
Subject: QUARTERLY INTERNAL AUDIT UPDATE REPORT

Meeting and Date: Governance Committee – 26th September 2019

Report of: Christine Parker – Head of Audit Partnership

Decision Type: Non-Executive

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 2019

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 six internal audit assignments completed during the period, which are summarised in the table in section 2 of the report.
- 2.8 In addition six 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 2019, 48.44 chargeable days were delivered against the revised target of 250.41, which equates to 19.34% 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 2019-20 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 2019-20 - Previously presented to and approved at the 14th March 2019 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 2019.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level	No. of Recs.	
2.1	EKS/Civica – Housing Benefit Appeals	Substantial	C H M L	0 0 0 1
2.2	EKHR - Payroll	Reasonable	C H M L	0 0 2 0
2.3	Printing, Photocopying, Postage and Media	Reasonable	C H M L	0 2 3 1
2.4	Procurement	Reasonable/Limited	C H M L	0 3 2 1
2.5	Building Control	Reasonable/No	C H M L	2 2 2 2
2.6	East Kent Housing – Tenant Health & Safety	Limited/No	C H M L	7 9 0 0

2.1 EKS/Civica; Housing Benefit Appeals – Substantial Assurance

2.1.1 Audit Scope

To ensure that the processes and procedures undertaken by CIVICA are sufficient to provide the level of service required by the partner Councils and these incorporate

relevant internal controls to ensure that appeals by members of the public against their Housing Benefit awards are conducted in a fair and consistent manner and are in line with Housing Benefit guidance from the DWP.

2.1.2 Summary of Findings

The Housing Benefit (Decision and Appeals) Regulations 2001 state that any 'person affected' by a relevant decision can ask the Council to revise its decision. It also states that a person affected can appeal against the decision of a Local Authority to an independent appeal tribunal (the First-tier Tribunal).

The processes in place for dealing with the appeals received by CIVICA were found to comply with the relevant procedures.

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

- A central record is maintained to track the status of all appeals received.
- Suitably detailed information is made available to claimants to inform them of their rights to appeal any decision made in respect of their Housing Benefits claim.
- There are effective controls in place to ensure that appeals are dealt on a consistent basis.
- All claimants are being kept informed on the status of their appeal.
- CIVICA have allocated specific officers to undertake the appeals process. Those officers are not involved in the original Housing Benefit decision.

A number of appeals selected for testing were found to be awaiting a hearing date or decision from the Tribunals Service. Discussions with officers established that some appeals are taking up to six months to be heard by the Tribunals Service. This not only causes difficulties for staff as they have to try and refresh their memory on the facts surrounding the appeal before going to the hearing. It also means that recovery of any overpayment subject to an appeal will remain suspended until the decision has been received from the Tribunals Service. This means that delays from the Tribunal Service in hearing appeals creates extra work for Appeals and Recovery officers.

Scope for improvement was identified around the monitoring and reporting of performance of the appeals function.

2.2 EKHR; Payroll – Reasonable Assurance

2.2.1 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 additional payments and expenses are valid and properly authorised.

2.2.2 Summary of Findings

The EKHR payroll service supports Canterbury City Council, Dover and Thanet District Councils and East Kent Housing and transmits in excess of 1800 salary payments each month. The Marlowe Theatre has recently been designated a private Trust and EKHR is providing it with a payroll service under a contractual agreement.

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

- EKHR is working to a recently updated SLA (February 2019);
- Many payroll reconciliation procedures are in place and no controls have changed since the previous audit in 2018;
- Statutory payments are made in line with requirements;
- Payroll system access is password protected and passwords are renewed every 90 days.

Scope for improvement was however identified in the following area:

- Mileage claims for all three authorities showed some inconsistencies in the mileage claims being made and the eligibility of these. There also appears to be some functioning issues with the DDC system. System related issues regarding queries found at CCC and TDC were not confirmed. The way that claims are being made and authorised therefore requires some further investigation.

2.3 Printing, Photocopying, Postage and Media – Reasonable Assurance:

2.3.1 Audit Scope

To ensure that the Council has established adequate systems of control governing printing, postage and photocopying expenditure, recharges and income.

2.3.2 Summary of Findings

The Mail Room offers a variety of services to the Council, including receiving mail folding and enveloping large mail outs, franking post and ensuring it is handed to the Royal Mail the same evening. The Print Room offer many services including black and white photocopying, colour photocopying, laminating, hot and wire binding of documents, cutting, collating and padding and general finishing, provision and set up of visual aids to specific requirements, and private printing and finishing services.

In addition this audit has for the first time also looked at the controls in place for the media services provided which include making videos, photography and the availability of a drone to assist in these services.

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

- Established processes are in place for the recharging of postage, photocopying and printing.
- Processes are in place to ensure that both incoming and outgoing post is processed in a timely fashion.
- Internal colour printing work is scheduled through the online request process to ensure that it complies with Council standards before going to the print room for auctioning.
- The Print Unit Officer now orders the paper for the whole of the authority. which has resulted in better quality paper and a saving.
- A filming and photography service is now available for the Remotely Piloted Air System (Drone). The Video Production Officer has been trained and licensed by

the CAA and is qualified to be the pilot and a considerable amount of work has been carried out to put in processes and procedures for this service.

Scope for improvement was however identified in the following areas:

- An annual review of the price list that is used to quote for outside printing work should be carried out and confirmation as to whether they should be included in the Council's fees and charges process.
- It is recommended that invoices for external work should be raised without delay to speed up the monies being paid to the authority.
- Currently the Apple MAC computers are not being backed up onto the main network but instead to portable hard drives. The risks of this back up method have been highlighted.
- The photo archive computer is not being backed up at all which presents a high risk that the entire archive could be lost.
- Consideration could be given to moving the MFD software to Finance for them to run the report for the internal recharges.

2.4 Procurement – Reasonable/Limited Assurance:

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to develop Procurement strategies and policies to improve benefits to the Council and its partners and stakeholders, including the development of e-procurement options.

2.4.2 Summary of Findings

Procurement is the process of acquiring goods, works and services from third parties and in-house providers. In September 2018 the paper processes for ordering goods, works and services were replaced with the e-procurement routines which have required staff to have a mind shift in the way they carry out the ordering routines but has streamlined the back office function.

Management can place Reasonable Assurance on the system of internal controls in operation for the day to day administration process and Limited Assurance for officers providing supporting evidence to allow VAT to be recovered from purchases.

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

- The Council is compliant with the transparency rules.
- The procurement and purchasing guidance is readily available to employees to assist them with day to day procurement. There are also Procurement Officers in place to assist them with any issues that they may have.
- All procurement expenditure over £10,000 has to be approved by the Procurement Manager.
- The e-procurement system was successfully rolled out staff in September 2018 and going forward there is to be a new e-procurement system from April 2020, a programme of testing and training for which will also be established.
- Day to day procurement processes are working effectively within the Procurement Team. Any issues that have risen within the existing e-

procurement system should be taken into account in the new system build. This should also include any reports that may assist the Procurement Officers to monitor usage of the system or to look at spend analysis with suppliers.

Scope for improvement was however identified in the following areas that have resulted in the Limited Assurance:

- Procurement card holders are failing to provide the correct evidence (i.e. Invoices) that will allow the Council to reclaim possible VAT expenditure.
- The Council may wish to review the number of employees that need access to the e-procurement system which may reduce the number (and cost) of licenses required. Additionally, the need for the high number of procurement cards may benefit from review, so that the VAT Invoice requirement can be better controlled.

2.5 Building Control – Reasonable/No Assurance:

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Building Control procedures are operated in accordance with the Building Act 1984, and the organisation's Financial Regulations and approved policy.

2.5.2 Summary of Findings

The Building Control Service is tasked with ensuring that buildings meet legal and regulatory standards. The overall principle of the local authority building control charging system under the Building (Local Authority Charges) Regulations 2010 are full cost recovery whilst users only pay for the service they receive.

Building regulation charges should relate to the costs of carrying out the building regulations chargeable service only. The costs attributed to the building regulations chargeable service should be isolated from any other service provision that also form part of the building control service i.e. statutory duties.

The service has recently implemented a new system for the management of Building Control applications, Uniform. Although the implementation of this new system was delayed the transfer appears to have gone well, with some teething problems experienced as expected but these have been resolved.

The Audit has led to the conclusion to split the assurance between the day to day services and compliance with some specific trading account legislative requirements.

Management can place Reasonable Assurance on the day to day processing of applications in line with statutory requirements.

Management can place No Assurance on the system of internal controls in operation in respect of compliance with the trading account requirements of the Building (Local Authority Charges) Regulations 2010;

The primary findings giving rise to the No Assurance opinion in this area are as follows:

- A specific and separate trading account for building regulation charges, and costs in providing these services, is not being prepared or annually published, as required by legislation.
- Due to the lack of a building regulations trading account it is not possible to establish whether the Council is providing the building regulations services on a cost neutral basis, with immaterial surpluses or deficits being realised over a reasonable period, generally accepted in accounting terms as a three year rolling period.
- Although fees and charges have been approved and published, the calculation of these fees and charges do not comply with the legislative requirements.

Effective control was evidenced in the following areas:

- Income is banked on the day of receipt; with the exception of cheques of which very few are received and Council wide payment protocols are applied.
- VAT is being correctly applied, with a minor issue resolved during the review.
- Outstanding debts for invoices inspection charges are effectively monitored and recovered.
- Applications are being processed in accordance with legislation and are correctly dealt with within prescribed timescales; with the exception of an outstanding query in respect of demolition notices.

Management Response

Since the production of the audit report, in June 2019, recommendations 3-6 have been implemented. With respect to recommendation 1, the appropriate decision maker is the portfolio holder in order to provide the ability to react quickly to changes in the Building Control charges market.

With respect to recommendation 2, preparations have been made for time recording on a sample basis, in order to check that the fees are being calculated correctly. The first recording period is set for October 2019 and will be repeated on a regular basis thereafter.

With respect to recommendation 7 a shadow trading account document has been produced and is currently being refined.

With respect to recommendation 8 a protocol for dealing with surpluses/deficits will be produced before the end of October 2019 so that the information can be used to inform decisions about new fees planned to be introduced with effect from 1st January 2020.

2.6 East Kent Housing; Tenant Health & Safety – Limited/No Assurance:

2.6.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established by East Kent Housing to ensure the safety of all residents in all properties for which they are responsible for is not compromised.

2.6.2 Summary of Findings

East Kent Housing (EKH) has been appointed by each of the councils in East Kent to undertake the management of all tenanted properties.

Testing undertaken during this review concludes that there are systemic failings in relation to the internal control of health and safety, and a number of the necessary systems of control surrounding fire safety, electrical safety, lifts and Legionella are currently absent.

Assurance levels for each area tested are as follows:

Area	Assurance
Gas Safety	Limited assurance
Fire safety	No assurance
Electrical Safety	No assurance
Lifts	No assurance
Legionella	No assurance

Urgent management intervention is required in all of the key areas tested as part of the review as each Council could be considered to be acting unlawfully in all of the areas tested due to non-compliance with the regulations applicable to each area tested.

It is the following findings which result in a conclusion of No Assurance in these areas.

- At the time of the audit there was a known issue with contractor failure and LGSRs expiring, this was resolved while the audit was underway.
- It is unlikely that the Councils will have a new permanent contractor for gas servicing and maintenance in place for 03 July when the current contract expires. Instead EKH will be relying on the use of temporary contractors until the new contractor is able to mobilise, and commence work under the newly tendered contract.
- Approximately 4,800 issues identified on fire risk assessments remain outstanding. While work is ongoing to rectify some of the less technical issues, approximately 800 of those are overdue their recommended completion dates.
- No action is being taken to repair emergency lighting identified as faulty as part of the annual emergency lighting testing process. The same emergency lights are being reported as faulty on subsequent tests. Audit testing estimates there to be in the region of around 2,000 faulty emergency lights across a combination of all 4 areas.
- Large parts of some buildings have faulty emergency lighting, and consequently the Council as landlord may be in breach of the Regulatory Reform (Fire Safety) Order 2005 for failing to provide emergency lighting of adequate intensity.
- Action is not being taken to rectify faults identified on Electrical Installation Condition Reports (EICR) where the overall condition is being reported as unsatisfactory. From 830 EICR reports on landlord blocks, around 230 of these are categorised as unsatisfactory.
- Action is not being taken to rectify electrical faults categorised as C1 & C2. A C1 fault is defined as Danger Present - Risk of injury. Immediate remedial action required). Testing identified C1 & C2 issues identified in April 2016 as still not having being rectified.
- Lift servicing is carried out at monthly intervals but lift examinations are not being completed by an independent person on passenger lifts at the 6 monthly

intervals required by law, due to the insurance examiner not being able to safely examine the lift for a variety of different reasons. Despite the examinations being incomplete and therefore use of the lifts not being in accordance with the relevant regulations, lifts continue to be left in operation and available for use by tenants. Four lifts were found to be non-compliant with regulations due to a lack of independent examination reports yet still being used for 575, 426, 393 & 91 days.

- Remedial work identified on lift examination reports is not being carried out resulting in the same Category B defects being evident on the next examination six months later.
- Little or no action is being undertaken to address the 1,916 recommendations made on Legionella Risk Assessments, of which 930 have been categorised as high risk and date back to 2016.
- The summary evacuation sheets were out of date at the three of the 4 sites inspected as part of this review.

Management Response - Update on Compliance Issues

We would like to apologise to tenants for any worries caused to them as a result of the internal audit. The Board and management of East Kent Housing take this report extremely seriously, and we have worked very hard since we received it to ensure that we make progress as quickly as possible.

In their interim update report, we are pleased to see that the auditors say they have seen evidence of significant improvements. Resident health and safety remains our top priority. This reflects the efforts of EKH's staff, and everyone is committed to completing the remaining work as quickly as possible. For all areas where there is outstanding work needed, we have put in place mitigation measures to ensure that any risk to residents is minimised.

Gas Safety

Following the rapid deterioration in the performance of P&R, after they gave notice under the contract, we commissioned an independent review to ensure that we learnt any lessons from this. We are pleased that the performance under the interim contract is at 100%. We have asked internal audit to review this area of assurance.

Fire Safety

All fire risk assessments are, and have been, kept up to date. However there are a number of actions identified in the fire risk assessments as needing to be completed, and the two blocks with a substantial risk level are being prioritised. Until the work is completed, we are carrying out twice daily checks on these blocks, and we have asked the repairs contractor to prioritise any repairs which have a health & safety element to them.

The Council now has a contract in place which commenced on 1st September. They are currently working on a programme and surveying and ordering materials, which have a lead in time.

Water Hygiene

All blocks have a current water hygiene risk assessment, but there are still outstanding actions to be completed. Water hygiene was part of the P&R heating & hot water contract,

and the Council has now contracted this separately. All actions are estimated to be complete by December 2019. Until the work is complete, we are carrying out additional checks and tank cleansing to ensure that tanks remain safe.

Electrical Works

All emergency lighting has been inspected and repaired/replaced where needed. Some properties require the electrical installations report to be renewed, and we are working with the Council to identify an appropriate contract for this work activity.

Lifts

There are 13 passenger lifts, and they are all compliant with legislation and have been checked by the Council's insurer.

Deborah Upton, Chief Executive, East Kent Housing

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

3.1 As part of the period's work, six 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)	Private Sector Housing & HMO Licensing	Limited	Limited	C	0	C	0
				H	7	H	3
				M	4	M	1
				L	0	L	0
b)	White Cliffs Countryside Partnership	Reasonable	Reasonable	C	0	C	0
				H	8	H	0
				M	10	M	0
				L	1	L	0
c)	EKS / Civica Discretionary Housing Payment	Reasonable	Substantial	C	0	C	0
				H	1	H	0
				M	3	M	0
				L	0	L	0
d)	Capital	Substantial	Substantial	C	0	C	0
				H	1	H	0
				M	0	M	0
				L	0	L	0
e)	East Kent Housing-Data Protection and Records Management	Reasonable	Reasonable	C	0	C	0
				H	3	H	0
				M	0	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 - Risk Management	Reasonable	Reasonable	C	0	C	0
				H	0	H	0
				M	3	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.

- 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) Private Sector Housing & HMO Licensing:

The Council's HMO Licensing process requires work to be carried out to ensure that the back office system (M3) holds up to date information in respect of HMO's. Also revised application forms need to be introduced to reflect new legislation from October 2018. Work is ongoing on the new application form for HMO's (paper and electronic) but work is yet to start on the renewals version of the application form.

Management Response - All new and older live HMO licence application files have been scanned onto M3. Originally, personal information was not shown on the web site due to concerns with GDPR. Following advice from the ICO that having the full register on the web site would breach GPPR the complete register containing all details has been removed from the website and the original information re-instated which does not show personal information. The revised application form has been available on the web site since August. The revised renewal application form has been tested and has some final changes to be made. This should be available on line by mid-September. A risk based inspection system has been devised and is currently being implemented.

Private Sector Housing Manager.

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: Members' Code of Conduct & Standards Arrangements, Housing Repairs & Maintenance, Welfare Reform, Community Safety, Waste Management & Street Cleansing, Let Properties and Concessions, and Risk Management.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2019-20 Audit plan was agreed by Members at the meeting of this Committee on 14th March 2019.
- 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 three month period to 30th June 2019, 48.44 chargeable days were delivered against the revised target of 250.41, which equates to 19.34% 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 June 2019 against the agreed 2019/20 Audit Plan.
- Annex 4 Balanced Scorecard of performance indicators to 30th June 2019.
- 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>Private Sector Housing & HMO Licensing – July 2019:</i>		
<p>Consider an annual inspection of the licensed premises as a condition of the HMO license to assist in monitoring those landlords and their premises that are considered a high risk</p>	<p>This recommendation is considered an ideal way of monitoring the condition of properties. Unfortunately staff shortages during the last 3 years have prevented this. Subject to work loads and resources properties will be subject to routine inspection. The frequency of inspection will be based on a risk assessment.</p> <p>Proposed Completion Date / Responsibility</p> <p>A risk based inspection system will be introduced from January 2019.</p> <p>Private Sector Housing Manager (RK)</p>	<p>Risk rating process still to be developed although outstanding conditions on licenses (identified as part of the original audit) are now starting to be followed up. This has been included in the Private Sector Housing</p> <p><u>Waste Conditions</u></p> <p>The current agreed process does not look at specific requirements for each property so the licenses just have generic wording for conditions which are considered sufficient in accordance with legislation.</p> <p>Partially Implemented</p>
<p>Review all the current HMO paper files and ensure that all the information held on them is also held on the M3 system and that going forward both records are kept up to date.</p>	<p>All new licence applications will be scanned and saved onto M3.</p> <p>Older live HMO licence applications will be scanned and saved on M3.</p> <p>Proposed Completion Date / Responsibility</p> <p>Scanning of new applications began from October 2018 by PSH support officer.(PSHSO)</p> <p>Old records will be scanned and saved to M3 by</p>	<p>Following the recent restructure Private Sector Housing is now managed by the Head of Regulatory Services and as such all documents related to live and future cases must be scanned and saved on to M3.</p> <p>As this work has not yet been completed the Head of Service has advised the PSH manager to distribute the files amongst the Regulatory services TSO's in order to get the work completed within the next 4 weeks. An action plan has now been put</p>

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

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
	<p>PSHSO. Due to limited staff resources this work is unlikely to be completed before August 2019</p> <p>Private Sector Housing Manager (RK)</p>	<p>in place for Private Sector Housing to address all outstanding issues.</p> <p>Partially Implemented as not all current files have been scanned onto M3.</p>
<p>The Private Sector Housing Manager should put in place a timeframe for the completion of the new HMO application forms and should also review the templates for letters to ensure that they will also comply with the legislative changes.</p>	<p>It is accepted that the current application forms do need minor changes to reflect new penalty charges, new refuse requirements and the amendment to one question. All other question will remain, as they are a statutorily required and the application questions are not out of date. There is no evidence the process is cumbersome for landlords and any changes in the application form will not make the application any easier.</p> <p>Proposed Completion Date / Responsibility</p> <p>The current two application forms will be revised and should be available by the end of November 2018.</p> <p>Private Sector Housing Manager (RK)</p>	<p>Revised application form for new HMO's is not available on the website or in paper format despite the legislation changing in October 2018. Work is ongoing for the electronic version but should be signed off shortly and then launched along with a new paper application.</p> <p>A target date for going live has been set as the end of August 2019.</p> <p>The renewal application form has not been looked at all to take into account legislation changes in October 2018.</p> <p>Partially Implemented</p>

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Data Protection	June 2019	Limited	Autumn 2019
Tenancy & Right to Buy Fraud	March 2019	Limited	Autumn 2019

PROGRESS AGAINST THE AGREED 2019-20 AUDIT PLAN.

DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2019	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking & Enforcement	10	10	0	Quarter 4
Budgetary Control	10	10	0	Quarter 3
Insurance & Insurance of Portable Assets	10	10	0.24	Postponed till 2020-21 due to retendering of insurance in 2019-20
RESIDUAL HOUSING SYSTEMS:				
HRA Business Plan	10	10	0	Quarter 3
GOVERNANCE RELATED:				
Members' Code of Conduct & Standards Arrangements	10	10	0	Work-in-progress
Anti-Fraud & Corruption	2	2	0.3	Work-in-progress
Shared Service Monitoring	10	10	0	Quarter 4
Corporate Advice/CMT	2	2	1.42	Work-in-progress throughout 2018-19
s.151 Meetings and support	9	9	5.27	Work-in-progress throughout 2018-19
Governance Committee Meetings and Reports	12	12	4.6	Work-in-progress throughout 2018-19
2019-20 Audit Plan Preparation and Meetings	9	9	0	Quarter 4
SERVICE LEVEL:				
Procurement	10	10	3.87	Finalised – Reasonable/Limited
Community Safety	10	10	4.09	Work-in-progress
Dog Warden, Street Scene and Litter Enforcement	10	10	0	Quarter 4
Electoral Registration & Election Management	13	13	0	Quarter 3

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2019	Status and Assurance Level
Environmental Health – Public Health Burials	10	10	0	Quarter 3
Environmental Health – Health & Safety at Work	10	10	0	Quarter 4
Environmental Protection Service Requests	10	10	0.18	Work-in-progress
Equality & Diversity	10	10	0.18	Work-in-progress
Museum & VIC	12	12	0	Quarter 3
Commercial Properties & Concessions	12	12	0	Work-in-progress
Petty Cash & Travel Arrangements	8	8	0	Quarter 3
Printing, Photocopying & Postage	10	10	8.45	Finalised - Reasonable
Sports & Leisure	15	15	0	Quarter 4
OTHER				
Liaison with External Auditors	1	1	0	Work-in-progress throughout 2019-20
Follow-up Work	15	15	0.75	Work-in-progress throughout 2019-20
FINALISATION OF 2018-19- AUDITS				
Food Safety	5		4.39	Finalised
Data Protection			0.31	Finalised
Building Control			3.33	Finalised
Waste Management & Street Cleansing			1.14	Work-in-Progress
Risk Management			9.47	Draft Report
Days over delivered in 2018-19	0	-4.59	0	Completed
Responsive Work:				
Homelessness – 2018-19	0	0	0.27	Finalised
TOTAL	255	250.41	48.44	19.34% as at 30th June 2019

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2019	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Ctte/EA Liaison	4	4	4.32	Work-in-progress throughout 2019-20
Follow-up Reviews	4	4	1.76	Work-in-progress throughout 2019-20
Rent Accounting, Collection & Debt Mngmt.	40	40	0.18	Work-in-progress
Rechargeable Works	10	10	0	Quarter 3
Tenants' Health & Safety	15	15	17.63	Finalised – Limited/No
Customer Contact	12	12	0	Quarter 4
East Kent Housing Improvement Plan	10	10	0	Quarter 3
Estate Management Inspection	15	15	0	Quarter 3
Anti-Social Behaviour	15	15	0	Quarter 4
Employee Health, Safety & Welfare	15	15	0	Work-in-progress
Finalisation of 2018-19 Work-in-Progress:				
Days under delivered in 2018-19	0	19.50	0	Allocated
Staff Performance Management	0	0	4.93	Work-in-Progress
Welfare Reform	0	0	4.53	Work-in-Progress
Repairs & Maintenance	0	0	20.9	Work-in-Progress
Service Level Agreements	0	0	0.97	Finalised
Total	140	159.50	55.22	34.6% as at 30-06-2019

EKS, EKHR & CIVICA:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2019	Status and Assurance Level
EKS, EKHR & Civica Reviews:				
Business Rates – Reliefs and Credits	15	15	0.08	Quarter 3
Council Tax	20	20	0	Quarter 3
Housing Benefit Appeals	15	15	10.44	Work-in-Progress
KPIs	5	5	0.11	Quarter 3
ICT Disaster Recovery	15	15	0	Quarter 4
ICT Physical & Environment	15	15	7.62	Work-in-Progress
Housing Benefit Testing	15	15	0	Work-in-Progress
EKHR Reviews:				
Employee Benefits-in-Kind	15	15	0	Quarter 4
Payroll	15	15	0	Quarter 3
Recruitment	15	15	0.12	Quarter 3
Other:				
Corporate/Committee	8	8	3.47	Work-in-progress throughout 2019-20
Follow up	7	7	3.91	Work-in-progress throughout 2019-20
Days under delivered in 2018-19	0	27.26		Allocated as below
Finalisation of 2018/19 Audits:				
Days under delivered in 2018-19	0	27.26		Allocated below
Housing Benefit Testing 18-19	0		8.7	Finalised
Payroll			1.27	Finalised
ICT PCI-DSS Compliance			8.01	Draft Report
Total	160	187.26	43.73	23% at 30-06-2019

EAST KENT
DOVER • FOLKESTONE & HYTHE • THANET • CANTERBURY



AUDIT PARTNERSHIP

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Original Budget</u>
	Quarter 1		Reported Annually		
Chargeable as % of available days	88%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£332.50
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£428,375
CCC	18.18%	25%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,530
DDC	19.34%	25%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
F&HDC	23.68%	25%			
TDC	21.63%	25%			
EKS	23.36%	25%			
EKH	34.61%	25%			
Overall	22.97%	25%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 		£438,905
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued • Not yet due • Now due for Follow Up 	6 20 25	- - -			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>
	Quarter 1				
Number of Satisfaction Questionnaires Issued;	12		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	6		Percentage of staff holding a relevant higher level qualification	36%	36%
	= 50%		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	0.73	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.