protocol for dealing with complaints and seek to get it formally approved, signed and implemented. This also needs to be reviewed on a regular basis to ensure that it is being complied with.

2.3 Bank Reconciliation – Reasonable Assurance.

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the bank reconciliation is calculated correctly.

2.3.2 Summary of Findings

The Council operates with seven different bank accounts each of which is used for specific functions (i.e. general bank account, account used for making housing benefit payments, and the main investment accounts etc.) The Council operates with two systems (AIM and e-financials) which are used as the cashbook and main accountancy system respectively.

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

- The bank reconciliation process has recently been adopted by the Accountant (Revenue) due to a vacant post. Despite this all of the expected controls were working effectively and there was adequate evidence in place to support the entries on the bank reconciliation. Sometimes the bank reconciliation is delayed for a number of months due to higher priority work however the Council will soon be appointing to the vacant post.

2.4 Capital – Reasonable Assurance.

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that there is an effective and efficient evaluation and approval procedure for capital projects and robust financial procedures to enable sufficient budgetary provision to be made available for their funding.

2.4.2 Summary of Findings

The Section 151 Officer is responsible for ensuring that the capital programme is prepared on an annual basis for consideration by the Executive before submission to the Council. The capital programme operates on a cash funded position with no new projects being approved to commence unless either the whole project cost can be financed through additional funding, sufficient capital receipts have been banked, or other savings in the programme have being identified.

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

- Budget monitoring processes are in place and managers are regularly consulted about their projects.
- The Capital Programme is put together through a robust procedure, involving CMT, Cabinet and the Council in order to ensure that funding is available and the projects that are added to the plan are the most appropriate. This means that the Capital and Special Works Project funding forms are no longer required.

Scope for improvement was however identified in the following areas:

- Procedure notes need to be reviewed to ensure that they comply with the Financial Procedure Rules in respect of post implementation reviews.
- CMT have yet to request a post implementation review and this has been noted in the last three audit reviews.

2.5 Waste & Recycling Collection Bin Review – Reasonable Assurance.

2.5.1 Audit Scope

To review the current processes and procedures in place concerning the supply, replacement and management of the waste collection bins, both residual and recycling including, food, and garden waste as well as plastics, paper and cans.

2.5.2 Summary of Findings

This review was carried out at the request of management in response to the increased number of bins being distributed free of charge and has looked at the processes in respect of replacement and new bin deliveries to the residents of both Dover and Shepway District Councils. There are significant numbers of replacement and new bins being delivered or repaired and there several factors that may be relevant. These include the age of the bins currently in use, the quality of the replacement bins and how the bins are handled by the contractor.

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

- The contractor will only carry out works if a M3 worksheet is completed.
- The contractor is using the M3 system as it is used to plan workloads (i.e. bulk collections and bin deliveries and repairs). There is the opportunity to work with the contractor to continue to develop the use of M3 and its codes as part of the reconciliation routines carried out by both the contractor and the Waste Team.
- Monthly reconciliation routines are carried out by the Waste Services Assistant to check the invoices submitted by the contractor are correct.

Scope for improvement was however identified in the following areas:

- Review the information requirements onto M3 from the Call Centre at Dover District Council (i.e. is a replacement bin required or a repair) and also ensure that the residents are given a meaningful reference number (i.e. M3 worksheet number) when making a request for a new or replacement bin.

2.6 EK Human Resources; Sickness Absence, Leave & Flexi – Reasonable/Limited Assurance.
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2.6.1 Audit Scope

To provide the three s.151 officers with assurance that staff absences are valid and authorised by management either in advance or in the case of sickness immediately after the event. To ensure that staff resources are adequately controlled and managed. Also to follow up on the previous audit report which concluded Limited Assurance.

2.6.2 Summary of Findings

There is a Service Level Agreement (SLA) in place which sets out the scope and responsibly placed with EKHR. The SLA puts more responsibility with individual managers and division heads for recording Sickness, Annual Leave and Flexi. It is therefore important to understand that this particular audit spans EKHR and right across all levels of management at Dover, Canterbury and Thanet councils.

The primary findings giving rise to this split assurance opinion of Reasonable Assurance on the system of internal controls in operation for flexi recording, and Limited Assurance on the system of internal controls in operation for sickness recording and annual leave recording; are as follows:

Flexi-leave: Reasonable

- The three councils have adopted a common flexi leave policy and the records examined showed a marked improvement from the previous audit review in

2011. Where possible the councils could promote a more consistent approach to time management and time recording which could help reduce any further errors.

Sickness Absence and Annual Leave: Limited

- The obligations upon EKHR set out in the SLA differ from the obligations recorded within the Absence Management Policy and Guidance;
- The management responses from the previous audit report completed in 2011 which placed Limited Assurance on the controls in place have not made the necessary improvements required to revise the assurance level;
- There were a number of errors when reviewing the documentation in relation to sickness and annual leave samples tested;
- A lack of specific clarification over a number of key operational issues within the Absence Management Policy and the Guidance for Managers to help managers through the process;
- Errors in the calculation of some annual leave entitlements; Errors in an EKHR document used to calculate some of the annual leave entitlements, namely conversion of days to hours for certain employees within certain salary scales at Dover and Thanet;
- There are not enough controls within the Dover online sickness recording system to ensure errors are detected and corrected; however
- There were many pockets of effective control, good governance and sound practice.

Management Response:

This audit has been carried out in an environment which is planned for change. The key issues in relation to the audit are:

- The KCC iTrent system did not deliver self-service as expected to enable management view of staff sickness, or the alternative of manager level reports.
- The EKHR SLA is known to be out of date and a review/consultation has been on-going since December 2014, which recommendations presented at EKSB in July and final details being discussed at EKSB in September. The SLA will then be rewritten to align with the proposed changes in service this will give clarity and a re-establishment of roles for clients and customers.

The new East Kent People Payroll and HR service is being launched in Autumn 2015 this will give managers real time view of absence and sickness levels to support management.

Workforce Information meetings are held with each Leadership Team which focusses on management of absence (amongst other items) where focus is required, where HR wish to escalate for leadership support and discussion around individual issues and where there are concerns of a wider nature. These are held at least quarterly with CMT/SMT/MT's to support understanding and management of absence at a senior level within the authorities. (EKHR Head of EK Human Resources).

2.7 Sheltered and Supported Housing – Limited Assurance.

2.7.1 Audit Scope

To review the organisation's Sheltered Housing arrangements at Dover, Shepway and Canterbury (there is no sheltered housing in Thanet), the audit will review the arrangements, controls and documentation surrounding the Scheme Managers' responsibilities to assist residents living in Sheltered Schemes promoting independence rather than creating dependency.

2.7.2 Summary of Findings

East Kent Housing (EKH) was appointed in April 2011 to manage Sheltered Housing arrangements at Dover, Shepway and Canterbury (there is no sheltered housing in Thanet).

The Management Agreements between EKH and the partner Councils sets out the requirement for EKH to agree a programme of service reviews, one of which is Sheltered Housing. EKH therefore undertook the service review in 2013/14, and identified a number of potential improvements or changes to be made in the way in which the service is delivered. EKH are therefore very self-aware of where they have come from, and where they want to get to. Management and officers should be commended for the service improvements already delivered, and for demonstrating an ongoing commitment for continuing to deliver improvements.

Whilst the objectives of this audit review are very different to those of the service review, they are nonetheless intended to assist EKH in moving even further forward with improving the service.

From the testing completed during this review, EKH are considered to currently be failing to meet the minimum criteria in three of the five core objectives of the Supporting People Quality Assessment Framework. Those being;

- Assessment and Support Planning;
- Security, Health and Safety; and
- Safeguarding and Protection from Abuse.

Under the agreement, failure to meet any of the minimum criteria as part of the Supporting People Quality Assessment Framework could result (however unlikely) in one or more of the following remedies being applied by Kent County Council against the individual councils who receive the Supporting People grant funding;

- a) An action plan being implemented to ensure that the level of service provided is improved.
- b) A reduction in the Supporting People grading leading to a reduction in the Supporting People funding.
- c) Financial penalties being applied due to failure to comply with the Supporting People contract.
- d) Termination of the contract.

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

- Independent Living Plans (ILP's) were only up to date at 4 of the 12 schemes visited.

- Reporting arrangements for adult and child protection incidents need to be reviewed to ensure compliance with Data Protection regulations.
- Only 13 of the 24 Independent Living Managers (ILM's) have had a DBS (formerly CRB) check carried out within the last 3 years.
- As at 09 June 2015 the Fire Risk Assessments (FRA's) for the sites visited are past their suggested review dates.
- 80 of the 156 high risk recommendations listed on the Fire Risk Assessments for the schemes visited are past their suggested implementation dates.
- Only two of the forty five Support Workers in Enhanced Sheltered schemes have received safeguarding training.

Effective control was however evidenced in the following areas:

- ILM's are actively managed and supported through 1-2-1 meetings with their line managers and area team meetings.
- Management have in place an agreed and achievable action plan to bring about improvements in the service provided to residents in sheltered schemes.
- Residents in sheltered schemes are fully consulted on proposed changes to the service.
- ILM's are fully aware of the procedures for reporting adult or child protection issues at their sheltered schemes.

A limiting factor for EKH when making improvements in levels of service provided is that any proposed changes to services in both general needs and sheltered housing has to be sanctioned by each of the councils. A current example of this is surrounding the implementation of recommendations recorded on fire risk assessments. It was established that EKH is ready but unable to move forwards with the appointment of contractors to undertake the urgent work until approval has been granted by each Council. The process for and timescales taken at each Council varies according to their own internal processes. A meeting has been set up with all parties in June to determine how (at least the procurement aspects of this) may be streamlined if possible.

A sample of site visits was made which identified issues specific to that particular scheme. The necessary action to mitigate the risk of injury to residents at the sample of schemes visited was reported to management.

2.8 EK Services – Housing Benefit Quarterly Testing (Quarter 1 of 2015-16):

2.8.1 Background:

Over the course of 2015/16 financial year the East Kent Audit Partnership will be completing a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

2.8.2 Findings:

For the first quarter of 2015/16 financial year (April to June 2015) 40 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 also shown but if they do not impact on the benefit calculation then for reporting purposes the claim will be recorded as a pass.

2.8.3 Audit Conclusion:

Forty benefit claims were checked and of these two (5%) had a financial error that impacted upon the benefit calculation.

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

- 3.1 As part of the period's work, three 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)	Contract Standing Order Compliance	Reasonable	Reasonable	H	7	H	2
				M	5	M	2
				L	0	L	0
b)	Car Parking Income and PCNs	Reasonable	Reasonable	H	3	H	2
				M	2	M	0
				L	4	L	0
c)	EK Services – Council Tax	Substantial	Substantial	H	0	H	0
				M	1	M	1
				L	1	L	0

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

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

4.0 WORK-IN-PROGRESS:

- 4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings: VAT, Community Safety, Housing Allocations, Employee Health and Safety, Public Health Burials, Grounds Maintenance, Licensing, Port Health, and Housing Repairs Maintenance and Void Management.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2015-16 Audit plan was agreed by Members at the meeting of this Committee on 26th 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 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 2015, 76.22 chargeable days were delivered against the planned target of 271.32, which equates to 28% plan completion.
- 7.2 The financial performance of the EKAP is currently on target at the present time.
- 7.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has improved on the range of performance indicators it records and measures. The performance against each of these indicators is attached as Annex 4.
- 7.4 The EKAP introduced an electronic client satisfaction questionnaire, which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service. Current feedback arising from the customer satisfaction surveys is featured in the Balanced Scorecard attached as Annex 4.

Attachments

Annex 1	Summary of High priority recommendations outstanding after follow-up.
Annex 2	Summary of services with Limited / No Assurances
Annex 3	Progress to 30 th September 2015 against the agreed 2015/16 Audit Plan.
Annex 4	EKAP Balanced Scorecard of Performance Indicators to 30 th September 2015.
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>CSO Compliance – September 2015:</i>		
Review CSOs/Procurement guide and amend EU financial thresholds as at January 2014.	<p>CSO's have been revised and approved by Council on 22 July 15. The Procurement Guide is currently being amended to reflect changes in legislation and CSO's.</p> <p>Proposed Completion Date: September 15</p> <p>Responsibility: Procurement Manager</p>	<p>Recommendation Outstanding – revision to Procurement Guide.</p> <p>Delay due to increase/un-scheduled workload – revised completion date - Oct 15.</p>
Email reminder to spending officers that contracts should be awarded on the basis of best value for money. Make reference to relevant section of CSOs.	<p>Global email reminder to be issued week ending 11 September 15. Financial Services Team reviewing Retrospective Order Reports monthly and requesting justification from Budget Managers where necessary. Procurement Manager will review responses and report where necessary to CMT. (See action 2 in Creditors Audit Final Report-June 2015).</p> <p>Proposed Completion Date: September 15</p> <p>Responsibility: Financial Services Supervisor</p>	<p>Recommendation outstanding – revision to Procurement Guide (to incorporate advice and guidance surrounding whole life costings) & global email to be issued once amended.</p> <p>Delay due to increase/un-scheduled workload – revised completion date - Oct 15.</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.
<i>Car Parking Income and PCNs – October 2015</i>		
As proposed previously there should be more than one officer responsible for carrying out the income reconciliation process, removing the responsibility from just one officer who works one week in two and ensuring that it is kept up to date.	Agreed Management Action Agreed Responsibility/Completion Date Head of Community Safety, Parking & CCTV - October 2015	This process is supervised by the Team Leader. A review is being undertaken of staffing within the team and this will be addressed as part of that process
Action must be taken to re-tender the provision of the car park machines maintenance or a waiver should be obtained to continue with the current provider. If a waiver is obtained the agreement must be updated to reflect the current requirements of the service.	Agreed Management Action Agreed Responsibility/Completion Date Head of Community Safety, Parking & CCTV - October 2015	This is in progress and it is hoped to be completed by April 2016.

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED				
Service	Reported to Committee	Level of Assurance	Management Action	Follow-up Action Due
Safeguarding Children and Vulnerable Groups	September 2014	Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-progress
East Kent Housing – Tenant Health and Safety	September 2014	Split Assurance	On-going management action in progress to remedy the weaknesses identified.	Work-in-progress
East Kent Housing – Leasehold Services	March 2015	Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-progress
EK Human Resources; Sickness Absence, Leave & Flexi	December 2015	Reasonable/ Limited	On-going management action in progress to remedy the weaknesses identified	Spring 2016
East Kent Housing - Sheltered and Supported Housing	December 2015	Limited	On-going management action in progress to remedy the weaknesses identified	Spring 2016

PROGRESS AGAINST THE AGREED 2015-16 AUDIT PLAN.

DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09- 2015	Status and Assurance Level
FINANCIAL SYSTEMS:				
Capital	5	5	0.30	Finalised - Reasonable
Bank Reconciliation	5	5	0.42	Finalised - Substantial
VAT	10	10	10.96	Work-in-progress
RESIDUAL HOUSING SYSTEMS:				
Housing Allocations	10	10	0.17	Work-in-progress
GOVERNANCE RELATED:				
Partnerships and Shared Service Monitoring	10	10	0.24	Work-in-progress
Equality & Diversity	10	10	0	Quarter 4 – Brief issued
Risk Management	10	10	0.17	Work-in-progress
Corporate Advice/CMT	2	2	2.26	Work-in-Progress throughout 2015-16
s.151 Meetings and support	9	9	6.5	Work-in-Progress throughout 2015-16
Governance Committee Meetings and Reports	12	12	7.01	Work-in-Progress throughout 2015-16
2016-17 Audit Plan Preparation and Meetings	9	9	0	Quarter 4
CONTRACT RELATED:				
Procurement	10	10	0	Quarter 4 – Brief issued
SERVICE LEVEL:				
Community Safety	10	10	1.71	Work-in-progress
Dog Warden and Street Scene Enforcement	10	10	0	Quarter 4 – Brief issued
Electoral Registration and Election Management	10	10	0	Quarter 4 – Brief issued
Environmental Protection Service Requests	8	8	1.66	Finalised - Substantial
Public Health Burials	6	6	0.28	Work-in-progress
Port Health	10	10	0.17	Work-in-progress
Health & Safety at Work	10	10	0.17	Work-in-progress

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2015	Status and Assurance Level
Licensing	10	10	0.17	Work-in-progress
Printing & Post	7	7	0	Quarter 4 – Brief issued
Grounds Maintenance	10	10	0.82	Work-in-progress
Dover Museum and VIC	10	10	16.84	Finalised - Substantial
Commercial Properties and Concessions	10	10	0.17	Quarter 4 – Brief issued
Building Control	10	10	0	Quarter 4 – brief issued
Your Leisure	10	10	9.64	Finalised - Reasonable
OTHER				
Liaison with External Auditors	2	2	0	Work-in-Progress throughout 2015-16
Follow-up Work	15	15	3.06	Work-in-Progress throughout 2015-16
FINALISATION OF 2014-15- AUDITS				
Absence Management	5		3.40	Finalised - Limited
Car Parking and PCNs			0.39	Finalised - Reasonable
Creditors and CIS			4.11	Finalised – Substantial
Income			0.20	Finalised - Reasonable
Days under delivered in 2014-15	0	1.32	0	Completed
EK HUMAN RESOURCES				
Recruitment	5	5	0	Work-in-Progress
Payroll	5	5	0	Work-in-Progress
Employee Health & Safety	5	5	5.40	Work-in-Progress
TOTAL	270	271.32	76.22	28% as at 30th September 2015

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2015	Status and Assurance Level
Planned Work:				
Audit Ctte/EA Liaison/Follow-up	6	6	7.75	Work-in-Progress throughout 2015-16
Sheltered Housing & Supporting People	34	32.64	32.64	Finalised - Limited
Housing Repairs, Maintenance and Void Management	40	41.36	39.94	Work-in-Progress
<u>Finalisation of 2015-16 Audits:</u>				
Days over delivered in 2015-16	0	-0.34	0	Completed
Unplanned – CSO Compliance	0	0	5.53	Finalised - Reasonable
Total	80	79.66	85.86	108% at 30-09-2015
Additional days purchased with EKAP saving from 2014-15	7.31	7.31	7.31	Utilised to part fund the audit of repairs and maintenance

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2015	Status and Assurance Level
Planned Work:				
Housing Benefit Appeals	15	5	4.8	Finalised – Substantial
Housing Benefit Discretionary Housing Payments	15	8	7.9	Finalised – Substantial
Business Rate Reliefs	15	15	0.21	Quarter 4
Business Rate Credits	15	15	0.23	Quarter 4
Debtors	15	15	0.34	Quarter 4
ICT – PCI DSS	12	14	4.75	Work in progress
ICT – Management & Finance	12	13	0	Quarter 4
ICT – Disaster Recovery	12	13	0.14	Quarter 4
Corporate / Committee /follow up	9	12.21	6.06	Work in progress throughout 2015-16

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2015	Status and Assurance Level
DDC / TDC Quarterly Housing Benefit Testing	40	40	21.21	Work in progress throughout 2015-16
Finalisation of 2014-15 work-in-progress	0	0	1.48	Completed
Days over delivered in 2014-15	-9.79	0	0	Allocated
Total	150.21	150.21	47.12	31% at 30-09-2015

BALANCED SCORECARD – QUARTER 2

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>
	Quarter 2		Reported Annually		
Chargeable as % of available days	91%	80%	• Cost per Audit Day	£	£321.33
Chargeable days as % of planned days			• Direct Costs (Under EKAP management)	£	£412,450
CCC	70%	50%	• Indirect Costs (Recharges from Host)	£	£11,700
DDC	28%	50%	• ‘Unplanned Income’	£	Zero
SDC	54%	50%	• Total EKAP cost	£	£424,150
TDC	66%	50%			
EKS	31%	50%			
EKH	108%	50%			
Overall	54%	50%			
Follow up/ Progress Reviews;					
• Issued	27	-			
• Not yet due	38	-			
• Now due for Follow Up	32	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS)	Partial	Full			

BALANCED SCORECARD – QUARTER 2

<u>CUSTOMER PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>
	Quarter 2		Quarter 1		
Number of Satisfaction Questionnaires Issued;	41		Percentage of staff qualified to relevant technician level	88%	75%
Number of completed questionnaires received back;	9		Percentage of staff holding a relevant higher level qualification	43%	32%
	= 22%		Percentage of staff studying for a relevant professional qualification	25%	13%
Percentage of Customers who felt that;			Number of days technical training per FTE	0.96	3.5
• Interviews were conducted in a professional manner	100%	100%	Percentage of staff meeting formal CPD requirements	43%	32%
• The audit report was 'Good' or better	100%	100%			
• That the audit was worthwhile.	100%	100%			

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.