

---

**Subject:** QUARTERLY INTERNAL AUDIT UPDATE REPORT

**Meeting and Date:** Governance Committee – 28<sup>th</sup> June 2018

**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 31<sup>st</sup> May 2018

---

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

---

**1. Summary**

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

**2. Introduction and Background**

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

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

## SUMMARY OF WORK

- 2.7 There have been sixteen internal audit assignments completed during the period, of which two concluded Substantial assurance, one concluded Substantial/Reasonable, ten concluded Reasonable assurance, and one concluded Reasonable/Limited assurance. There were two other pieces of work for which an assurance level is not applicable as they 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 period to 31<sup>st</sup> May 2018, 47.32 chargeable days were delivered against the revised target of 242.89, which equates to 19.48% 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 2018-19 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 2018-19 - Previously presented to and approved at the 8<sup>th</sup> April 2018 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> May 2018.

**2. SUMMARY OF REPORTS:**

Service / Topic		Assurance level	No. of Recs.	
2.1	EKS – ICT Data Management	Substantial	C H M L	0 1 1 0
2.2	Environmental Crime Enforcement	Substantial	C H M L	0 0 1 0
2.3	Phones, Mobiles & Utilities	Substantial/ Reasonable	C H M L	0 0 3 1
2.4	External Funding Protocol	Reasonable	C H M L	0 3 3 0
2.5	Car Parking & Enforcement	Reasonable	C H M L	0 1 2 1
2.6	Compliance with Contract Standing Orders	Reasonable	C H M L	0 0 5 0
2.7	East Kent Housing – Risk Management	Reasonable	C H M L	0 0 3 1
2.8	Service Contract Monitoring	Reasonable	C H M	0 1 4

			L	1
2.9	Licensing	Reasonable	C H M L	0 1 2 0
2.10	East Kent Housing – Complaints Monitoring	Reasonable	C H M L	0 1 3 3
2.11	East Kent Housing – Data Protection & Records Management	Reasonable	C H M L	0 3 1 0
2.12	East Kent Housing – Leasehold Services	Reasonable	C H M L	0 0 5 1
2.13	East Kent Housing – Property Service Improvement Plan	Reasonable	C H M L	0 0 1 0
2.14	East Kent Housing – Safeguarding Children & Vulnerable Groups	Reasonable/Limited	C H M L	0 4 0 0
2.15	EK Services – Housing Benefit Quarterly Testing (Quarter 3 of 2017-18)	Not Applicable		
2.16	EK Services – Housing Benefit Quarterly Testing (Quarter 4 of 2017-18)	Not Applicable		

## **2.1 EKS: ICT Data Management – Substantial Assurance**

### **2.1.1 Audit Scope**

To ensure that the procedures and internal controls established by EK Services are sufficient to provide an effective, efficient, secure and economical ICT service to the three partner authorities of Canterbury CC, Dover DC and Thanet DC. An important aspect of this being to ensure that the controls over the administration of ICT electronic files, for data protection purposes and back ups are robust and sufficient to enable EK Services to provide the level of ICT service required by the partner Councils.

### **2.1.2 Summary of Findings**

EK Services is currently made up of Customer Services, Income and Payments, ICT and EKHR. Customer Services and Income and Payments are shortly due to be transferred to Civica. This audit focuses on data management within EKS ICT Services and the partner councils, since the councils are the data controllers.

The partner councils formed the East Kent Corporate Information Governance Group (CIGG) in 2016. EKS, ICT and EKHR are represented at this group. The CIGG set up a Data Protection sub group to deal with the new General Data Protection Regulations (GDPR) which take effect in May 2018.

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

- ICT is not a data controller or processor but provides the partner councils with the means to store data and maintain a secure network, as per the Service Level Agreement;
- Many up to date ICT policies are in place which have been lead by ICT and agreed by CIGG; the policies are displayed on the partner councils' intranet sites;
- Network access is password protected and an up to date password policy is in place;
- Back-ups take place on an incremental change basis and there is a back-up of the back-up;
- An ICT disaster recovery procedure is in place and each partner council has its own disaster recovery/business continuity plan linked to this;
- ICT will advise on cloud security though this is outside of its current remit.

Scope for improvement was identified in the following areas:

- It is advisable for EKS as a whole to investigate the GDPR requirement to appoint a Data Protection Officer, which could be part of shared service.
- Partner councils and/or CIGG should consider the adoption of the draft cloud policy/guidance, particularly if cloud is to be used more increasingly in the future.

## **2.2 Environmental Crime Enforcement – 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 contractor and the authority are complying with the contract agreement in respect of environmental crime.

### **2.2.2 Summary of Findings**

Environmental crime impacts on the state of the district and the lives of its residents and visitors. To assist the authority Members gave approval for a contractor to be utilised with a predominantly litter enforcement service that has achieved results in the number of fixed penalty notices that have been issued across the district.

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

- A signed contract is in place for the service provided by the contractor and authority to extend the service for another year will be sought from Cabinet.
- Contract monitoring processes are in place with monthly meetings being held to address any service issues and to review payments and the invoices that are raised.
- Performance indicators are in place to reflect the service that is being carried out for both litter and dog fouling. With the litter enforcement there has been an increase of 1800% in respect of the number of fixed penalty notices issued for litter compared to the previous financial year.

Scope for improvement was identified in the following areas:

- Following the recent financial problems nationally, and subsequent collapse of Carillion, the Environmental Crime Team Leader should consider carrying out due diligence and financial checks before extending the existing arrangements further.
- Unfortunately, due to staffing issues, for long periods of time Environmental Health did not have a full complement of internal officers and this has impacted on the dog fouling service. As a result the amount of dog fouling Fixed Penalty Notices is lower than usual. Although an improvement in this service area is reported during quarter four of 2017-18 with ten Fixed Penalty Notice`s having been issued for dog.

## **2.3 Phones, Mobiles and Utilities – Substantial/Reasonable Assurance**

### 2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Council expenditure on telephones, mobiles and utilities is adequately monitored and reviewed.

### 2.3.2 Summary of Findings

Utilities and communication are a significant expenditure for the authority and there is therefore a need to ensure that market testing is carried out on a regular basis to ensure that the authority is obtaining the best rates for the supplies of electricity, gas, water and telephones that it requires.

Management can place Substantial Assurance on the system of internal controls in operation for Telephones and Mobile Communications and Reasonable Assurance for Utilities.

The primary findings giving rise to the Substantial Assurance opinion for Telephones and Mobile Communications and the Reasonable Assurance on Utilities are as follows:

- A major telephony project has been carried out with Canterbury City Council and Thanet District Council which has delivered savings on the cost of telephone calls and on line rental.
- A list of all mobile devices in use and processes are in place to review business cases made by Managers for their staff to be allocated a mobile phone or a tablet.
- As part of the ongoing upgrade programme for mobile phones employees are required to sign to confirm receipt of the mobile phone and also agreement to comply with appropriate policies. This could be further extended to new employees when they receive their mobile phone and could also make reference to the Health and Safety Code of Practice on Mobile Phones.
- Discussions have commenced in respect of market testing exercises to be carried out in respect of the various utility services during 2018.
- Monitoring of expenditure on utilities and telephones is carried out and any variances are investigated.

Scope for improvement was identified in the following areas:

- Agreed notification processes need to be put in place between Property Services and Accountancy to notify them of any changes to the utilities (i.e. change in lease means that tenant should be paying for utility services) for corporate properties. As delays in providing the information may mean that the authority is paying for services / supplies that it may not have had, or should have been recharged to leaseholders.
- In addition to the above, current issues with specific queries that need to be addressed should be resolved (i.e. raise recharges that may have to be made to leaseholders).

## **2.4 External Funding Protocol - 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 has established an appropriate level of control to reduce the risk of grant repayment and that these controls are adhered to by all members of staff applying for external funding.

### 2.4.2 Summary of Findings

During times of austerity, successful external funding bids can assist an authority to achieve objectives that can benefit its local residents when its current financial situation may otherwise make these objectives unachievable. Processes need to be in place to ensure that all external funding bid submissions are of a consistent high quality so that they give the authority every chance of being successful.

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

- Assessment processes are in place to ensure that the authority is seeking the right opportunities and not just submitting external funding bids for the sake of doing so, which would take up officer time and impact on day to day service delivery.
- From the sample of external funding bids examined, which cover a period of several years, and which have gone through the Funding and Communication Manager there are records and documentation in place to support the External Funding Protocol being followed.
- The Funding and Communication Manager is now receiving the weekly CMT policy briefing document produced by Leadership Support that identifies possible external funding streams that may be bid for.

Scope for improvement was identified in the following areas:

- The External Funding Protocol and supporting flowchart need to be reviewed and revised to put in place simple processes that support corporate objectives and aligns with capital projects in the Medium Term Financial Plan when external funding bids are being compiled.
- The External Resourcing Co-Ordination Group (ERCG) should commence meeting again on a regular basis to assess funding opportunities, bid documentation, and ongoing monitoring of successful bids to ensure that they are complying with the funding criteria.

- Staff should be reminded that all external funding bids should go through the Funding and Communications Manager who can assist in ensuring that the quality of the bid documentation meets the required standard so that the authority has every chance of being successful.
- Where bids have been unsuccessful any feedback or lessons to learned should be communicated to staff to assist them in improving future submissions.

## 2.5 Car Parking & Enforcement – Reasonable Assurance

### 2.5.1 Audit Scope

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

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

### 2.5.2 Summary of Findings

Car parking is a large, involved service area to administer; it generates a significant amount of income for the Council and is often a sensitive issue amongst residents and visitors. Car park fees were increased in April 2016 after being previously frozen for four years.

The Council installed 70 new car park machines across all of its' on and off street sites during October to December 2016. Due to the regeneration of the seafront area in Dover a new coach park site is to be located, meaning that 69 out of the 70 machines are currently operational. The parking machines are now linked to a sophisticated back-office system call Smartfolio, which improves controls and efficiency.

The table below shows the main parking income streams for the last three years:

Income	2017/18 (to Dec 2017)	2016/17	2015/16	2014/15
Off-street pay & display	1,134,409	1,400,700	1,286,970	1,236,105
Off-street PCN	82,943	76,249	66,390	70,498
On-street pay & display	243,613	292,666	306,741	316,787
On-street PCN	184,790	284,136	215,130	195,411

As can be seen from the above, on-street pay and display income has been steadily decreasing whilst on-street PCN income is rising. The decrease in on-street pay and display income may be due to some machine failures in 2014, 2015, and 2016. The increase in PCN income may be due to staff capacity and experience. Off-street pay and display income looks to be steadily rising and this may be due in part to the increase in fees in 2016/17.

The on-street and off-street parking budgets were reviewed by the auditor and other than the above comments, no other extraordinary observations were made. Limited

time on this review did not allow for any income trend analysis, however this information is produced by the parking Administration Officer.

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

- Controls for recording cash income are strong, especially with the introduction of the Smartfolio system;
- Financial reconciliations are robust and timely;
- Many manual processes are removed by the 3Sixty System with regard to recovering PCN income through the various stages; and
- The introduction of a new permit system in April will provide more efficiency and self-service.

Scope for improvement was identified in the following areas:

- ticket stationery correctly displaying the VAT number and Council's name must be purchased and installed in parking machines as soon as possible; and
- The parking reconciliation spreadsheets should be enhanced to include sub-totals and totals for variances, formulas for euros and possibly conditional highlighting for audit ticket numbers.

## **2.6 Compliance with Contract Standing Orders – Reasonable Assurance:**

### 2.6.1 Audit Scope

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

### 2.6.2 Summary of Findings

Contract Standing Orders are the rules and guidance that ensure that the Council is carrying out purchasing decisions and processes correctly as it is the public purse that is funding them. They provide a structure for procurement decisions to ensure that the Council furthers its corporate objectives, uses its resources efficiently, purchases quality goods and safeguards its reputation from any implication of dishonesty or corruption.

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

- All procurement over £10,000 has to be signed off by the Procurement Manager and is challenged to ensure that value for money has been obtained and that the correct processes have been followed (i.e. 3 quotes where applicable).
- Information to assist officers in following the procurement processes is available on the intranet but there is a need to ensure that it agrees to the information on the Contract Standing Orders. (See point below)
- Going forward the installation of the EPROC system will enhance authorisation processes and remove the need for current internal paper process for procuring goods and services.

- Processes are in place for waivers to be applied for and a central record is held for those that have been submitted.

Scope for improvement was identified in the following areas:

- There is a need to ensure that the information made available to employees in respect of procurement processes and financial thresholds that are shown in the Contract Standing Orders, Financial Procedure Rules and the Constitution are the same (i.e. The EU thresholds).
- When purchase orders are submitted there is a need to ensure that they have been completed correctly (i.e. properly authorised) and any that are not, should be returned to the applicable department for completion before they are processed.

## **2.7 East Kent Housing: Risk Management – Reasonable Assurance**

### 2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the organisation adopts best practices in the identification, evaluation and cost effective control of risks to ensure that they are reduced to an acceptable level or eliminated, and also maximise opportunities to achieve the organisation's visions and priorities.

### 2.7.2 Summary of Findings

Under the Companies Act it is a legal requirement to have a sound system of internal control, including adequate and effective risk management. The EKH Finance & Audit Sub-Committee has delegated responsibility through their terms of reference to manage risk which includes the risk register, risk strategy and risk management process.

At November 2017 East Kent Housing were managing 9 strategic risks and 17 operational risks on their Strategic Risk Register. The five highest scoring risks after mitigation scored by senior management were: -

- Higher Debt Levels when the Welfare Reform changes are introduced (4/9);
- Safeguarding of vulnerable adults & children (3/9);
- Data Protection breach – (3/9);
- Non-Compliance with legislation and regulation (3/9); and
- Failure to address control issues with contracts to Council satisfaction (3/9).

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

- The fundamental risk management processes are working well and meet the requirements of the Companies Act 2006;
- A Risk Management Strategy has been formally adopted and contains a good level of guidance and information;
- Roles and responsibilities are well documented and well established;
- Risk identification routines are working effectively; and

- Risk scoring is generally good and the audit trail of changes made to the Strategic Risk Register is well documented.

A number of areas for improvement have been identified in the following areas:

- A new comprehensive risk scoring matrix could be adopted which will solve a number of the issues identified within this risk management audit report; and
- Some misalignment was identified between practices set out in the Risk Management Strategy and operational risk management practices.

## **2.8 Service Contract Monitoring – Reasonable Assurance**

### 2.8.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council derives the maximum possible value and the highest level of performance and customer satisfaction from its service contracts.

### 2.8.2 Summary of Findings

Although the initial awarding of the contract is done via Procurement, the contract monitoring is undertaken by various members of staff across the organisation. A sample of five contracts was selected from the contract register and the relevant managers contacted and asked to complete an Internal Control Questionnaire. It should be noted that only four of the five Internal Audit Questionnaires were returned during the process, and that two of these were from the same manager.

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

- All contract documentation is documented centrally with a computerised system which is easily accessible to the public, contractors, staff etc.;
- Administration of the Contract Register is well controlled;
- All stages of contract letting has been well documented and evidenced and published in a real time manner; and
- Budget monitoring procedures are well documented and easily accessible to staff and managers.

Scope for improvement was identified in the following areas:

- There are no set procedures in place; current working practices need to be documented to ensure a consistent approach is undertaken across the authority;
- A training regime needs to be established for budget managers and client officers for both financial and non-financial contract monitoring and reporting.

## **2.9 Licensing – Reasonable Assurance:**

### 2.9.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that licences are issued correctly to applicants who qualify for the various licensing categories, that information is recorded accurately

and the income receivable by the Council is collected correctly and on a timely basis in line with the procedures laid down.

### 2.9.2 Summary of Findings

Dover District Council has responsibilities under the Licensing Act 2003 and the Gambling Act 2005 to promote the following objectives across the district:

- The prevention of crime and disorder;
- Ensuring that gambling is conducted in a fair and open way;
- Public Safety;
- The prevention of public nuisance; and
- The protection of children and other vulnerable persons from being harmed or exploited by gambling.

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

- Procedure notes are in place to assist with the various processes that are carried out by the Licencing staff. Although it should be noted that they will have to be revised to reflect when the licensing function moves across to the Uniform system during 2018.
- Banking processes are carried out in accordance with the Financial Procedure Rules.
- Policies are in place and are reviewed on a regular basis to support the various licensing functions carried out.
- Annual cost neutral exercises are carried out to ensure that the service is not making a profit over a rolling 3 year period and the fees and charges are set accordingly, as per legislation.

Scope for improvement was identified in the following areas:

- There are currently no processes in place to chase for outstanding small lottery returns that have to be submitted each financial year within designated timeframes as per gambling legislation.
- The fees and charges are shown on the Council website within the various Licensing areas. However, there is not an approved charge by Members for the Knowledge Resit fee of £26 that is shown on the Council website. An exercise needs to be carried out to ensure that all of the fees and charges shown on the Council website agree to the ones approved by Members.
- The licensing register that is available to the public currently shows information that is not correct or is out of date compared to the information on M3. This is going to be resolved as part of the move to the new Uniform system and to ensure that the information available to the public is up to date and complies with data protection regulations.

## **2.10 East Kent Housing: Complaints Monitoring – Reasonable Assurance**

### 2.10.1 Audit Scope

Complaints, comments and compliments are an important source of feedback; they can tell an organisation a lot about the way they work, and provide opportunities to improve and affect perception. How an organisation handles complaints is therefore

crucial; handling them well can have a lasting positive effect on reputation; handling them poorly can be very damaging and can make a negative perception even worse.

### 2.10.2 Summary of Findings

The regulatory standard on tenant involvement and empowerment sets out the minimum requirements for a housing organisation's handling of complaints. It sets out the required outcome that: *'Registered providers shall have an approach to complaints that is clear, simple and accessible and that ensures that complaints are resolved promptly, politely and fairly.'*

An effective approach to complaints handling can have a significant impact on the quality of the services provided and on the satisfaction of tenants: -

- An opportunity to put right any service failures; and a well handled complaint can turn a dissatisfied customer into a satisfied one.
- For tenants, making a complaint is the simplest way of holding their landlord to account and letting them know when they perceive that services need to be improved.
- Complaints are a useful source of information about service delivery, identify where recurring and underlying problems are, and therefore provide the opportunity to make improvements.

Complaints, feedback and compliments received since a designated Complaints Officer has been in post from 01/10/2017 to 03/01/2018 are as follows:

	Canterbury	Dover	Folkestone & Hythe	Thanet	Housing Management	TOTAL
<b>Cllr/ MP</b>	31	10	5	3	0	<b>49</b>
<b>Complaints</b>	19	23	15	5	0	<b>62</b>
<b>Ombudsmen</b>	0	0	0	1	0	<b>1</b>
<b>Compliments</b>	1	1	2	2	2	<b>8</b>
<b>TOTALS</b>	<b>52</b>	<b>34</b>	<b>22</b>	<b>11</b>	<b>2</b>	<b>121</b>

Management can place Reasonable Assurance on the system of internal controls in operation, based on the proactive action currently being taken by EKH to develop an effective complaints management, monitoring and lessons learnt process. These processes are however yet to be fully embedded into EKH.

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

- A dedicated Complaints Officer is now in post to enable a consistent approach to be applied to dealing with, and recording complaints.
- Clear timescales have been set for processing and responding to complaints; which are being met.
- EKH is being proactive in developing effective complaints reporting to enable lessons to be learnt from recurring themes and issues; this is a new process which is evolving now that a dedicated Complaints Officer is in post and complaints recording and monitoring processes are improving.

Scope for improvement was identified in the following areas:

- Although there are both Comments, Complaints and Compliments Policy, and a Vexatious Complaints Policy, both require updating to reflect changes to process and procedures.
- Complaints data should be regularly published.
- Information to customers and staff regarding the complaints process must be kept up to date.

## **2.11 East Kent Housing: Data Protection & Records Mgmt. – Reasonable Assurance**

### 2.11.1 Audit Scope

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

- 1 The organisation creates, holds, and maintains personal information about living individuals in accordance with the requirements of the legislation and deals with subject access requests and information sharing requests correctly; and
- 2 The authenticity, reliability, integrity and usability of the organisation's records are adequately maintained.

### 2.11.2 Summary of Findings

The General Data Protection Regulation (GDPR) 2018 comes in to effect from 25th May 2018 and replaces the Data Protection Act 1998. If an organisation or any one of its third parties breaches the data of a European citizen, the organisation could face a fine of 4% of annual global revenue or €20 million, whichever is greater. Accordingly, organisations will need to ensure that they effectively manage training, technical controls, and ongoing monitoring of employees as well as third parties. According to the ICO, infringements of the organisation's obligations, including data security breaches will be subject to the lower fine level, whereas infringements of an individual's privacy rights will be subject to the higher fine level.

This audit review focused on the implementation of GDPR because this is where the higher risk resides for East Kent Housing. The audit methodology and approach has been to work through all of the documentation used by management to evidence the work carried out to date in preparation for GDPR.

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

- Management have established a realistic GDPR Implementation Plan which is currently being worked through;
- The Chief Executive has been appointed as the Data Protection Officer and is leading the organisation through the changes required to comply with the new regulations;
- East Kent Housing has carried out a review on personal data assets which has been mapped out in the form of an Information Asset Register;
- Most major roles and responsibilities have also been mapped out;
- Management have the capacity and capability to deal with Subject Access Requests within the new timescales in accordance with the new regulations; and
- East Kent Housing has been compliant with the Data Protection Act 1998 and no data breaches have been recorded since East Kent Housing formed in 2011.

Some project risks have however been identified. Due to the large financial penalties which could be imposed for non-compliance and the tight deadline (25<sup>th</sup> May 2018) many of the recommendations have been given a high priority in order to assist in the successful completion of the project. A small number of potential issues have been raised in the following areas:

- As a precaution, management should review the GDPR Implementation Plan with a view to addressing a number of potential key project risks namely: liaising with third party contractors; adequate engagement with IT & the roll-out and testing of data breach plans;
- Roles and legal responsibilities for identifying and reviewing existing data sharing agreements with contractors and third parties should be clarified; and
- EKH needs to ensure privacy notices are easily located online.

## **2.12 East Kent Housing: Leasehold Services – Reasonable Assurance**

### 2.12.1 Audit Scope

To provide assurance that the service costs incurred by the partner council in respect of relevant properties within the housing portfolio, for which the Council owns the freehold, and which are occupied on lease, or have been sold are appropriately re-charged to the tenants/leaseholders/owners in accordance with statutory provisions and Council policy.

### 2.12.2 Summary of Findings

There are approximately 1,414 leaseholders within the four partner councils' housing stock. This equates to 9.8% of the total 'general needs' housing stock managed by East Kent Housing (EKH). EKH provide a management service to these leaseholders in accordance with the conditions of lease. Conditions of lease vary between councils, as does the level of service provided by EKH due to the varying degrees of ownership retained by each council.

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

- Service charges are calculated in accordance with the lease agreements;
- All 33 no. invoices tested had been sent out in accordance with the 18 month rule;
- The S20 consultation process had been followed for the testing sample (TDC) and was evident for major works outside of the testing sample;
- Charging proportions have been consistently applied for blocks tested, and;
- Debt recovery is good at CCC and TDC, and improving at DDC.

Scope for improvement was identified in the following areas:

- Consideration should be given to handing CCC billing responsibility to EKH as they hold the information and knowledge of the buildings;
- The leaseholder administration fee at CCC should be reviewed as it is out of date;
- The councils should monitor the progress of the development of the capital plan to ensure the full benefits are achieved.

## 2.13 East Kent Housing: Property Services Improvement Plan – Reasonable Assurance

### 2.13.1 Audit Scope

To provide assurance in respect of the implementation to date of the agreed actions within the 'Property Service Improvement Plan October 2016 to December 2017', by the target dates or progress towards thereto.

### 2.13.2 Summary of Findings

The Property Services Improvement Plan for the period October 2016 to December 2017 was developed to address recommendations flowing from a review of the HRA capital, cyclical and planned investment commissioning and delivery process, and activities managed by East Kent Housing on behalf of the Local Authorities, undertaken by HQN. This identified thirty three action points across six areas.

Work has been carried out or is ongoing on a number of the actions. Below is a summary table of the thirty three original actions and their status based on the information that has been reported to the Property Services Improvement Plan Task and Finish Group as at January 2018. It is expected that at the next meeting of the Task and Finish Group in May 2018 the number of completed actions will have increased.

Area of Improvement Plan	Original No of Action Points	Actions			
		Completed	In Progress	Delayed	Started
Stock Data	9	4	2	3	
Project Management and Delivery	7		3	3	1
Communication and Liaison	3		2	1	
Contract Management	3		1	2	
Procurement	5	1		3	1
Staffing and Resources	6	4		2	
<b>Totals</b>	<b>33</b>	<b>9</b>	<b>8</b>	<b>14</b>	<b>2</b>
<b>%</b>		<b>27.27</b>	<b>24.24</b>	<b>42.42</b>	<b>6.07</b>

Although fourteen of the actions have been delayed, from discussions with EKH Officers, and the evidence provided, Management can place Reasonable Assurance on the system of internal controls in operation and the future delivery of the action plan.

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

- A significant amount of work has been carried out to implement the Strategic Asset Management (SAM) system which will assist Property Services in

delivering a timetable for works and costing for them which can then be used for forecasting expenditure for each of the client authorities.

- A 2020 Procurement project is in place which is a programme that has buy in from all of the authorities that will look at how contracts are let (including response and proposed works) and will look to have possible services provided by several providers that are both large and local. Five work streams have been identified for various types of work. Information from the SAM system will also provide information to assist with this project.
- The Auditor has reviewed a sample of completed actions to ensure that the information reported to the Task and Finish group is correct and that there is evidence in place to support this. In all instances there is evidence to support them being completed.

Scope for improvement was identified in the following areas:

- Consideration should be given to showcasing the Strategic Asset Management (SAM) system to the Client Officers and the Task and Finish group to show them the information that it is able to produce. This includes forward plans to assist in procuring contracts including expected costs for budget purposes, decent homes works, and identify future spikes of expenditure.

## **2.14 East Kent Housing: Safeguarding Children & Vulnerable Groups – Reasonable/Limited Assurance**

### 2.14.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the organisation fulfils its legal obligations under section 11 of the Children Act 2004 and under the Safeguarding Vulnerable Groups Act 2006.

### 2.14.2 Summary of Findings

East Kent Housing, on behalf of the four district councils, has a legal obligation to comply with all statutory requirements in connection with its services and this includes the Children Act 2004 and the Safeguarding Vulnerable Groups Act 2006. The following shows some of the duties which should be demonstrated under the legislative framework:

- Management commitment to the importance of safeguarding and promoting the welfare of children and young people.
- Clear statement of the organisation's responsibilities towards children and young people.
- Clear line of accountability within the organisation for reporting safeguarding concerns.
- Safe recruitment procedures.
- Training on safeguarding and promoting the welfare of children and young people for all staff commensurate with their level of contact with children, young people and vulnerable adults.
- Safeguarding policies and procedures for contracted services.
- Effective inter-agency working to safeguard and promote the welfare of children, young people and vulnerable adults.

- Effective information sharing.

The Safeguarding Vulnerable Groups Act 2006 places a statutory duty on all those working with vulnerable groups to undergo an advanced vetting process.

Whilst Management can generally have Reasonable assurance in this area, there is some evidence of non-compliance with significant key controls resulting in a risk to the achievement of the system objectives, which suggests at least a partially limited assurance conclusion.

Effective controls which support the Reasonable Assurance opinion were evidenced in the following areas:

- Safeguarding policies and procedures are in place and are currently being reviewed and updated;
- Safeguarding training is being undertaken on a regular basis, however as above, evidence of attendance and level of training is difficult to establish;
- Posts that require a DBS check have been identified and as a result of a staffing restructure, more staff are now in the process of being DBS checked.
- The revised structure provides a clear focus on supporting vulnerable households, with a dedicated Sustainment Team which brings together roles from across the organisation.

The primary finding giving rise to a partially Limited assurance opinion in this area however is as follows:

- EKH is going through a staffing restructure and is in a state of transition; at the time of the audit there was no central and consistent record of training and DBS checks for all of EKH making it difficult to reconcile the records that are held, against the latest establishment list and the DBS approved list. A combined central record of training undertaken, linked to DBS checks/holders, would provide a consistent format that could more easily be monitored and controlled to ensure that all staff had received the right level of training and DBS checks commensurate with their post.
- Centralising of records has been affected by the restructure, and priority was given to ensuring that staff with new responsibilities were DBS checked. EKH are therefore working towards a centralised record.

Scope for improvement was identified in the following areas:

- Enquiries found that partner councils wish to support EKH with safeguarding and that local steering groups are not always attended by the invited EKH representative.
- The safeguarding profile on the EKH website should be raised and also include a Senior Management/Board Member statement of commitment. Safeguarding policies are currently lost under the heading of 'Disabled Policy Adaptations'.

## **2.15 EK Services – Housing Benefit Quarterly Testing (Quarter 3 of 2017-18):**

### 2.15.1 Background:

Over the course of 2017-18 financial years 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.

#### 2.15.2 Findings:

For the third quarter of the 2017-18 financial year (October to December 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.

#### 2.15.3 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 there were no data quality errors.

### **2.16 EK Services – Housing Benefit Quarterly Testing (Quarter 4 of 2017-18):**

#### 2.16.1 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.

#### 2.16.2 Findings:

For the fourth quarter of the 2017-18 financial year (January to March 2018) 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.

#### 2.16.3 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 there were no data quality errors.

For 2017/18 in total, eighty benefit claims have been checked of which 5 (6.25%) had a financial error that impacted on the benefit calculation and 5 (6.25%) had a data quality error.

### **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)	Planning Applications, income and s106 Agreements	Substantial/ Reasonable	Substantial/ Limited	C	0	C	0
				H	3	H	1
				M	4	M	0
				L	0	L	0
b)	Contaminated Land, Pollution, Air & Water Quality	Reasonable	Reasonable	C	0	C	0
				H	1	H	0
				M	1	M	1
				L	4	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) Planning Applications, Income and s106 Agreements:

The main issue that needed to be addressed was the need to put in place a data retention schedule which clearly states how long the various types of documentation should be kept for. The Head of Regeneration and Development gave an assurance that this would be in place by 30<sup>th</sup> June 2017 during the audit so a recommendation was not made in the original audit report but was mentioned in the executive summary.

As at the time of this follow up audit review (February 2018). The Head of Regeneration and Development has commenced work on the data retention schedule but is still to complete it some eight months after the agreed completion date. The lack of a data retention schedule impacts on the future work that is to be carried out on the setting up of the system parameters for the IDOX system and the archiving routines which have a proposed going live date of September 2018. With the new GDPR regulations becoming effective from May 2018, this is now an outstanding critical action. The document retention schedule is required to be able to comply with important legislation also without this being completed the system development will be held up. Therefore this should be escalated for the attention of the s.151 officer and Members' of the Governance Committee.

Also clarification is still required from the Head of Regeneration and Development as to when a planning application can be closed so that up to date data can be transferred across to the new Uniform planning system.

#### **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: Employee Allowances & Expenses, Payroll, ICT PSN review, Council Tax Reduction Scheme, ICT Procurement & Disposals. Project Management, GDPR, Homelessness, East Kent Housing - Contract management, Building Control and White Cliffs Countryside Project.

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

5.1 The 2018-19 Audit plan was agreed by Members at the meeting of this Committee on 8<sup>th</sup> April 2018.

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 period to 31<sup>st</sup> May 2018, 47.32 chargeable days were delivered against the revised target of 242.89, which equates to 19.48% plan completion.

7.2 The financial performance of the EKAP is currently on target at the present time.

7.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has improved on the range of performance indicators it records and measures.

7.4 The EKAP introduced an electronic client satisfaction questionnaire, which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service. Current feedback arising from the customer satisfaction surveys is featured in the Balanced Scorecard attached as Annex 4.

#### **Attachments**

Annex 1	Summary of High priority recommendations outstanding after follow-up.
Annex 2	Summary of services with Limited / No Assurances
Annex 3	Progress to 31 <sup>st</sup> May 2018 against the agreed 2018/19 Audit Plan.

Annex 4 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>Planning Applications, Income &amp; s106 Agreements – April 2018</i>		
<p>A house keeping exercise needs to be carried out to ensure that the data to be transferred to the new Uniform planning system has been reviewed and is up to date with old applications that should be closed have been so.</p>	<p>This will form part of the Uniform implementation plan. However there needs to be a decision taken by the Head of Regeneration and Development after consultation with Legal when an application can be closed.</p> <p><b>Proposed Completion Date</b> 31/3/18</p> <p><b>Responsibility</b> Uniform Project Team</p>	<p>No decision has been made yet by the Head of Regeneration and Development about this action and this is going to impact on the implementation plan and the delivery of the new system and working practices.</p> <p><b>Recommendation is outstanding.</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	Summer 2018
Inward Investment	December 2017	Reasonable/Limited	Summer 2018

**PROGRESS AGAINST THE AGREED 2018-19 AUDIT PLAN.**

**DOVER DISTRICT COUNCIL:**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-05-2018	Status and Assurance Level
<b>FINANCIAL SYSTEMS:</b>				
Capital	10	10	0	Quarter 3
Bank Reconciliation	5	5	0	Quarter 3
VAT	10	10	0	Quarter 3
<b>RESIDUAL HOUSING SYSTEMS:</b>				
Homelessness	10	10	16.93	Work-in-Progress
Housing Allocations	10	10	0	Budget used for the Homelessness review
<b>GOVERNANCE RELATED:</b>				
GDPR, FOI and Information Management	15	15	0	Quarter 2
Anti-Fraud & Corruption Assurance Mapping	10	10	0	Quarter 2
Complaints Monitoring	10	10	0	Quarter 4
Risk Management	10	10	0	Quarter 3
Corporate Advice/CMT	2	2	0.18	Work-in-progress throughout 2018-19
s.151 Meetings and support	9	9	2.2	Work-in-progress throughout 2018-19
Governance Committee Meetings and Reports	12	12	2.32	Work-in-progress throughout 2018-19
2019-20 Audit Plan Preparation and Meetings	9	9	0	Quarter 4
<b>SERVICE LEVEL:</b>				
Safeguarding Children & Vulnerable Adults	10	10	0	Quarter 3
Private Sector Housing & HMO Licensing	10	10	0	Quarter 2
Food Safety	10	10	0	Quarter 2
Pest Control	10	10	0	Quarter 2
Events Management	10	10	0	Quarter 4

**EAST KENT**  
DOVER • SHEPWAY • THANET • CANTERBURY






**AUDIT PARTNERSHIP**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-05-2018	Status and Assurance Level
Local Plan, MTFP and Corporate Plan	10	10	0	Quarter 4
Building Control	12	12	0	Quarter 2
Uniform iDox – Post Implementation Review	13	13	0	Quarter 3
White Cliffs Countryside & Up on the Downs	12	12	0	Quarter 2
Waste Management & Street Cleansing	15	15	0	Quarter 4
<b>OTHER</b>				
Liaison with External Auditors	1	1	0	Work-in-progress throughout 2018-19
Follow-up Work	15	15	1.48	Work-in-progress throughout 2018-19
<b>FINALISATION OF 2017-18- AUDITS</b>				
Car Parking & PCNs	5	0	0.44	Finalised - Reasonable
Creditors & CIS			9.01	Work-in-Progress
Licensing			1.72	Finalised - Reasonable
Income			1.99	Work-in-Progress
Project Management			2.86	Work-in-Progress
Grounds Maintenance			8.19	Finalised - Reasonable
Days over delivered in 2017-18	0	-7.11		Completed
<b>TOTAL</b>	<b>255</b>	<b>242.89</b>	<b>47.32</b>	<b>19.48% as at 31<sup>st</sup> May 2018</b>

**EAST KENT HOUSING LIMITED:**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-05-2018	Status and Assurance Level
<b>Planned Work:</b>				
CMT/Audit Sub Cttee/EA Liaison	4	4	1.07	Work-in-progress throughout 2018-19
Follow-up Reviews	4	4	0.27	Work-in-progress throughout 2018-19

**EAST KENT**  
DOVER • SHEPWAY • THANET • CANTERBURY






**AUDIT PARTNERSHIP**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-05-2018	Status and Assurance Level
Repairs & Maintenance	30	30	0	Quarter 2
Void Property Management	20	20	0	Quarter 3
Tenant Health & Safety	20	20	0	Quarter 4
Contract Monitoring	17	17	11.73	Work-in-progress
Performance Management	15	15	0.34	Work-in-progress
Welfare Reform	10	10	0	Quarter 2
Resident Involvement	10	10	0	Quarter 3
Service Level Agreements	10	10	0	Quarter 4
<b>Finalisation of 2017-18 Work-in-Progress:</b>				
Days under delivered in 2017-18	0	10.94	0	Allocated
Complaints Monitoring	0	0	0.36	Finalised - Reasonable
GDPR & Information Mngmt.	0	0	3.59	Finalised - Reasonable
Leasehold Services	0	0	1.15	Finalised – Reasonable/Limited
Tenancy & RTB Fraud Prevention	0	0	1.32	Work-in-Progress
Property Services Action Plan	0	0	8.07	Finalised - Reasonable
<b>Total</b>	<b>140</b>	<b>150.94</b>	<b>27.90</b>	<b>18.48% at 31-05-2018</b>

**EK SERVICES:**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-05-2018	Status and Assurance Level
<b>EKS Reviews:</b>				
Housing Benefits Assessment	15	15	0	Quarter 3
Housing Benefit Testing	15	15	0	Quarter 3
Housing Benefits – DHPs	15	15	0	Quarter 2
Debtor Accounts	20	20	0	Quarter 3
ICT – Network Security	15	10	0	Quarter 2
ICT – PSN Review	0	5	3.54	Work-in-Progress
ICT – PCI-DSS Compliance	15	15	0	Quarter 4

**EAST KENT**  
DOVER • SHEPWAY • THANET • CANTERBURY



**AUDIT PARTNERSHIP**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-05-2018	Status and Assurance Level
KPIs	5	5	0	Quarter 4
EKHR Reviews:				
Payroll	15	15	0	Quarter 4
Apprenticeships	15	15	0	Quarter 2
Absence Management	15	15	0	Quarter 3
Other:				
Corporate/Committee	8	8	1.55	Work-in-progress throughout 2018-19
Follow up	7	7	0.27	Work-in-progress throughout 2018-19
Days under delivered in 2017-18	0	47.79	0	Completed as below
Finalisation of 2017/18 Audits:				
Housing Benefit Testing			6.82	Finalised
Payroll			4.86	Draft Report
Employee Allowances & Expenses			0.68	Draft Report
ICT – Procurement & Disposal			9.19	Work-in-Progress
Council Tax Reduction Scheme			1.64	Work-in-Progress
<b>Total</b>	<b>160</b>	<b>207.79</b>	<b>28.55</b>	<b>13.74% at 31-05-2018</b>

## 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.