
Subject: QUARTERLY INTERNAL AUDIT UPDATE REPORT

Meeting and Date: Governance Committee – 14th March 2019

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 31st December 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 five internal audit assignments completed during the period, which are summarised in the table in section 2 of the report.
- 2.8 In addition seven follow-up reviews have been completed during the period, which is detailed in section 3 of the quarterly update report.
- 2.9 For the nine month period to 31st December 2018, 178.9 chargeable days were delivered against the revised target of 242.89, which equates to 73.65% 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 31st December 2018.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level	No. of Recs.	
2.1	Value Added Tax	Substantial	C H M L	0 0 1 0
2.2	Capital	Substantial	C H M L	0 1 0 0
2.3	CIVICA – Quarterly Housing Benefit Testing	Not Applicable		
2.4	Tenancy Fraud & Right to Buy Fraud	Limited	C H M L	0 9 8 2
2.5	Anti-Fraud Assurance Mapping	Not Applicable	C H M L	0 6 0 0

2.1 Value Added Tax – Substantial Assurance

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that VAT is completely and correctly accounted for in a timely manner in accordance with the prevailing legislation.

2.1.2 Summary of Findings

The Council applies output tax, where applicable, to the services it provides and reclaims input tax on expenditure. Like any other business the Council is required to

keep account of both the VAT paid (input) and the VAT received (output) from its transactions and detail these in a monthly return to HMRC. The Council tends to pay more VAT than it receives which results in a net monthly refund from HMRC. The Council must observe VAT legislation and ensure the correct treatment of VAT as this, and effective recovery of VAT, impacts upon Council budgets.

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

- A suitably qualified and experienced officer is available to advise about VAT.
- Knowledge of VAT legislation is maintained via a subscription to KPMG.
- External VAT advice is available.
- Option to tax treatment is regularly reviewed.
- Partial exemption is calculated on a yearly and half yearly basis, including sensitivity analysis, and seven year averages are monitored.
- All of the debtor invoices tested as part of this audit were found to be in order.
- No areas of improvement have been identified in this audit.

2.2 Capital – Substantial Assurance

2.2.1 Audit Scope

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

2.2.2 Summary of Findings

Capital spend is generally defined as one-off projects over £10k that increase the capital value, performance use or life of an asset and which would not be funded from normal revenue budgets. Examples of projects may include:

- ICT System upgrades or replacements;
- Expenditure required to extend the life of an asset or increase its value; and
- Consultancy fees for specialist projects.

Available funding is limited and therefore due consideration must be given to organisational needs, links to corporate priorities and service prioritisation when making and approving a request for funding.

The Council states that its primary objectives for the capital programme are:

- Maintain an achievable, affordable capital programme;
- Ensure capital resources are aligned with corporate priorities;
- Identify any requirement for Prudential Borrowing, and ensure that it is only undertaken if it is affordable; and
- Maximise available resources by actively seeking external funding and disposing of surplus assets.

Management can place Substantial Assurance on the system of internal controls in operation; with the caveat that the assurance would reduce if the draft Capital

Strategy is not approved and in place by 1st April 2019, as required under the Prudential Code

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

- Effective budget monitoring processes are in place and managers liaise with Accountancy to identify capital projects that can be put forward for consideration.
- Procedures are in place involving Corporate Management Team, Portfolio Holders, Cabinet and Full Council in order to ensure that project put forward met the Council's priorities, are necessary and identify funding available.

Scope for improvement was however identified in the following areas:

- The Council must ensure that the draft Capital Strategy, as required under the Prudential Code, meets the full requirements of the Code to ensure that effective links are in place between capital projects and the Council's priorities and aspirations; and an up to date Asset Management Plan. The Strategy must be in place by 1st April 2019.

2.3 CIVICA – Quarterly Housing Benefit Testing

2.3.1 Introduction

Over the course of 2018/19 financial year the East Kent Audit Partnership will complete a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

2.3.2 Findings

For the first 2 quarters of 2018/19 financial year (April to September 2018) 40 claims including new and change of circumstances of each benefit type were selected by randomly selecting the various claims for verification.

A fail is categorised as an error that impacts on the benefit calculation. However data quality errors are still to be shown but if they do not impact on the benefit calculation then for reporting purposes the claim will be recorded as a pass.

2.3.3 Audit Conclusion

For this period forty benefit claims were checked and none of the claims had any financial errors and there were no data quality errors.

2.4 Tenancy Fraud & Right to Buy Fraud – Limited Assurance:

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that effective arrangements are in place between the four councils and East Kent Housing Ltd (EKH) to ensure that housing tenancy and right to buy fraud is being tackled.

2.4.2 Summary of Findings

Individuals who commit tenancy fraud prevent those who are legally entitled to social housing from being housed.

The most common types of tenancy fraud include:

- Moving out of social housing and renting it to someone else (sub-letting);
- Moving out of social housing and leaving it empty;
- Providing false information to obtain a tenancy (deception);
- Making a fraudulent application to 'succeed' – i.e. obtain rights to remain in the property, after the current tenant dies;
- Illegally passing a social housing to someone else; and
- Taking (or making) a payment for a mutual exchange.

The CiPFA Fraud and Corruption Tracker Summary report 2018 estimates that for local authorities in the UK 71.4% of fraud prevented or detected in 2017/2018 was Housing Fraud. The estimated total value lost from housing fraud investigated in 2017/2018 is £216m. None of the four partner councils contributed to this fraud survey due to the tight deadline and the fact that the survey is very lengthy and requires data that simply is not gathered in one place. The Transparency agenda requires some of the data to be published on the Council's website, however when a search was made none of the four partner councils has published a complete set of fraud data. (Please see separate Anti-Fraud Assurance Mapping Report 2018.)

To enable effective mitigation of losses through tenancy fraud, the partner Council's and EKH need to have assessed or measured their potential risk without any controls in place. Through their Anti-Fraud policies all four councils have expressed the sentiment that 'no' fraud will be tolerated.

Below the fraud risk based at the levels of 1%, 2% and 5% of the total housing stock and net housing services expenditure has been calculated for each Council.

Council	Housing Dwelling Stock Rental Income (gross) *	Fraud Risk at 1%	Fraud Risk at 2%	Fraud Risk at 5%
CCC	23,167,000	231,670	463,340	1,158,350
DDC	19,005,000	190,050	380,100	950,250
F&HDC	14,716,000	147,160	294,320	735,800
TDC	12,754,000	127,540	255,080	637,700
	Housing Stock (in property numbers**)			
CCC	5,475	55	110	275
DDC	4,730	47	95	237
F&HDC	3,533	36	72	178
TDC	3,203	33	66	165

(* housing stock rental income for 2017/2018 from statement of accounts and **Stock numbers as at 31st March 2018 as provided by EKH.)

Whilst there is a an acknowledgement to all the good work that has been undertaken and in accepting the certainty that there is the will within EKH to do more, Management can place Limited Assurance on the controls in place to prevent tenancy and right to buy housing fraud; taking into account the resource currently available to EKH. It is likely that without some skilled enforcement and investigation resources being committed by the four partner Councils the effectiveness of

preventative action and enforcement against tenancy and right to buy fraud that EKH may take would have a very limited impact.

In addition, the most effective control against tenancy and right to buy fraud is having thorough and stringent controls in place at the housing application and allocation stage; this work is undertaken within the Councils own service and is not within the remit of EKH, and so each Council must satisfy themselves that these preventative controls are sufficient to reduce the risk of tenancy fraud being perpetrated.

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

- The four councils in liaison with EKH must assess their housing fraud risk fully in order to determine the level of resources required to effectively prevent, detect and investigate tenancy and right to buy fraud.
- There is a lack of skilled fraud investigative resources and services available to EKH from the four partner councils; without which EKH may be aware of possible indications of fraud in specific cases but have no specialist resource to investigate as a result EKH may have no option but take no further action to prevent a Right to Buy (RTB) or recover a property.
- There is no regular reporting on the level of suspected frauds notified, investigated and the outcome, without transparent reporting fraud is not discussed or highlighted at management level.
- Further work is required to focus tenancy audits towards areas at high risk of fraud and identifying resources that can deliver tenancy audits in addition to their day to day work.
- Use is not made of anti-fraud and credit check services available i.e. NAFN and Experian to validate identity, financial circumstances and residencies prior to allocation of social housing as part of the Council's role.
- Use is not made of anti-fraud and credit check services available i.e. NAFN and Experian to validate identity, financial circumstances and residencies prior or acceptance of RTB, succession, mutual exchange etc. Although undertaking these checks would serve no purpose without a resource being provided by the four partner Councils to investigate any discrepancies in a timely manner.
- Although Anti-money Laundering declarations are required to be completed as part of the RTB process, limited checks are made to verify the information provided. As the responsible parties the Money Laundering Officers at each council should provide resources to assist with these checks.

Effective control was however evidenced in the following areas:

- EKH are proactive in identifying possible fraud and take action to recover property where they have evidence to support a breach of tenancy agreement; however, action is not taken to prosecute where fraud may have occurred due to a lack of skilled investigative resources within the client Council's.
- EKH have restructured its teams by service provision, with the aim of strengthening focus, standardising processes and utilising officer skills and experience more effectively.
- Training needs of the Regulation & Enforcement Teams in respect of tenancy fraud have been identified; although the broader awareness training needs/ programme of all EKH officers in this respect is not documented.
- Evidence based identity and tenancy history checks are undertaken as part of the RTB application process; with challenges being made where concerns are

raised, however use of specialist resources i.e. Experian and NAFN is not made.

- There is a tenancy fraud policy in place, although this is overdue a review and update.
- The anti-fraud message is proactively publicised, although action must be taken to ensure that contact numbers and email addresses are valid, and innovations including more use of social media could be made.

2.5 Anti-Fraud Assurance Mapping – Not Applicable:

2.5.1 Audit Scope

The first step for this review, was to identify and map all the various assurances built into the anti-fraud framework, the second step was then to evaluate them, and in so doing identify any gaps or duplication; and then to evaluate their overall effectiveness.

2.5.2 Summary of Findings

The latest set of government estimates indicate that fraud costs the public sector at least £20.6bn annually, with local government fraud accounting for £2.1bn of this. The most recent CIPFA Fraud and Corruption Tracker (CFaCT) report has found that fraud continues to pose a major financial threat to local authorities, with £302m detected or prevented by councils in 2017/18. While this was £34m less than last year's total, of £336.2m, there was an overall increase in the number of frauds detected or prevented – up to 80,000, from the 75,000 cases found in 2016/17.

The objective of this review is to map all of the counter fraud sources of assurance currently operating, identify any gaps or overlaps and comment on the effectiveness of the anti-fraud assurance process in place.

The review also sought to review best practice principles, and test where other councils were investing in counter fraud teams, what examples of results are being achieved, and what else might be possible.

The review also sought to establish how the collective work of the Kent Intelligence Network fits in with the overall assurance being achieved to date.

The review concludes that the East Kent councils have strong internal control environments, but also notes that Local Authorities provide a variety of services to its residents and visitors; both statutory and discretionary. Many of these require an application to be completed and submitted before the service can be provided. This is to assist the council with ensuring the service is given to legitimate applicants. It also helps us to use the limited resources we have in an effective way. The application stage is in effect, the 'gateway' to that service provision. This is also the stage at which the process is most vulnerable to fraud by way of false statements and/or omissions of information, and as a result it is possible for a deception to occur. Furthermore, with the advent of new technology and the increased use of oral applications via the contact centres, this also exposes us to this and other sorts of Fraud.

Whilst Local Authorities usually have a robust system of checks to detect and prevent fraud, what is done when fraud is detected? At present, the only area where fraud is

dealt with by a qualified Fraud Investigator is within the Revenues Service Area as it relates to Single Occupier Discounts, in Folkestone and Hythe District Council. And similarly the work of the Compliance Officers working for Canterbury, Dover and Thanet councils through Civica, via EK Services, have investigated NNDR and CTax cases.

There are however, other areas of the Council where residents and visitors have applied for and been given a council service where they have made a false statement or have omitted information that might affect the outcome or decision. If detected, this may be referred to Internal Audit for further investigation. Each council has a solid policy and strategy on what it will do if fraud or corruption is detected.

This report is able to conclude that there are gaps in the current process, and best practice being applied elsewhere is achieving good results. Should additional resources be deployed on an 'invest to save' basis they should be self-funding in a very short timescale.

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

- 3.1 As part of the period's work, seven 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)	Anti-Fraud & Corruption	Reasonable	Reasonable	C	0	C	0
				H	1	H	1
				M	0	M	0
				L	2	L	1
b)	Inward Investment	Reasonable /Limited	Reasonable	C	0	C	0
				H	2	H	0
				M	4	M	1
				L	3	L	0
c)	Scheme of Officer Delegations	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	0	M	0
				L	3	L	0
d)	East Kent Housing – Leasehold Services	Reasonable	Reasonable	C	0	C	0
				H	0	H	0
				M	5	M	1
				L	1	L	0
e)	Homelessness	Substantial/ Limited	Substantial/ Reasonable	C	4	C	0
				H	15	H	0
				M	4	M	0
				L	0	L	0

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
f)	East Kent Housing – Performance Indicator Data Quality	Reasonable	Reasonable	C	0	C	0
				H	0	H	0
				M	1	M	0
				L	2	L	0
g)	Car Parking & Enforcement	Reasonable	Reasonable	C	0	C	0
				H	1	H	0
				M	2	M	0
				L	1	L	0

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

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

4.0 WORK-IN-PROGRESS:

4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings: Council Tax Reduction Scheme, Street Cleansing, ICT Procurement & Disposals, and Building Control.

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 Strategic Director (Corporate Resources) - Section 151 Officer to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments have been made to the plan during the course of the year as some high profile projects or high-risk areas have been requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding when resources have been applied and or changed are shown as Annex 3.

6.0 FRAUD AND CORRUPTION:

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

7.0 INTERNAL AUDIT PERFORMANCE

7.1 For the nine month period to 31st December 2018, 178.9 chargeable days were delivered against the revised target of 242.89, which equates to 73.65% 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 30th September 2018 against the agreed 2018/19 Audit Plan.
- Annex 4 Balanced Scorecard of performance indicators to 31st December 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.
<p><u>Anti-Fraud & Corruption</u> Investigate possible resource options e.g. access to outside professionals or undertake specialist training for nominated officer(s).</p>	<p>The audit identifies a possible risk although the potential resource shortfall is not quantified.</p> <p>The bulk of fraud investigation staff and responsibility relating to benefits has transferred to the DWP who generally have a higher tolerance level and do not have such detailed local knowledge.</p> <p>DDC is a member of the KIN project which seeks to log fraud matches and refers them to the Council for investigation. This will continue.</p> <p>The bulk of potential fraudulent activity relates to Council tax discounts, business rates discounts, housing benefit and tenancy fraud all of which are managed by shared services. It is proposed to review counter fraud provision with the shared services and our partner councils to establish whether more counter fraud and fraud investigation resources are required.</p> <p>Proposed Completion Date December 2017.</p> <p>Responsibility s.151 in conjunction with partner authorities.</p>	<p>At the s.151 Client Officers' group meeting on 18 January 2018 a collaborated anti-fraud approach was discussed and minuted as follows: 'The current NFI and KIN work was discussed following a presentation to KFOAs by ABC on Counter Fraud, and it was discussed whether it would be useful for some audit resource to be utilised in this area, particularly if it was seen to be self-financing (i.e. either resulted in money back or money not going out the door – concentrate on big ticket items). It was suggested that some assurance mapping of fraud work would be beneficial and suggested that provision of 10 days each could be made within the 18-19 plans to undertake this exercise.'</p> <p>Audit comment: The three East Kent and Folkestone & Hythe District councils' Section 151 officers, commissioned EKAP to map their anti-fraud assurance arrangements. The review concluded that whilst all of the councils have anti-fraud frameworks in place and strong internal control environments, there are gaps in the current anti-fraud processes with best practice not always being applied.</p> <p>Ongoing.</p>

ANNEX 2

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Private Sector Housing & HMO Licensing	December 2018	Limited	Spring 2019

PROGRESS AGAINST THE AGREED 2018-19 AUDIT PLAN.

DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2018	Status and Assurance Level
FINANCIAL SYSTEMS:				
Capital	10	10	4.83	Finalised - Substantial
Bank Reconciliation	5	5	3.25	Finalised - Reasonable
VAT	10	10	8.76	Finalised - Substantial
RESIDUAL HOUSING SYSTEMS:				
Homelessness	10	20	18.19	Finalised – Substantial/Limited
Housing Allocations	10	0	0	Budget used for the Homelessness review
GOVERNANCE RELATED:				
GDPR, FOI and Information Management	15	15	0.31	Work-in-progress
Anti-Fraud & Corruption Assurance Mapping	10	10	4.14	Finalised N/A
Complaints Monitoring	10	0	0	Postponed to accommodate responsive work
Risk Management	10	10	0	Quarter 4
Corporate Advice/CMT	2	2	7.18	Work-in-progress throughout 2018-19
s.151 Meetings and support	9	9	7.75	Work-in-progress throughout 2018-19
Governance Committee Meetings and Reports	12	12	9.31	Work-in-progress throughout 2018-19
2019-20 Audit Plan Preparation and Meetings	9	9	3.89	Work-in-Progress
SERVICE LEVEL:				
Safeguarding Children & Vulnerable Adults	10	10	0	Quarter 4

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2018	Status and Assurance Level
Private Sector Housing & HMO Licensing	10	10	17.10	Finalised - Limited
Food Safety	10	10	0.35	Work-in-Progress
Pest Control	10	0	0	Postponed to accommodate b/fwd work
Events Management	10	0	0	Postponed to accommodate b/fwd work
Local Plan, MTFP and Corporate Plan	10	0	0	Postponed to accommodate b/fwd work
Building Control	12	12	0.18	Work-in-progress
Uniform iDox – Post Implementation Review	13	13	18.73	Work-in-progress
White Cliffs Countryside & Up on the Downs	12	12	14.80	Finalised - Reasonable
Waste Management & Street Cleansing	15	15	0.22	Work-in-progress
OTHER				
Liaison with External Auditors	1	1	0.17	Work-in-progress throughout 2018-19
Follow-up Work	15	15	18.10	Work-in-progress throughout 2018-19
FINALISATION OF 2017-18- AUDITS				
Car Parking & PCNs	5	30	0.44	Finalised - Reasonable
Creditors & CIS			9.86	Finalised - Reasonable
Licensing			1.72	Finalised - Reasonable
Income			8.92	Finalised – Substantial/Reasonable
Project Management			3.45	Finalised - Reasonable
Grounds Maintenance			8.79	Finalised - Reasonable
Coastal Management				
Days over delivered in 2017-18	0	-7.11		Completed

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2018	Status and Assurance Level
Responsive Work:				
Deal Pier Project Post Implementation Review	0	10	8.01	Work-in-Progress
TOTAL	255	242.89	178.90	73.65% as at 31st December 2018

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2018	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Cttee/EA Liaison	4	4	3.95	Work-in-progress throughout 2018-19
Follow-up Reviews	4	4	12.88	Work-in-progress throughout 2018-19
Repairs & Maintenance	30	30	2	Work-in-Progress
Void Property Management	20	20		
Tenant Health & Safety	20	20		Quarter 4
Contract Monitoring	17	17	27.41	Finalised - Limited
Staff Performance Management	15	15	5.66	Work-in-progress
Welfare Reform	10	10	0.35	Quarter
Resident Involvement	10	10	0.35	Quarter 4
Service Level Agreements	10	10	15.09	Work-in-Progress
Finalisation of 2017-18 Work-in-Progress:				
Days under delivered in 2017-18	0	10.94		Allocated
Complaints Monitoring	0	0	0.36	Finalised - Reasonable
GDPR & Information Mngmt.	0	0	4.14	Finalised - Reasonable
Leasehold Services	0	0	1.15	Finalised – Reasonable
Tenancy & RTB Fraud Prevention	0	0	14.22	Finalised -Limited

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2018	Status and Assurance Level
Property Services Action Plan	0	0	8.14	Finalised - Reasonable
Responsive Assurance Work:				
Contract Management supplementary work	0	0	4.74	Finalised
Single System Planned Maintenance Module	0	0	0.18	Finalised
Total	140	150.94	100.59	66.64% as at 31-12-2018

EKS, EKHR & CIVICA:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2018	Status and Assurance Level
EKS & Civica Reviews:				
Housing Benefits Assessment	15	15	0.18	Quarter 4
Housing Benefit Testing	15	17	17.08	Finalised – N/A
Housing Benefits – DHPs	15	17	17.15	Finalised - Reasonable
Debtor Accounts	20	20	0.47	Work-in-Progress
ICT – Network Security	15	0	0.32	Replaced by PSN
ICT – PSN Review	0	16	16.11	Finalised – N/A
ICT – PCI-DSS Compliance	15	15	0	Quarter 4
KPIs	5	0	0.10	No longer required
EKHR Reviews:				
Payroll	15	15	0	Quarter 4
Apprenticeships	15	15	16	Finalised - Reasonable
Absence Management	15	15	6.00	Work-in-Progress
Other:				
Corporate/Committee	8	8	4.71	Work-in-progress throughout 2018-19

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2018	Status and Assurance Level
Follow up	7	7	4.76	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 – N/A
Payroll			4.96	Finalised - Substantial
Employee Allowances & Expenses			1.28	Finalised - Reasonable
ICT – Procurement & Disposal			14.92	Finalised - Reasonable
Council Tax Reduction Scheme			9.92	Finalised - Substantial
Total	160	207.79	120.79	58% at 31-12-2018

EAST KENT
DOVER • FOLKESTONE & HYTHE • THANET • CANTERBURY



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 3		Reported Annually		
Chargeable as % of available days	86%	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	63%	75%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,530
DDC	74%	75%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
F&HDC	63%	75%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 	£	£396,500
TDC	75%	75%	<ul style="list-style-type: none"> • Saving Target (10% of 2016-17) 	£34,620	10%
EKS	58%	75%			
EKH	67%	75%			
Overall	67%	75%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	43	-			
<ul style="list-style-type: none"> • Not yet due 	23	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	26	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

<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 3				
Number of Satisfaction Questionnaires Issued;	37		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	16		Percentage of staff holding a relevant higher level qualification	36%	36%
	= 43%		Percentage of staff studying for a relevant professional qualification	14%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	2.37	3.5
<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%	Percentage of staff meeting formal CPD requirements (post qualification)	36%	36%
	100%	90%			
	100%	100%			

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.