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**Subject:** QUARTERLY INTERNAL AUDIT UPDATE REPORT

**Meeting and Date:** Governance Committee – 8<sup>th</sup> March 2018

**Report of:** Christine Parker – Head of Audit Partnership

**Decision Type:** Non-key

**Classification:** Unrestricted

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**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 31<sup>st</sup> December 2017

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**Recommendation:** That Members note the update report.

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**1. Summary**

This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting.

**2. Introduction and Background**

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

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

## SUMMARY OF WORK

- 2.7 There have been six internal audit assignments completed during the period, of which two concluded Substantial assurance, two concluded Reasonable assurance, and one concluded Limited assurance. There was one other piece of work for which an assurance level is not applicable as it comprised quarterly housing benefit testing.
- 2.8 In addition two follow-up reviews have been completed during the period, which is detailed in section 3 of the quarterly update report.
- 2.9 For the nine-month period to 31<sup>st</sup> December 2017, 192.36 chargeable days were delivered against the planned target of 260.95, which equates to 74% plan completion.

## 3 Resource Implications

- 3.1 There are no additional financial implications arising directly from this report. The costs of the audit work will be met from the Financial Services 2017-18 revenue budgets.
- 3.2 The financial performance of the EKAP is currently on target at the present time.

## Appendices

Appendix 1 – Internal Audit update report from the Head of the East Kent Audit Partnership.

## Background Papers

- Internal Audit Annual Plan 2017-18 - Previously presented to and approved at the 6<sup>th</sup> April 2017 Governance Committee meeting.
- Internal Audit working papers - Held by the East Kent Audit Partnership.

Contact Officer: Christine Parker, Head of Audit Partnership



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

**1. INTRODUCTION AND BACKGROUND**

1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 31<sup>st</sup> December 2017.

**2. SUMMARY OF REPORTS:**

Service / Topic		Assurance level	No. of Recs.	
2.1	CCTV	Substantial	C H M L	0 0 2 1
2.2	Scheme of Officer Delegations	Substantial	C H M L	0 0 0 3
2.3	Officers' Code of Conduct & Gifts & Hospitality	Reasonable	C H M L	0 0 3 2
2.4	Local Code of Corporate Governance	Reasonable	C H M L	0 2 1 0
2.5	East Kent Housing – Fire Risk Assessment Processes and Records Management*	Limited	C H M L	0 2 2 0
2.6	EK Services – Housing Benefit Quarterly Testing (Quarter 2 of 2017-18)	Not Applicable		

\* Reasonable Assurance after follow-up – please see section 3

**2.1 CCTV – Substantial Assurance**

2.1.1 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.

### 2.1.2 Summary of Findings

CCTV remains a powerful weapon in the continuing fight against crime, particularly when integrated with other crime reduction methods. The CCTV system operated by Dover District Council comprises of 23 cameras in Dover, 16 in Deal and 9 in Sandwich.

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

- A recent inspection carried out by NSI on behalf of the Surveillance Camera Commissioner has found that Dover District Council is compliant with the 12 principles in the Surveillance Camera Code of Practice.
- Established working processes are in place that are supported by recently reviewed and updated documentation. This includes the CCTV Code of Practice that has been signed by Kent Police to confirm their approval to it.

Scope for improvement was however identified in the following areas:

- Following the NSI inspection on the CCTV function one recommendation has been made and that is that the Chief Executive, Director of Finance, Housing and Community and the Head of Community Services need to obtain SIA licenses for the commercial use of the CCTV non council sites and until they have completed the appropriate training the authority cannot be granted its certificate for commercial use of its cameras and the inspection report cannot be finalised.
- There needs to be a strategic approach to identify possible future CCTV cameras that may be required as S106 monies may become available that could fund the installation costs.
- The CCTV cameras located around the outside of the council offices are not connected to the CCTV control room. Consideration could be given to giving the operation of running these (including maintenance and day to day monitoring) to CCTV so that all camera security equipment is controlled by one team.
- To assist the CCTV Supervisor in getting missing signage back up on the posts across the district, they may wish to investigate whether this could be carried out by the in-house Multi Skilled Tradesmen thus reducing any time delays.

## **2.2 Scheme of Officer Delegations - Substantial Assurance**

### 2.2.1 Audit Scope

To provide assurance that the approved Scheme of Officer Delegations complies with the law and the Council's own requirements, is adequately advised to Officers and Councillors and that it is being complied with.

### 2.2.2 Summary of Findings

The principal piece of legislation is the local Government Act 2000 which requires the Council to detail those responsibilities placed upon them and who has the authority to act. This is detailed within the Council's Constitution. The Monitoring Officer is responsible for the operation of the Council's Constitution; which includes the Scheme of Delegations.

There is substantial information regarding the Delegation process on the webpages including a simple flow chart with accompanying notes for staff and Members to follow during this process.

Staff are made aware of the Constitution and delegation process during the induction process, staff handbook, one to ones, and training sessions where needed.

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

- There is an up to date policy and procedures;
- Clear instructions exist for staff and members, which are easily accessible; and
- Training needs are being identified and met where possible.

Scope for improvement was however identified in the following areas:

- To conform with the Transparency Code the organisation's structure chart is to be published;
- Webpages and links to external and internal documents are working but not all are up to date; and
- A benchmarking exercise should be undertaken with other local authorities to ensure working practices are current and future proof.

## **2.3 Officers' Code of Conduct & Gifts & Hospitality - 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 highest standards of officer conduct and probity are maintained.

### 2.3.2 Summary of Findings

The aim of a Code of Conduct is to set guidelines for Council employees which will help maintain and improve standards and protect employees from criticism or misunderstanding; whilst assisting in the protection of the public purse. This Code should provide guidance to assist the Council and its officers in their day to day work and set out the minimum standards of behaviour expected based on the seven principles of public life: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

Previous concerns over the processes for the declarations of gifts and hospitality have been addressed and are now generally working well. However, scope for improvement on the declarations of possible conflicts of interest, personal financial and non-financial interests have been identified as a result of this review.

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

- The new Employee Handbook, Code of Conduct for Employees and suite of key associated policies covers the standards of behaviour, impartiality and conflicts of interest.
- The Code of Conduct for Employees has been approved.

- The revised Code and associated policies were launched to staff.
- There is a robust induction process that managers should implement as part of the recruitment process for new employees; if it is followed and documented correctly, this should raise awareness of officers' responsibilities under the Code of Conduct.
- Gifts and hospitality are actively being declared across all Directorates.
- Protocols are in place to ensure the integrity of hiring employees related to existing members of staff.
- A list Politically Restricted Posts is in place in compliance with legislative requirements.

Scope for improvement was however identified in the following areas:

- Very few personal financial or non-financial interests and private or voluntary work have been made in recent years; in fact those declared were only made once the lack of these declarations was highlighted during the review. It seems likely that across all staff there would be more that should be declared and that therefore staff may not fully understand exactly what should be declared in respect of possible conflicts of interest.
- The Code should be regularly brought to the attention of officers to remind them of their responsibilities; to include, examples of possible conflicts of interest and personal financial and non-financial interest.
- There are no processes in place for the regular review of the Declarations Register to ensure that personal interests (when declared) remain valid.

## **2.4 Local Code of Corporate Governance – Reasonable Assurance**

### **2.4.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council's governance arrangements are adequately designed to lead to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

Good governance should enable the Council to pursue its vision effectively as well as underpinning that vision

### **2.4.2 Summary of Findings**

Good governance comprises the systems, processes, cultures and values that Dover District Council follows so that it can pursue its vision and objectives effectively, delivering intended outcomes for its communities, whilst minimising the risks involved. Good Governance runs through every level of the Council, it is owned by all stakeholders, including senior management and members. It forms the essential core values of the Council and should remain embedded in the culture of the Council.

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

- The Corporate Governance Local Code has been reviewed, updated and approved by Members to reflect the revised CIPFA Delivering Good Governance guidance that has been issued.

- The 2016/17 Annual Governance Statement has been approved and signed off by the Leader of the Council and the Chief Executive within the designated timeframe and is available on the Dover District Council website.

Scope for improvement was however identified in the following areas:

- To ensure that all Council policies are kept up to date and can be easily accessed by staff a centrally held policy register should be considered to ensure that policies are being reviewed on a regular basis. This will also ensure that when policies are being quoted as evidence within the Annual Governance Statement, an assurance can be provided that the supporting policies are up to date and are being reviewed on a regular basis to comply with current legislation or best practice.
- There is a need to ensure compliance with the Local Government Transparency Code and that data made available under this code is up to date and is reviewed on a regular basis. Also the Code should be reviewed on a regular basis to ensure any changes in data requirements are being identified and acted on.

## **2.5 Fire Risk Assessment Processes & Records Mgmt. – Limited Assurance:**

### 2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the health and safety of tenants is safeguarded from the risk of fire.

### 2.5.2 Summary of Findings

Since the tragic event happened at Grenfell Tower in 2017, fire safety has become a high priority and East Kent Housing has been working to reassure the tenants that they live in a safe and secure environment. In particular work has been carried out on the tower blocks to test the cladding that they are covered in and that the fire risk assessments have been updated for these locations. Cladding has therefore not been looked at in this audit.

Management can place Limited Assurance on the system of internal controls in operation but there are processes now being carried out that are giving a positive direction of travel towards Reasonable Assurance. It should be noted that this review was carried out in September 2017 and a follow up review is to be carried out in January 2018.

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

- Fire risk assessments have not been kept up to date in respect of follow ups based on the suggested dates shown in the original assessments that were carried out in 2014 by an external company. This has meant that outside contractors are now being used with some internal resources to carry out new Type 3 fire risk assessments on all locations with an expected completion date of October 2017 to renew every fire risk assessment for each location whether or not it is in date or out of date.
- There has been no central pulling together of the works that have been carried out across locations to reflect the impact that they have had on the original fire risk assessments.

- There is no central monitoring of the outstanding actions for each location at the time of this audit.
- The new single system is not able to assist in record keeping of fire risk assessments which has meant that a separate software solution is being procured.
- There is a lack of monitoring by senior management either at East Kent Housing or the four partner authorities of the outstanding actions and the expected costs. A regular report should be produced for management that shows all of the actions that have been completed, the ones that are outstanding and also the same for the fire risk assessments. This report should also include the outcomes of equipment testing, issues that have arisen from the testing, what has been tested and what is outstanding.
- The resource required within East Kent Housing to be able to centrally pull together various records to ensure that monitoring is being carried out on fire risk assessments and the associated works may be addressed as part of a forthcoming restructure.

However, positive steps have been taken to address the above issues with the procurement of the new Pyramid system that will create a central database that can provide an ongoing monitoring process and that can also generate reports that can assist in both work that needs to be carried out and providing status reports to management.

All fire risk assessments are in the process of being redone as a Type 3 assessment (previous exercise in 2014 were Type 1 assessments) and from this a list of all the required works and costs will be produced.

Effective control was however evidenced in the following areas:

- Contracts are in place for the fire alarms / detection equipment, emergency lighting and extinguisher system servicing and records are held to confirm that the programme of inspections is being carried out.
- PEEP's are in place for residents where they are needed and they are reviewed on a regular basis and information is being kept in the fire boxes for the appropriate location.
- 100% post inspections of works being carried out that relate to fire safety are now being carried out.

Notwithstanding the findings above, a great deal of work is carried out at each of the four partner councils through a programme of works under Fire Prevention Work budgets. The value of work completed on behalf of each council varies, as does the way the available budget is allocated, however spend on replacement fire doors and other remedial works is well managed. Examples of this are detailed reviews that have been carried out at the tower blocks at Canterbury that have identified works that are needed and are currently being designed and specified. Also works are being carried out on two sheltered schemes in Shepway to address major issues that have been identified. It is the link between these works and the actions identified through the FRA's that should be made clearer and better management information regarding this process produced.

## **2.6 EK Services – Housing Benefit Quarterly Testing (Quarter 2 of 2017-18):**

### 2.6.1 Background:

Over the course of 2017-18 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.

### 2.6.2 Findings:

For the second quarter of the 2017-18 financial year (July to September 2017) 20 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.

### 2.6.3 Audit Conclusion:

For this quarter twenty benefit claims were checked and of these one had a financial error that impacted on the benefit calculation (5%) and two had a data quality error (10%) which did not impact on the financial calculation.

## 3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

3.1 As part of the period's work, two 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)	Performance Management	Reasonable /Limited	Reasonable /Limited	C	0	C	0
				H	3	H	2
				M	2	M	1
				L	4	L	0
b)	East Kent Housing – Fire Risk Assessment Processes and Records Management	Limited	Reasonable	C	0	C	0
				H	2	H	2
				M	2	M	2
				L	0	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.

- 3.3 As highlighted in the above table, those areas previously reported as having either Limited or No assurance have been reviewed and, in respect of those remaining at below Reasonable assurance, Members are advised as follows:

a) Performance Management:

This audit on performance management has highlighted some differences between the opinions of internal audit and senior management particularly in the way business or service plans and staff appraisals are used and documented. From an audit perspective it is widely accepted within local government and the public sector generally that the use of business or service plans and staff appraisals should be consistently applied and well documented in order to strengthen governance and accountability and help re-inforce positive outcomes for staff and for the organisation.

The two high priority recommendations detailed above which are outstanding after follow-up are now being escalated for the attention of the s.151 officer and Members' of the Governance Committee on the grounds that these recommendations have not been implemented by the dates originally agreed with management and that in consequence they continue to represent an unacceptable level of risk to the organization.

Management Response:

Business / Service Plans:

The agreement at CMT was that the business plans form part of a bigger discussion on the hierarchy of policies, corporate planning, business/service planning and performance reporting. Senior Management have started to review all policies and from this the Council will look at how these feed into corporate planning which will inform what we want in the way of business or service plans going forward. This piece of work will run into 2018/19 and we will aim to have a position ready to launch in 2019/20 following the next Council elections. It was agreed that as an interim measure the Head of Corporate Services (CC) would send a note to managers in February to request their 2018/19 business plans.

PPRs:

The Head of EKHR is coming to discuss this issue at CMT next week. There has been considerable debate in the HR professional field as to whether PPRs in their current form achieve their desired purpose. Therefore one of the major discussions at CMT is whether we continue with the formal PPR process or have something more relaxed, which still encourages discussions between managers/supervisors and staff without the formal paperwork. Whichever approach is decided the Council would still need to capture training and development needs.

**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: External Funding Protocol, Licensing, Income, Creditors and CIS, Project Management, Grounds Maintenance, Phones, Mobiles and Utilities, Service Contract Monitoring, Car Parking and Enforcement, and CSO Compliance.

**5.0 CHANGES TO THE AGREED AUDIT PLAN:**

- 5.1 The 2017-18 Audit plan was agreed by Members at the meeting of this Committee on 6<sup>th</sup> April 2017.
- 5.2 The Head of the Audit Partnership meets on a quarterly basis with the Section 151 Officer to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments have been made to the plan during the course of the year as some high profile projects or high-risk areas have been requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding when resources have been applied and or changed are shown as Annex 3.

**6.0 FRAUD AND CORRUPTION:**

- 6.1 There were no other new or recently reported instances of suspected fraud or irregularity that required either additional audit resources or which warranted a revision of the audit plan at this point in time.

**7.0 INTERNAL AUDIT PERFORMANCE**

- 7.1 For the nine-month period to 31<sup>st</sup> December 2017, 192.36 chargeable days were delivered against the planned target of 260.95, which equates to 74% 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 31<sup>st</sup> December 2017 against the agreed 2017/18 Audit Plan.
- Annex 4 EKAP Balanced Scorecard of Performance Indicators to 31<sup>st</sup> December 2017.
- Annex 5 Assurance statements

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

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
<i>Performance Management – November 2017:</i>		
<p>The Head of Museums and Tourism should complete the draft Business Plan 2016/17 (including sections 1.2, 1.3, 2.1, 2.6, 3.3, 3.5, Section 4, section 5 &amp; section 8. It should then be approved and a copy provided to the Corporate Services Department for clerical and performance monitoring purposes.</p>	<p>The Head of Museums and Tourism will be requested to complete the business plan for 2017/18</p> <p>April 2017</p>	<p><u>Auditor Comments:</u> - Corporate Services had requested that a Business Plan be completed for 2017/18 however the Head of Museums and Tourism did not complete a Business Plan for 2017/18.</p> <p><b>Recommendation outstanding / risk acceptance.</b></p> <p><u>Management Comments:</u> - Senior Management is aware that no business plan has been completed for 2017/18. However management are generally comfortable with the governance structures in place and rely on other governance mechanisms such as performance management reporting, complaint monitoring and risk management activities to provide assurance that the service is being monitored at the correct level.</p>
<p>Directors should be provided with assurance annually (or six monthly) that each service area has undergone its Personal Performance Reviews for each member of staff, highlighting any that were overdue and reasons why.</p>	<p>CMT will be provided with the appropriate assurance that PPRs are being conducted and any necessary encouragement will be provided to staff and managers to ensure they are held throughout the Council.</p> <p>September 2017</p>	<p><u>Auditor Comments:</u> - Senior Management is not formally provided with assurance either six monthly or annually that appraisals have taken place. This is carried out informally which was what was happening before the initial audit took place.</p> <p><b>Recommendation outstanding / risk acceptance.</b></p>

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

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
		<p><u>Management Comments:</u> - Senior Management is aware that appraisals are not documented consistently throughout the organisation. However management are generally comfortable with the governance structures in place and rely on other governance mechanisms such as performance management reporting and risk management activities to provide assurance that the service is being monitored at the correct level.</p>
<p><i>East Kent Housing – Fire Risk Assessment Processes and Records Management – February 2018:</i></p>		
<p>A management information quarterly report should be developed to provide ongoing information to management both at EKH and for each authority to give them an assurance that fire risk assessments are being carried out and that works are being carried out to address the issues identified from them.</p>	<p>This is being incorporated into the monthly KPI monitoring information and is also a standing item on the OMT agenda.</p> <p><b>Proposed Completion Date / Responsibility</b> December 2017 / Operations Manager (Homeownership) (FS)</p>	<p>Fire Safety is a standing item on the fortnightly OMT agenda and currently in the monthly KPI's the only information that is reported is the number of completed fire risk assessments that are in place.</p> <p><b>Recommendation is ongoing.</b></p>
<p>As part of the implementation of the new Pyramid software, review the resources that will be required to ensure that it is kept up to date and then a case should be made to Senior Management to address any shortfall.</p>	<p>When the FRA works needed are evaluated officer resource will be considered.</p> <p><b>Proposed Completion Date / Responsibility</b> January 2018 / Operations Manager (Homeownership) (FS)</p>	<p><b>Short Term Resources</b> To address the major exercise that is being carried out to complete Type 3 fire risk assessments and put in place schedules of works from the findings of these assessments both internal staff and contractors / agency staff have been used. To date there are only a small number of fire risk assessments still to be completed where access has been an issue but these are being addressed.</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>As a result of the fire risk assessments being carried out works have been identified that need to be carried out. The vacant post in the Compliance and Servicing Team will be used to appoint a specification writer (short term through an agency) for compartmentalisation issues in converted buildings, sheltered buildings and other general needs locations. These building specifications will include all other fireworks identified by the fire risk assessments and consider any others referred by the Fire Service. This will ensure that once work is completed the building requires no further works reducing the risk of compromising the buildings.</p> <p><b>Long Term Resources</b> Going forward long term it is felt that the resources in place will be adequate to deliver the ongoing monitoring and follow up work on fire risk assessments.</p> <p><b>Recommendation is ongoing</b></p>

<b>SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED</b>			
<b>Service</b>	<b>Reported to Committee</b>	<b>Level of Assurance</b>	<b>Follow-up Action Due</b>
Land Charges	December 2017	Reasonable/Limited	Spring 2018
Inward Investment	December 2017	Reasonable/Limited	Spring 2018

## PROGRESS AGAINST THE AGREED 2017-18 AUDIT PLAN.

## DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2017	Status and Assurance Level
<b>FINANCIAL SYSTEMS:</b>				
Car Parking & Enforcement	12	12	0.51	Work-in-Progress
Creditors & CIS	12	10	0.18	Work-in-Progress
External Funding Protocol	10	10	3.91	Work-in-Progress
Income	10	10	0.18	Work-in-Progress
<b>GOVERNANCE RELATED:</b>				
Officers' Code of Conduct	10	11.5	11.58	Finalised - Reasonable
Local Code of Corporate Governance	8	9	9.32	Finalised - Reasonable
Scheme of Officer Delegations	7	7	5.64	Finalised - Substantial
Project Management	10	10	4.98	Work-in-Progress
Corporate Advice/CMT	2	2	4.47	Work-in-Progress throughout 2017-18
s.151 Meetings and support	9	9	10.06	Work-in-Progress throughout 2017-18
Governance Committee Meetings and Reports	12	12	10.18	Work-in-Progress throughout 2017-18
2018-19 Audit Plan Preparation and Meetings	9	9	2.1	Work-in-Progress
<b>CONTRACT RELATED:</b>				
CSO Compliance	12	12	9.33	Work-in-Progress
Service Contract Monitoring	10	10	7.6	Work-in-Progress
<b>SERVICE LEVEL:</b>				
Safeguarding Return to KCC	1	0	0	Not Required
Coastal Management	10	10	0	Quarter 4
CCTV	10	8.5	8.6	Finalised - Substantial
Port Health	10	12	11.59	Finalised - Substantial
Pollution, Contaminated Land, Air & Water Quality	10	10	10.72	Finalised - Reasonable
Health & Wellbeing	10	0	0	Postpone to accommodate unplanned work

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2017	Status and Assurance Level
Grounds Maintenance	15	15	0	Work-in-Progress
Licensing	12	12	0.18	Work-in-Progress
Asset Management	15	0	0	Postpone to accommodate unplanned work
Phones, Mobiles & Utilities	8	8	6.57	Work-in-Progress
<b>OTHER</b>				
Liaison with External Auditors	1	1	0	Work-in-Progress throughout 2017-18
Follow-up Work	15	12	10.2	Work-in-Progress throughout 2017-18
<b>FINALISATION OF 2016-17- AUDITS</b>				
Homelessness	5	5	6.06	Finalised - Substantial
Planning Applications, Income & s106 Agreements			3.51	Finalised – Substantial/Reasonable
Land Charges			8.48	Finalised – Reasonable/Limited
Anti-Fraud & Corruption			4.83	Finalised - Reasonable
Inward Investment			18.99	Finalised – Reasonable/Limited
Right to Buy			3.66	Finalised - Reasonable
Days under delivered in 2016-17	0	5.95	0	Completed
<b>RESPONSIVE ASSURANCE:</b>				
Sandwich Historical Boat Yard	0	18	17.63	Work-in-Progress
Environmental Crime	0	10	1.3	Work-in-Progress
<b>TOTAL</b>	<b>255</b>	<b>260.95</b>	<b>192.36</b>	<b>74% as at 31<sup>st</sup> December 2017</b>

**EAST KENT HOUSING LIMITED:**

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual days to 31-12-2017</b>	<b>Status and Assurance Level</b>
<b>Planned Work:</b>				
CMT/Audit Sub Ctte/EA Liaison	4	4	3.99	Work-in-progress throughout 2017-18
Follow-up Reviews	4	4	0.78	Work-in-progress throughout 2017-18
Finance Systems & ICT Controls	15	15	0	Work-in-progress
Data Protection & Information Management	12	12	0.18	Work-in-progress
Leasehold Services	15	15	0.24	Work-in-Progress
Fire Safety	15	18	17.10	Work-in-Progress
Safeguarding Children & Vulnerable Groups	10	15	14.59	Work-in-Progress
Anti-Fraud & Corruption	10	10	0	Work-in-Progress
Risk Management	10	10	4.16	Work-in-Progress
Performance Management	5	0	0	Postponed until 2018-19
Complaints Monitoring	10	10	3.67	Work-in-Progress
Single System – Post Implementation Review	10	13	12.18	Work-in-Progress
Property Services Improvement Plan	20	0	0	Postponed
<b>Finalisation of 2016-17 Work-in-Progress:</b>				
Days under delivered in 2016-17	0	7.84	0	Completed
Performance Indicator Data Quality	0	0	8.62	Finalised - Reasonable
<b>Responsive Assurance:</b>				
Contract Management	0	14	0.31	Quarter 4
<b>Total</b>	<b>140</b>	<b>147.84</b>	<b>65.82</b>	<b>44.52% at 31-12-2017</b>

**EK SERVICES:**

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual days to 31-12-2017</b>	<b>Status and Assurance Level</b>
<b>EKS Reviews:</b>				
Housing Benefits Payments	15	16	15.51	Completed - Substantial
DDC / TDC HB Testing	20	20	15.95	Work-in-progress throughout 2017-18
Business Rates	20	20	17.51	Completed - Substantial
Council Tax Reduction Scheme	15	15	0	Quarter 4
ICT – Data Management	15	15	16.38	Work-in-progress
ICT – Procurement & Disposal	15	15	0.17	Quarter 4
<b>EKHR Reviews:</b>				
Payroll	15	15	0.23	Work-in-progress
Employee Allowances & Expenses	15	15	0.07	Quarter 4
Employee Health & Safety	15	0		Responsibility transferred
<b>Other:</b>				
Corporate/Committee	8	10	4.16	Ongoing
Follow up	7	12	6.02	Ongoing
Days under delivered in 2016-17	17.70	24.70	0	Completed as below
<b>Finalisation of 2016/17 Audits:</b>				
Housing Benefit Subsidy			7.92	Completed – Substantial
ICT Change controls			2.34	Completed – Substantial
ICT Software Licensing			3.45	Completed - Reasonable
EKHR – Payroll & BIK			7.33	Completed - Substantial
<b>Total</b>	<b>177.7</b>	<b>177.70</b>	<b>97.04</b>	<b>55% at 31-12-2017</b>

**BALANCED SCORECARD – QUARTER 3**

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Original Budget</u>
	Quarter 3		Reported Annually		
Chargeable as % of available days	83%	80%	<ul style="list-style-type: none"> <li>• Cost per Audit Day</li> </ul>	£	£309.77
Chargeable days as % of planned days			<ul style="list-style-type: none"> <li>• Direct Costs</li> </ul>	£	£385,970
CCC	66%	75%	<ul style="list-style-type: none"> <li>• + Indirect Costs (Recharges from Host)</li> </ul>	£	£10,530
DDC	73%	75%	<ul style="list-style-type: none"> <li>• - 'Unplanned Income'</li> </ul>	£	Zero
SDC	61%	75%	<ul style="list-style-type: none"> <li>• = Net EKAP cost (all Partners)</li> </ul>	£	£396,500
TDC	73%	75%			
EKS	55%	75%			
EKH	45%	75%			
Overall	64%	75%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> <li>• Issued</li> <li>• Not yet due</li> <li>• Now due for Follow Up</li> </ul>	39 29 17	- - -			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

**BALANCED SCORECARD – QUARTER 3**

<u>CUSTOMER PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Target</u>	<u>INNOVATION &amp; LEARNING PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Target</u>
	Quarter 3				
Number of Satisfaction Questionnaires Issued;	45		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	26 = 58%		Percentage of staff holding a relevant higher level qualification	38%	38%
Percentage of Customers who felt that;			Percentage of staff studying for a relevant professional qualification	14%	N/A
<ul style="list-style-type: none"> <li>• Interviews were conducted in a professional manner</li> <li>• The audit report was 'Good' or better</li> <li>• That the audit was worthwhile.</li> </ul>	100%	100%	Number of days technical training per FTE	3.19	3.5
	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	38%	38%

## Definition of Audit Assurance Statements & Recommendation Priorities

### Assurance Statements:

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

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

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

**No Assurance** - From the testing completed during this review a substantial number of the necessary key controls of the system have been identified as absent or weak. There is evidence of substantial errors or non-compliance with many key controls leaving the system open to fundamental error or abuse. The requirement for urgent improvement has been identified, to improve existing controls or new controls should be introduced to reduce the critical risk.

### Priority of Recommendations Definitions:

**Critical** – A finding which significantly impacts upon a corporate risk or seriously impairs the organisation’s ability to achieve a corporate priority. Critical recommendations also relate to non-compliance with significant pieces of legislation which the organisation is required to adhere to and which could result in a financial penalty or prosecution. Such recommendations are likely to require immediate remedial action and are actions the Council must take without delay.

**High** – A finding which significantly impacts upon the operational service objective of the area under review. This would also normally be the priority assigned to recommendations relating to the (actual or potential) breach of a less prominent legal responsibility or significant internal policies; unless the consequences of non-compliance are severe. High priority recommendations are likely to require remedial action at the next available opportunity or as soon as is practical and are recommendations that the Council must take.

**Medium** – A finding where the Council is in (actual or potential) breach of - or where there is a weakness within - its own policies, procedures or internal control measures, but which does not directly impact upon a strategic risk, key priority, or the operational service objective of the area under review. Medium priority recommendations are likely to require remedial action within three to six months and are actions which the Council should take.

**Low** – A finding where there is little if any risk to the Council or the recommendation is of a business efficiency nature and is therefore advisory in nature. Low priority recommendations are suggested for implementation within six to nine months and generally describe actions the Council could take.