
Subject: QUARTERLY INTERNAL AUDIT UPDATE REPORT

Meeting and Date: Governance Committee – 27th September 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 30th June 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 eight internal audit assignments completed during the period, which are summarised in the table in section 2 of the report.
- 2.8 In addition ten follow-up reviews have been completed during the period, which is detailed in section 3 of the quarterly update report.
- 2.9 For the three month period to 30th June 2018, 61.87 chargeable days were delivered against the revised target of 242.89, which equates to 25.47% 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 8th 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 30th June 2018.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level	No. of Recs.	
2.1	EKHR - Payroll	Substantial	C H M L	0 0 0 0
2.2	CIVICA – Council Tax Reduction Scheme	Substantial	C H M L	0 0 0 0
2.3	EKHR – Employee Allowances & Expenses	Substantial/ Reasonable	C H M L	0 0 3 2
2.4	Income	Substantial/ Reasonable	C H M L	0 3 1 1
2.5	Homelessness	Substantial/ Limited	C H M L	4 15 4 0
2.6	Creditors & CIS	Reasonable	C H M L	X X X X
2.7	Grounds Maintenance	Reasonable	C H M L	0 2 3 1
2.8	Sandwich Historical Boatyard	Not Applicable	C H M L	2 4 0 0

2.1 EKHR: Payroll – Substantial Assurance

2.1.1 Audit Scope

To ensure that the payroll service administered by EKHR on behalf of Canterbury, Dover and Thanet Councils, including EK Services is adequately controlled to ensure that the right people are getting paid the right amounts at the right time. Also that all overtime payments are valid and properly authorised.

2.1.2 Summary of Findings

The payroll function has been managed by EKHR since November 2015. The service pays an average of £2.7m in net salaries each month to 1958 (at January 2018) employees at Canterbury, Dover and Thanet District Councils.

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

- EKHR is working to an SLA however this is in draft form;
- Many payroll reconciliation procedures are in place;
- Basic pay and overtime pay claimed by manual workers at Manston depot demonstrated that checking procedures are in place, additions are correct and claims are authorised by a supervisor in 100% of the sample tested;
- Statutory payments are made in line with requirements;
- Payroll system access is password protected and passwords are renewed every 90 days.

2.2 CIVICA: Council Tax Reduction Scheme – Substantial Assurance

2.2.1 Audit Scope

To ensure that the Council Tax Reduction Scheme has been implemented correctly by Civica as intended by the partner authorities of Canterbury CC, Dover DC and Thanet DC.

2.2.2 Summary of Findings

As part of the Welfare Reform Act 2012 the Government announced that from 1st April 2013 council tax benefit would be abolished and councils would need to design and operate their own local Council Tax Support Scheme. The new scheme was adopted by the Councils in January 2013 and has remained in place and largely unchanged since 2013. Some minor changes have however been made to the schemes since 2013 to both align all three schemes, and to change the amount of relief granted under the schemes.

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

- All three Council Tax Reduction Schemes (CTRS) have been properly approved and adopted by each Council.
- All three schemes are well publicised on each Council website.
- System parameters are extensively tested prior to them being loaded into the live systems for the commencement of the new billing year.
- All relevant staff are provided with detailed guidance notes on the scheme.

- Quality assurance checks are in place to identify errors in calculations of claims for Council Tax reductions.
- All calculations checked during audit testing were found to be correct.
- Each Council has a well-publicised appeals process in place for claimants which are dissatisfied with the outcome of their claim for Council Tax reduction.

2.3 EKHR: Employee Allowances & Expenses – Substantial Assurance

2.3.1 Audit Scope

To provide the partner councils with assurance that staff allowances are valid, appropriate and are authorised by management, ensuring that the payment of staff allowances is adequately controlled and managed.

2.3.2 Summary of Findings

The EKHR Payroll Function processes thousands of £s of allowances and expenses each month to employees on behalf of Dover, Canterbury, Thanet councils and East Kent Housing. This particular audit focused on expenses and allowances processed during the December 2017 pay run.

Management can place Reasonable Assurance on the system of internal controls in operation for the processing and authorisation of employee allowances and expenses for Thanet District Council and Substantial Assurance for Dover District Council, Canterbury City Council and East Kent Housing.

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

- All 100 sample payments checked were either authorised through the East Kent People system or were supported by authorised paperwork in the employee HR files;
- Procedures and processes within EKHR were operating effectively;
- System based interfacing, audit trail and processes were working effectively; and
- The EKHR intranet page is used to communicate with staff and management.

Scope for improvement was however identified in the following area:

- Between April 2017 and December 2017 a number of payments were processed for employees which were valid but were outside the scope of the current approved policy and therefore
- There is a need for each authority to acknowledge roles and responsibilities for reviewing and approving their own allowance and expense policies.

2.4 Income – Substantial/Reasonable Assurance

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that all income due to the Council is completely and accurately accounted for in a timely manner. The scope of the audit will include:

- Postal Remittances;
- Processing of cheque payments;
- Processing of all forms of imports;
- Phone payments (both automated and Call Centre; which are processed through Adelante);
- Internet payments;
- Face to Face chip and pin payments;
- Any cash or cheque payments received;
- Allocations from the Council's main income suspense account; and the
- Interface of income into other systems i.e. Cedar e-financials, Sundry Debtors, Housing Rents, Business Rates, Council Tax, etc.

2.4.2 Summary of Findings

The Council's income processes have not changed since the last review process in 2014/15. What was however noticeable is the shift in the Council's preferred methods of payments and the desire to have a cashless system. The webpages definitely support this desire and further work will be undertaken to minimise the cash handling.

Testing has established that Management can place both Substantial and Reasonable Assurance on the system of internal controls in operation.

The controls that are effective and give rise to the substantial assurance level are as follows;

- Well managed Cheque, Giro and Bank processing;
- Timely and effective Reconciliation Processes;
- Strong controls over Car Parking cash collection, income processing and reconciliation; and
- Effective cash collection contract.

With minor improvements required in the following:

- Post room cheque handling and processing.

The primary findings giving rise to the Reasonable Assurance opinion are given as follows; it should be noted that these are all part of the income process and as such attention should be drawn to and given to these areas;

- Ineffective Insurance levels;
- Poor control over cash handling within the finance office;
- Incorrect accounting treatment of any unders and overs for the Gateway and Whitfield offices; and
- Processing of cash and cheques via the income team needs to be undertaken in a timely manner.

2.5 Homelessness – Substantial/Limited Assurance

2.5.1 Audit Scope

To provide assurance that the Council deals fairly and efficiently with all homelessness applications whilst:

- Minimising the length of stay in temporary accommodation;
- Minimising the cost to the Council of temporary accommodation; and
- Maximising income from all available sources to cover the costs incurred.

2.5.2 Summary of Findings

Homelessness is increasing across East Kent and this is effecting the Council's financial position. The Homelessness Prevention Act 2017 (HPA) came in to effect in April 2018 and requires local authorities to provide more advice and resource targeted at preventing homelessness. The new duties this places on the Council makes it a substantially more challenging and time consuming process for every person presenting as homeless. The audit examined work undertaken largely before the new HPA came into effect, so some practices will have changed and the demands of the HPA is likely to make it more challenging to address the issues in this audit report. This audit has identified some service strengths but also some weaknesses in the Council's internal control framework which are used to maximise income and minimise expenditure.

In summary: -

- The Council is not neglecting the homeless but accepting too many;
- The length of stay in some types of temporary accommodation was excessive in some cases;
- The Council is not recovering all the income it is due;
- Accepting the recommendations in this report could reduce expenditure and increase income by approximately £80k per annum;

The main issues that need to be addressed: -

- The structure and processes of the team need to be re-designed so staff are able to specialise in specific areas when required;
- The management information produced by the current processes is insufficient for management to act and needs to be redesigned;
- A number of additional controls and efficiency measures are also required; and
- A dedicated income recovery resource is required.

Management can place Substantial Assurance that the Council is fulfilling its statutory duties in respect of homelessness and Limited Assurance on the system of internal controls in operation for achieving the objectives: -

The primary findings giving rise to the assurance opinions in this area are as follows:

Statutory Duties – Substantial Assurance

Effective control was evidenced in the following areas:

- The Council is compliant with homelessness legislation; however evidence seen as part of this audit suggests the Council is not sufficiently rigorous in its assessment of those in 'priority need' and in challenging tenants whose behaviour and rent payments fall below applicable standards agreed;

- Over the past couple of months there is emerging evidence to suggest people are being moved out of temporary accommodation more quickly; and
- The Council is successfully increasing its portfolio of HRA funded temporary accommodation which will help bring down expenditure and should continue to be the medium/long term strategy for sourcing temporary accommodation.

Length of Stay in Temporary Accommodation – Limited Assurance

- Acceptances as homelessness cases in priority need were not being processed consistently and there is evidence to suggest some cases should not have been accepted in the first instance however all cases are now being reviewed by a senior officer or manager but this is not documented;
- Households were not consistently moved out of temporary accommodation and into alternative accommodation quickly enough; however the Auditor acknowledges that the Council attempts to balance the need to move people out of temporary accommodation quickly with the need to try stop incentivising homelessness;
- There are some cases where the duty to a household was discharged after an applicant refused alternative accommodation more than twice or had failed to pay their service charges but action was not taken to end the provision of homelessness accommodation;
- Management have limited control over caseloads because cases are managed by one officer from the application through to its conclusion; and
- Management need to clarify further, and ensure it enforces the standard of behaviour and financial obligations placed upon homelessness applicants.

Maximising Income and Minimising Expenditure – Limited Assurance:

- The Council is placing working households in temporary accommodation and not consistently chasing the shortfall in their rental liabilities;
- There is at least £101k outstanding in unpaid Housing Benefit or Universal Credit which cannot be attributed to a delay in processing the applicants benefit claim;
- There is an urgent need to formally clarify roles and responsibilities for chasing payments and chasing claims for housing benefit and universal credit;
- There is an urgent need to change, adapt and clarify all of the recovery processes in place to ensure all income due is effectively chased; and
- The Auditor has identified specific case by case opportunities to target the recovery of either large amounts of missing universal credit income and missing service charge income. There is also missing rent deposit scheme income which is not being chased effectively.

Governance:

- The Service / Business Plan does not address the need to increase and maximise all available income streams;
- The Service / Business Plan should include the risk that the Council may fail to source new cheaper temporary accommodation as an alternative to B&B;
- There is an urgent need to introduce some additional management performance indicators to ensure financial performance is monitored; and
- There is a need for better quality management information in order to manage people, processes and the service.

2.5.3 Management Response:

The last few homelessness Audit reports have resulted in a substantial assurance however this latest audit was commissioned by the Director of Finance, Housing and Community in order to review the service in a different and more challenging way.

Homelessness within the district had been rising steadily putting increasing pressure on the General Fund. It was felt necessary to ensure that staff within the Housing Options team were consistent and that processes were robust and effective.

We are very grateful to the auditor for a thorough review of every aspect of the service which has identified areas of weakness and potential training issues as well as highlighting what we are currently doing well.

The majority of recommendations have been accepted with many already implemented and the follow up is due in December 2018.

2.6 Creditors & CIS – Substantial Assurance

2.6.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that only bona-fide invoices are paid, and that the correct procedures have been applied in the way in which the expenditure was incurred.

2.6.2 Summary of Findings

The payments process has been established for a number of years using the Cedar e-financials system with a small team of officers delivering the service to the Council.

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

- There are clear procedures in place for all staff with regards to the creditors process;
- Clear lines of responsibility and separation of duties have been demonstrated;
- Computer updates are being effectively managed and any additional training needs have been identified and provided for;
- Systems in place for the Construction Industry Scheme are working well; and
- The performance indicator has been increased considerably since the last audit review and the target set has been exceeded for the last three years.

Scope for improvement was however identified in the following areas:

- Data being extracted to meet transparency requirements needs to be consistent and the figures need to be presented in a meaningful user-friendly way;
- Clarification over the use of invoices for the input of bank details needs to be sought as this does not conform with the current procedures in place.

2.7 Grounds Maintenance – 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 grounds maintenance function is being carried out efficiently and effectively within an appropriate control framework which reduces any risks to an acceptable level.

2.7.2 Summary of Findings

In 2016 Members made the decision to bring the grounds maintenance service back in house with effect from 1st April 2017 after it had been contracted out for the previous ten years. By bringing the service back in house there was an immediate saving of £200,000 on the annual budget. There is now an annual budget of £1 million for the grounds maintenance provision with the biggest cost being staff. An additional benefit is that the service can be managed and monitored more effectively and responsively than an out sourced provision.

This audit has reviewed the processes and procedures that have been in place during the first year of the in house service and has concluded that Management can place Reasonable Assurance on the system of internal controls in operation.

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

- Resources are in place to deliver both the summer and winter programmes of works with employees contributing to the development of the current grass cutting routines.
- There have been positive comments received from residents across the district on the quality of the work being carried out.
- Health and safety documentation is being reviewed and developed (i.e spot check inspection forms) to ensure that employees are aware of the risks and the actions that they have to take to address them.
- Processes and equipment are in place to ensure that employees are not being over exposed to working with vibrating equipment and the use of the equipment is being monitored on a regular basis by management.

Scope for improvement was however identified in the following areas:

- Formal servicing and maintenance contracts should be put in place for equipment that require them, in the same way as the contract that is in place for the ride on mowers.
- Controls at the depots could be enhanced to ensure compliance with health and safety and insurance requirements, these include sign in sign out processes for visitors, ensuring they are wearing appropriate clothing (i.e. High viz) and regular testing and servicing of the CCTV system.

2.8 Sandwich Historical Boatyard Investigation– An Assurance Assessment is Not Applicable for this Review

- 2.81 This item restricted and not for publication by reason that it contains information which is exempt by virtue of the provisions of Paragraph 1 (Information relating to any individual) of Part I of Schedule 12A of the Local Government Act 1972. To be discussed after the exclusion of the press and public.

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

3.1 As part of the period's work, ten 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)	Officers' Code of Conduct & Gifts & Hospitality	Reasonable	Substantial	C	0	C	0
				H	0	H	0
				M	3	M	0
				L	2	L	0
b)	Contract Standing Order Compliance	Reasonable	Substantial	C	0	C	0
				H	0	H	0
				M	5	M	0
				L	0	L	0
c)	Land Charges	Reasonable /Limited	Reasonable /Limited	C	0	C	0
				H	7	H	1
				M	3	M	0
				L	2	L	0
d)	External Funding Protocol	Reasonable	Reasonable	C	0	C	0
				H	3	H	0
				M	3	M	0
				L	0	L	0
e)	CCTV	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	2	M	0
				L	1	L	0
f)	Local Code of Corporate Governance	Reasonable	Reasonable	C	0	C	0
				H	0	H	0
				M	2	M	0
				L	1	L	0
g)	Sandwich Historical Boatyard	Not Applicable	Not Applicable	C	2	C	0
				H	4	H	0
				M	0	M	0
				L	0	L	0
h)	East Kent Housing – Data Protection & Records Mngmt.	Reasonable	Reasonable	C	0	C	0
				H	3	H	0
				M	0	M	0
				L	0	L	0
i)	East Kent Housing – Risk Management	Reasonable	Reasonable	C	0	C	0
				H	0	H	0

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
				M	3	M	0
				L	1	L	0
j)	EKS Business Rates	Substantial	Substantial	C	0	C	0
				H	1	H	0
				M	2	M	0
				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) Land Charges:

The Council's Land Charges day to day processes are continuing to work well and the main issues that still need to be addressed are the annual statement has not been produced by 30th June 2018 and published and work has only recently started on the cost neutral exercise.

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: ICT PSN review, Council Tax Reduction Scheme, ICT Procurement & Disposals. Project Management, East Kent Housing - Contract Management, Building Control, HMO Licensing 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 8th 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 three month period to 30th June 2018, 61.87 chargeable days were delivered against the revised target of 242.89, which equates to 25.47% 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 31st May 2018 against the agreed 2018/19 Audit Plan.
Annex 4 Balanced Scorecard of performance indicators to 30th June 2018.
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>Land Charges – August 2018:</i>		
<p>Annual statement in accordance with legislation and good governance should be produced, authorised by the Section 151 Officer and placed on the Dover District Council website (by 30th June) for each financial year.</p>	<p>This has been produced for this year by Accountancy with input from LLC using 2014-2015 working notes. It has been agreed to publish the notice for this year at the Council Offices at Whitfield. Going forward, once the cost neutral exercise has been carried for 2018/2019, the published notice should be reviewed to ensure it is as clear and simple to understand as possible and only provides the information required. The notice would then be published annually on the DDC website.</p> <p>Proposed Completion Date / Responsibility</p> <p>Completed</p>	<p>This has not been produced for 2018/19.</p> <p>Recommendation is outstanding</p>

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Inward Investment	December 2017	Reasonable/Limited	Summer/Autumn 2018

PROGRESS AGAINST THE AGREED 2018-19 AUDIT PLAN.

DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2018	Status and Assurance Level
FINANCIAL SYSTEMS:				
Capital	10	10	0	Quarter 3
Bank Reconciliation	5	5	0	Quarter 3
VAT	10	10	0	Quarter 3
RESIDUAL HOUSING SYSTEMS:				
Homelessness	10	20	17.2	Finalised – Substantial/Limited
Housing Allocations	10	0	0	Budget used for the Homelessness review
GOVERNANCE RELATED:				
GDPR, FOI and Information Management	15	15	0.18	Work-in-progress
Anti-Fraud & Corruption Assurance Mapping	10	10	0.61	Work-in-progress
Complaints Monitoring	10	10	0	Quarter 4
Risk Management	10	10	0	Quarter 3
Corporate Advice/CMT	2	2	1.14	Work-in-progress throughout 2018-19
s.151 Meetings and support	9	9	3.67	Work-in-progress throughout 2018-19
Governance Committee Meetings and Reports	12	12	4.21	Work-in-progress throughout 2018-19
2019-20 Audit Plan Preparation and Meetings	9	9	0	Quarter 4
SERVICE LEVEL:				
Safeguarding Children & Vulnerable Adults	10	10	0	Quarter 3
Private Sector Housing & HMO Licensing	10	10	0.65	Work-in-progress

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2018	Status and Assurance Level
Food Safety	10	10	0.18	Quarter 2
Pest Control	10	10	0.18	Quarter 2
Events Management	10	10	0	Quarter 4
Local Plan, MTFP and Corporate Plan	10	10	0	Quarter 4
Building Control	12	12	0.18	Work-in-progress
Uniform iDox – Post Implementation Review	13	13	0	Quarter 3
White Cliffs Countryside & Up on the Downs	12	12	0.18	Work-in-progress
Waste Management & Street Cleansing	15	15	0	Quarter 4
OTHER				
Liaison with External Auditors	1	1	0	Work-in-progress throughout 2018-19
Follow-up Work	15	15	1.61	Work-in-progress throughout 2018-19
FINALISATION OF 2017-18- AUDITS				
Car Parking & PCNs	5	0	0.44	Finalised - Reasonable
Creditors & CIS			9.29	Finalised - Reasonable
Licensing			1.72	Finalised - Reasonable
Income			8.35	Finalised – Substantial/Reasonable
Project Management			3.02	Work-in-Progress
Grounds Maintenance			8.79	Finalised - Reasonable
Coastal Management			0.27	Quarter 4
Days over delivered in 2017-18	0	-7.11		Completed
TOTAL	255	242.89	61.87	25.47% as at 30th June 2018

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2018	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Ctte/EA Liaison	4	4	1.55	Work-in-progress throughout 2018-19
Follow-up Reviews	4	4	0.27	Work-in-progress throughout 2018-19
Repairs & Maintenance	30	30	0	Quarter 3
Void Property Management	20	20	0	Quarter 3
Tenant Health & Safety	20	20	0	Quarter 4
Contract Monitoring	17	17	20.28	Work-in-progress
Performance Management	15	15	0.7	Work-in-progress
Welfare Reform	10	10	0.18	Quarter 3
Resident Involvement	10	10	0.18	Quarter 3
Service Level Agreements	10	10	0	Quarter 4
Finalisation of 2017-18 Work-in-Progress:				
Days under delivered in 2017-18	0	10.94		Allocated
Complaints Monitoring	0	0	0.36	Work-in-progress
GDPR & Information Mngmt.	0	0	4.14	Finalised - Reasonable
Leasehold Services	0	0	1.15	Finalised – Reasonable/Limited
Tenancy & RTB Fraud Prevention	0	0	7.23	Work-in-Progress
Property Services Action Plan	0	0	8.14	Finalised - Reasonable
Total	140	150.94	44.18	29.27% at 30-06-2018

EAST KENT SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2018	Status and Assurance Level
CIVICA Reviews:				
Housing Benefits Assessment	15	15	0	Quarter 3
Housing Benefit Testing	15	15	0	Quarter 3
Housing Benefits – DHPs	15	15	0.15	Work-in-Progress
Debtor Accounts	20	20	0	Quarter 3
EKS Reviews:				
ICT – Network Security	15	10	0	Quarter 3
ICT – PSN Review	0	5	14.97	Work-in-Progress
ICT – PCI-DSS Compliance	15	15	0	Quarter 4
KPIs	5	5	0.10	Quarter 4
EKHR Reviews:				
Payroll	15	15	0	Quarter 4
Apprenticeships	15	15	0.17	Work-in-Progress
Absence Management	15	15	0	Quarter 3
Other:				
Corporate/Committee	8	8	2.29	Work-in-progress throughout 2018-19
Follow up	7	7	0.75	Work-in-progress throughout 2018-19
Days under delivered in 2017-18	0	47.79	0	Allocated as below
Finalisation of 2017/18 Audits:				
Housing Benefit Testing			6.82	Finalised
Payroll			4.89	Finalised - Substantial
Employee Allowances & Expenses			0.68	Draft Report
ICT – Procurement & Disposal			12.82	Work-in-Progress
Council Tax Reduction Scheme			8.82	Finalised - Substantial
Total	160	207.79	52.45	25% at 30-06-2018

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AUDIT PARTNERSHIP

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2018-19 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2018-19 Actual</u>	<u>Original Budget</u>
	Quarter 1		Reported Annually		
Chargeable as % of available days	84%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£300.38
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£385,970
CCC	22%	25%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,530
DDC	25%	25%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
F&HDC	23%	25%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 	£	£396,500
TDC	16%	25%	<ul style="list-style-type: none"> • Saving Target (10% of 2016-17) 	£34,620	10%
EKS	25%	25%			
EKH	29%	25%			
Overall	23%	25%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	8	-			
<ul style="list-style-type: none"> • Not yet due 	18	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	39	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

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AUDIT PARTNERSHIP

<u>CUSTOMER PERSPECTIVE:</u>	<u>2018-19 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2018-19 Actual</u>	<u>Target</u>
	Quarter 1				
Number of Satisfaction Questionnaires Issued;	20		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	3 (ICT Issue) = 15%		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"> • Interviews were conducted in a professional manner • The audit report was 'Good' or better • That the audit was worthwhile. 	100%	100%	Number of days technical training per FTE	0.75	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.