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**Subject:** QUARTERLY INTERNAL AUDIT UPDATE REPORT

**Meeting and Date:** Governance Committee – 21<sup>st</sup> January 2020

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

**Decision Type:** Non-key

**Classification:** Unrestricted

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**Purpose of the report:** This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30<sup>th</sup> September 2019

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

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## 1. Summary

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

## 2. Introduction and Background

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

## SUMMARY OF WORK

- 2.7 There have been six internal audit assignments completed during the period, which are summarised in the table in section 2 of the report.
- 2.8 In addition four follow-up reviews have been completed during the period, which is detailed in section 3 of the quarterly update report.
- 2.9 For the six-month period to 30<sup>th</sup> September 2019, 102.01 chargeable days were delivered against the revised target of 250.41, which equates to 40.74% plan completion.

## 3 Resource Implications

- 3.1 There are no additional financial implications arising directly from this report. The costs of the audit work will be met from the Financial Services 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 14<sup>th</sup> 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 30<sup>th</sup> September 2019.

**2. SUMMARY OF REPORTS:**

Service / Topic		Assurance level	No. of Recs.	
2.1	EKS – ICT Physical & Environment	Substantial	C H M L	0 0 2 5
2.2	Community Safety	Substantial	C H M L	0 2 2 0
2.3	Waste Management & Street Cleansing*	Reasonable/Limited	C H M L	0 2 8 2
2.4	EKS – ICT PCI-DCC	Reasonable/Limited	C H M L	0 0 2 2
2.5	Risk Management	Reasonable	C H M L	0 4 6 0
2.6	EKS – Housing Benefit Quarterly Testing – Quarters 1 and 2 2019/20	Not Applicable		

- Reasonable after follow-up also completed this quarter.

## **2.1 EKS; ICT Physical & Environment – Substantial Assurance**

### 2.1.1 Audit Scope

To ensure that the physical and environmental controls over the main ICT assets, including the servers are robust and are sufficient to enable EK Services to provide the level of ICT service required by the partner Councils.

### 2.1.2 Summary of Findings

EK Services was formed in April 2011. It comprises of the three local authorities, Canterbury City Council, Thanet District Council and Dover District Council. EK Services ICT services is hosted by Thanet District Council and is responsible for protecting and maintaining the network and providing ICT support services across all partner authorities.

Individual authorities retain ownership of their ICT assets and are responsible for the physical and environmental controls of their ICT suites and server rooms such as access controls and maintenance of fire suppressant systems, cooling systems and power supplies.

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

- ICT security policies are in place;
- Server rooms are suitably protected from fire, flooding and loss of power;
- Access by contractors to server rooms is suitably controlled;
- All ICT equipment is recorded on a centrally held system;
- Offsite backup arrangements are in place.

Scope for improvement was however identified in the following areas:

- The Service Level Agreement between EK Services and the Partner councils has expired and should be renewed;
- Council ICT security policies are in place, but not easily accessible to all staff;
- Staff with access to server rooms should be reviewed by partner Councils.
- A 3rd party contractor should be put in place to securely dispose of redundant ICT equipment.

## **2.2 Community Safety – Substantial Assurance**

### 2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to achieve the Corporate Plan Priority 2 objective of 'Reducing crime and anti-social behaviour'.

### 2.2.2 Summary of Findings

Section 17 of the Crime and Disorder Act 1998, as amended by the Police and Justice Act 2006, requires responsible authorities to consider crime and disorder (including antisocial behaviour and other behaviour adversely affecting the local environment) and the misuse of drugs, alcohol and other substances in the exercise of all their duties, activities and decision making. This means that in all policies, strategies and service delivery there is a need to consider the likely impact on crime and disorder.

However, it should be noted that the aim of community safety is not just about reacting to anti-social behaviour issues but also identifying and addressing issues before they result in anti-social behaviour.

Management can place a Substantial Assurance on the system of internal controls in operation. The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- New working practices are being embedded into the new Community Safety team following the recent restructure and will need time before the full benefit of them is fully felt. This includes the enhanced CCTV function which goes live in December 2019 which will enhance the safety of residents and improve the enforcement work carried out across the district by both internal departments and other partner organisations.
- As a result of various funding streams there are various projects and schemes (for example Community Caretakers and the Inspire project) that are in place across the district that are having a positive effect on the lives of the residents.
- The work of the Safer Stronger Communities Partnership (SSCP) and the sharing of information across partner organisations (under the Kent and Medway Information Sharing Agreement) is continually evolving to meet the demands of both local and national issues that impact on the lives of residents both young and old.

Scope for improvement was however identified in the following area:

- The Safer Stronger Communities Partnership (SSCP), which is a statutory function with other agencies, has been in place for a considerable period but having attended the recent Executive meeting the Auditor has raised several questions on the make-up of the board and what the aims and objectives of the Executive and the sub groups are. Therefore, an exercise should be carried out to evaluate the aims and objectives of the SSCP and its sub groups to ensure that it is still meeting the requirements of the legislation but also the needs of the residents within the district.
- Consideration could also be given to having an annual meeting with other Safer Stronger Communities Partnerships (SSCP's) across East Kent where the sharing of information may assist in delivering joint initiatives that could have a positive impact on a greater number of residents across several areas of East Kent at the same time.

## **2.3 Waste Management & Street Cleansing – Reasonable/Limited Assurance:**

### **2.3.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the street cleansing function is being carried out efficiently and effectively within an appropriate control framework which reduces any risks to an acceptable level.

### **2.3.2 Summary of Findings**

There is a joint waste contract in place between Dover District Council, Folkestone & Hythe District Council, Kent County Council & Veolia which expires in January 2021. The waste contract is expected to cost Dover District Council £3.84m in 2019/20 offset in part by various recharges and income streams such as the Garden Waste scheme.

The contractor is tasked with monitoring and reporting on its own performance on a monthly basis and this report is shared with senior management. The Council employs a team to inspect and monitor the performance of the contractor. To date the contractor has accumulated 26 penalty points for not meeting service standards. The trigger point for contract termination is 3,000.

Management can place Reasonable Assurance on the system of internal controls in operation. There is however cause for concern surrounding performance management which could present a risk to the achievement of the system objectives and this suggests a partially limited assurance level in respect of performance management.

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

- The contractual arrangements and service provided is compliant with the Environmental Protection Act 1990 and almost all of the Code of Practice on Litter and Refuse 2006;
- The service standards set out in the current contract are clear;
- The current contract provides all the mechanisms the Council needs to monitor the service;
- Contract monitoring techniques used are effective in most instances and contract payments and recharges are correctly and clearly calculated;
- The format and content of the performance information provided to management by the contractor is in accordance with the contract; and
- The Council is preparing well for the new contract and procurement process;

Scope for improvement was however identified in the following areas:

- Four of the recommendations made within this report are targeted at strengthening data protection practices operationally and contractually;
- The Council currently informally advises the contractor in advance when and where it is going to inspect street cleansing standards. This significantly reduces the effectiveness of the contract monitoring arrangements and may be affecting the performance indicators in place for street cleansing service standards;
- The contractor is tasked with monitoring and reporting on its own performance on a monthly basis and this report is shared with senior management; audit testing on five roads the Dover District revealed the contractor had failed to rectify a street cleansing rectification request within the terms of the contract on two occasions and did not properly record this failure – reported performance may therefore be better than is in fact the case; and
- A number of contract monitoring improvements have been suggested to help the Council detect poor contractor performance and validate its performance figures.

## **2.4 EKS; ICT PCI-DSS – Reasonable/Limited Assurance:**

### **2.4.1 Audit Scope**

To ensure that the controls over the administration of the PCI-DSS procedures are robust and sufficient to enable the partner councils to comply with the industry requirements for this service.

## 2.4.2 Summary of Findings

PCI Security Standards are technical and operational requirements set by the PCI Security Standards Council (PCI SSC) to protect cardholder data. The standards apply to all entities that store, process or transmit cardholder data. As organisations that take payments by debit and credit cards, each Council must comply with the standards known as the Payment Card Industry Data Security Standards (PCI-DSS) and failure to comply with the standards could result in regular and large fines and also no longer being permitted to process card payments.

This review was an EK Services audit but the reality is that compliance with PCI-DSS is the sole responsibility of each of the councils, who rely on support from EK Services to provide technical assistance and advice.

Management can place the following assurances on the system of internal controls in operation across the three authorities.

- Canterbury City Council – Reasonable Assurance for the processes in place and Limited Assurance for being non-compliant.
- Dover District Council – Reasonable Assurance for the main processes and level of compliance, but Limited for the one department that is non compliant.
- Thanet District Council - Reasonable Assurance for the processes in place and Limited Assurance for being non-compliant due to the annual assessments not being completed since 2017. However, processes are in place to address this.

### Canterbury City Council

- Quarterly network scans are carried out and are sent to the bank to show what the Council is doing to achieve compliance. ICT also carry out monthly scans so that PCI issues are identified early before the quarterly reports are required for the banks.
- The annual assessments for the different payment streams have not been completed therefore the supporting certificates are not in place and this means that the Council is not PCI-DSS compliant. As a result of this a monthly fine for non-compliance of £9.99 is being levied by World Pay.
- As part of the ongoing monitoring of PCI-DSS there is a regular update reported to Members (in the pink) as part of the quarterly Strategic Risk Register report.

### Dover District Council

- Dover District Council is currently PCI-DSS compliant for its main income systems through Adelante and certificates are in place along with self-assessment documentation along with regular security scans being carried out.
- There is one income stream that requires further attention (and is being looked into already) and that is the shop income at Dover Museum. They take chip and pin payments through the World Pay system but are currently not PCI-DSS compliant. Due to non-compliance World Pay are charging a non-compliance charge based on the number of transactions and is currently approximately £12.00 per month.

### Thanet District Council

- Quarterly network scans are carried out and are sent to the World Pay to show what the Council is doing to achieve compliance. ICT also carry out monthly scans so

that PCI issues are identified early before the quarterly reports are required for the bank.

- The annual assessments for the different payment streams have not been completed therefore the supporting certificates are not in place and this means that the council is not PCI-DSS compliant. The responsible officer now has an annual diary entry to ensure that the annual assessments are completed.
- Work has been carried out to put in place new telephone software for taking card payments and new chip and pin machines have been rolled out across the relevant services.

#### Corporate Information Governance Group (CIGG)

CIGG has started an exercise to review the three councils' joint ICT policies as they were last reviewed in 2016 when they were implemented. The first meeting was held on 15th April 2019 to start reviewing the policies. PCI-DSS is not an item on the agenda at the quarterly meetings but going forward it may wish to receive regular updates from the PCI Compliance Officer at each authority as to the position of compliance and also if there are any issues that CIGG may be able to help address.

## **2.5 Risk Management – Reasonable Assurance:**

### 2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the risk management function is being carried out efficiently and effectively within an appropriate control framework which identifies, monitors and reduces risk to an acceptable level to enable those charged with governance to discharge their responsibilities.

### 2.5.2 Summary of Findings

Risk management is the process by which risks are identified, evaluated and controlled and is a key element of the framework of governance. It is about identifying, analysing, evaluating, responding and monitoring threats and opportunities with a view to minimising the chances of failure and maximising the chances of success. Risk Management is about being risk aware and not risk averse.

Management can place Reasonable Assurance on the overall system of internal controls in operation for Corporate Risks and Business Continuity Plans. 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. Corporate Management Team is aware of these issues and are in the processes of dealing with them.

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

- Established processes are in place to identify and monitor corporate risks at CMT level.
- Induction training is in place for Members to enable them to sit on the Governance Committee.
- A considerable amount of work has been carried to update the individual service Business Continuity Plans across the Council which include the identification of risks that could impact on service delivery.



Scope for improvement was however identified in the following areas:

- The Corporate risk register is not presented to Council's Governance Committee on a regular basis in accordance with Cipfa and IIA guidance. It is therefore difficult to see how the Governance Committee is discharging its stated responsibilities to: 'ensure the effectiveness of the Council's risk management arrangements' and to 'seek assurances that effective action is being taken on risk and internal control related areas of weakness' and to provide 'independent scrutiny 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'.
- CMT have decided not to present the corporate risk register to the Governance Committee quarterly, instead that they will approve the Governance Framework processes that are in place. The risk register is available to members if they request to see it, and this is updated half-yearly by CMT. This audit highlights to members that the Council is complying with the process it has set out, however that process falls short of best practice determined by the professional bodies. Internal Audit are required by the Accounts & Audit regulations to highlight this shortfall in the course of its independent reporting process.
- CMT is aware that there are issues with risk management processes for Service Plans and Corporate Projects and are in the processes of dealing with them. Although it should be noted that the previous audit report in January 2016 flagged up issues in respect of corporate projects. (i.e. no central list of corporate projects).
- Although supporting policies are in place they need to be reviewed and up dated to reflect the restructure of the Council and the changes to roles and responsibilities.
- Consideration should also be given to having the risk strategy as a separate standalone document and not as part of the Corporate Governance Local Code. This would ensure that it can be reviewed on a regular basis and there would be clear ownership of the risk management process as it is embedding across the authority.
- CMT may wish consider not having themselves as the owners of any of the corporate risks but allocate them to specific officers thus ensuring that the risk mitigation actions are being carried out.
- Guidance documentation for corporate projects needs to be reviewed to include information on risk management and also there is the need for an officer to take the lead on corporate projects and ensure that documentation is complete by Managers or Heads of Service before it is submitted to CMT for their consideration. (i.e. a Corporate Projects Manager). They should also ensure that regular monitoring of the corporate projects is carried out and be the link to CMT to report any issues or to ensure that as new risks are identified that they are reported to CMT.
- Post implementation reviews should be carried out as they provide an opportunity to learn from each project. They could be agreed as part of the sign off by CMT when they receive the project brief and then they could be assigned and timetabled.

#### Management Response:

On this occasion there is one recommendation with which management disagree, and that is the recommendation that Governance should become part of the risk management process (rather than purely take an overview of the process), by receiving the risk register instead of ensuring that the executive, who are responsible for the Council's risk appetite, receive and consider the risk register.

Management's reasons for taking this view are:

- Significant risks should be identified and reported to those responsible for them, so that considered decisions on taking and mitigating those risks are taken and implemented. On this point there is no disagreement.
- The Council should not uncritically adopt processes simply because they are published as “best practice” where they do not appear to be an improvement on alternatives or because “others do it” and where there is no statutory requirement to do so.
- The recommendation to report the risk register on a quarterly basis to Governance, in addition to other reporting, is not wholly consistent with the role of Governance as set out in the Council’s constitution.
- Governance, like Internal Audit, should usually be independent, so not part of the process, but rather a reviewer of the process and controls. Governance should also remain apolitical. Taking risks, or not, can be part of a political judgement. Governance’s role is to ensure that risks have been taken in a reasonable and appropriate way, not to take a view on the risks themselves - unless they are of an extreme or unreasonable nature, or taken in an unreasonable manner, and create an undue threat to the Council - which is not being suggested.
- Where Governance believe that the authority's financial and non-financial performance is such that it affects the authority's exposure to risk and weakens the control environment, they can ask that the risks be recorded on the risk register and / or that the control environment be changed. That is not the same as having a responsibility to review the risks themselves.
- Internal Audit reviews generally add controls and workload to managements processes and very rarely remove any. In terms of staff and Member time and resources, there is a practical limit to the number of additional processes that can be sustained and that also bring proportional benefit to the Council. For example, the most significant financial risks to the Council come from the arrangements for local government finance. These are unpredictable and cannot be moderated by Members or officers. They are comprehensively reported to full Council annually, monitored continuously and updated via the quarterly performance report and budget monitoring report. If Governance are satisfied that this arrangement is in place and working, then reporting these specific risks to Governance in addition would not add anything.
- Management proposes:
  - to present a brief report to Governance on risk management within the Council
  - review the risk management section of the Corporate Governance Local Code
  - review how risks are managed within corporate projects
  - include in the Annual Assurance Statement an update on Corporate risks.
  - Report the strategic risk register to the executive and include updates of any changes in the quarterly performance report, which is available to all Members.
  - These arrangements can be amended as required.
- Management is also in the process of commissioning post implementation reviews from EKAP.

## **2.6 EKS/Civica Housing Benefits Quarterly Testing Quarters 1 & 2 2019/20**

### 2.6.1 Introduction

Over the course of 2019/20 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.

### 2.6.2 Findings

For quarters one and two of 2019/20 financial year (April to September 2019) 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.

### 2.6.3 Audit Conclusion

For this period forty benefit claims were checked and none of the claims had any financial errors and there were 2 (5%) data quality errors.

For this period forty benefit claims were checked and one (2.5%) of the claims had a financial error and there were no data quality errors.

## 3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

- 3.1 As part of the period's work, four 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)	East Kent Housing – Tenant Health & Safety (Gas Safety)	Limited	Substantial	C	1	C	0
				H	1	H	0
				M	0	M	0
				L	0	L	0
b)	East Kent Housing – Tenant health & Safety (Legionella)	No	Reasonable	C	1	C	0
				H	0	H	0
				M	0	M	0
				L	0	L	0
c)	EKS/Civica – Sundry Debtors	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	0	M	0
				L	1	L	0
d)	Waste Management & Street Cleansing	Reasonable /Limited	Reasonable	C	0	C	0
				H	2	H	0
				M	8	M	0
				L	2	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: Members' Code of Conduct & Standards Arrangements, Housing Repairs & Maintenance, Welfare Reform, Rents, Museum & VIC, and Let Properties and Concessions.

#### **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 14<sup>th</sup> 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 six-month period to 30<sup>th</sup> September 2019, 102.01 chargeable days were delivered against the revised target of 250.41, which equates to 40.74% plan completion.
- 7.2 The financial performance of the EKAP is currently on target at the present time.
- 7.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has improved on the range of performance indicators it records and measures.
- 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 30<sup>th</sup> September 2019 against the agreed 2019/20 Audit Plan.

Annex 4	Balanced Scorecard of performance indicators to 30 <sup>th</sup> September 2019.
Annex 5	Assurance statements

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

<b>Original Recommendation</b>	<b>Agreed Management Action, Responsibility and Target Date</b>	<b>Manager's Comment on Progress Towards Implementation.</b>
<i>None to report this quarter</i>		

<b>SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED</b>			
<b>Service</b>	<b>Reported to Committee</b>	<b>Level of Assurance</b>	<b>Follow-up Action Due</b>
Data Protection	June 2019	Limited	Autumn/Winter 2019
Tenancy & Right to Buy Fraud	March 2019	Limited	Autumn/Winter 2019
East Kent Housing – Tenant Health & Safety	September 2019	Limited/No	Work-in-Progress – Part complete
Building Control	September 2019	Reasonable/No	Work-in-Progress

**PROGRESS AGAINST THE AGREED 2019-20 AUDIT PLAN.**

**DOVER DISTRICT COUNCIL:**

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2019	Status and Assurance Level
<b>FINANCIAL SYSTEMS:</b>				
Car Parking & Enforcement	10	10	0.18	Quarter 4
Budgetary Control	10	10	0.18	Quarter 3
Insurance & Insurance of Portable Assets	10	10	0.24	Postponed till 2020-21 due to retendering of insurance in 2019-20
<b>RESIDUAL HOUSING SYSTEMS:</b>				
HRA Business Plan	10	10	0.18	Quarter 3
<b>GOVERNANCE RELATED:</b>				
Members' Code of Conduct & Standards Arrangements	10	10	0.32	Work-in-progress
Anti-Fraud & Corruption	2	2	1.22	Work-in-progress
Shared Service Monitoring	10	10	0	Quarter 4
Corporate Advice/CMT	2	2	2.13	Work-in-progress throughout 2018-19
s.151 Meetings and support	9	9	7.54	Work-in-progress throughout 2018-19
Governance Committee Meetings and Reports	12	12	7.21	Work-in-progress throughout 2018-19
2019-20 Audit Plan Preparation and Meetings	9	9	0.76	Quarter 4
<b>SERVICE LEVEL:</b>				
Procurement	10	10	10.2	Finalised – Reasonable/Limited
Community Safety	10	10	7.53	Finalised - Substantial
Dog Warden, Street Scene and Litter Enforcement	10	10	0	Quarter 4
Electoral Registration & Election Management	13	13	0.24	Quarter 3



Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2019	Status and Assurance Level
Environmental Health – Public Health Burials	10	10	0	Quarter 3
Environmental Health – Health & Safety at Work	10	10	0.23	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	0.18	Finalised - Reasonable
Commercial Properties & Concessions	12	12	8.95	Work-in-progress
Petty Cash & Travel Arrangements	8	8	0	Quarter 3
Printing, Photocopying & Postage	10	10	9.86	Finalised - Reasonable
Sports & Leisure	15	15	0	Quarter 4
<b>OTHER</b>				
Liaison with External Auditors	1	1	0	Work-in-progress throughout 2019-20
Follow-up Work	15	15	9.55	Work-in-progress throughout 2019-20
<b>FINALISATION OF 2018-19- AUDITS</b>				
Food Safety	5		4.39	Finalised
Data Protection			0.31	Finalised
Building Control			3.33	Finalised
Waste Management & Street Cleansing			17.01	Finalised
Risk Management			9.64	Draft Report
Days over delivered in 2018-19	0	-4.59		Completed
<b>Responsive Work:</b>				
Homelessness – 2018-19	0	0	0.27	Finalised
<b>TOTAL</b>	<b>255</b>	<b>250.41</b>	<b>102.01</b>	<b>40.74% as at 30<sup>th</sup> September 2019</b>

**EAST KENT HOUSING LIMITED:**

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2019	Status and Assurance Level
<b>Planned Work:</b>				
CMT/Audit Sub Cttee/EA Liaison	4	4	8.12	Work-in-progress throughout 2019-20
Follow-up Reviews	4	4	5.82	Work-in-progress throughout 2019-20
Rent Accounting, Collection & Debt Mngmt.	40	40	18.61	Work-in-progress
Rechargeable Works	10	10	0	Quarter 3
Tenants' Health & Safety	15	15	21.89	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	1.03	Work-in-progress
<b>Finalisation of 2018-19 Work-in-Progress:</b>				
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	7.14	Work-in-Progress
Repairs & Maintenance	0	0	34.38	Work-in-Progress
Service Level Agreements	0	0	0.97	Finalised
<b>Total</b>	<b>140</b>	<b>159.50</b>	<b>102.89</b>	<b>64.51% as at 30-09-2019</b>

**EKS, EKHR & CIVICA:**

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2019	Status and Assurance Level
<b>EKS, EKHR &amp; Civica Reviews:</b>				
Business Rates – Reliefs and Credits	15	15	10.45	Work-in-Progress
Council Tax	20	20	0	Quarter 3
Housing Benefit Appeals	15	15	13.54	Finalised - Substantial
KPIs	5	5	1.45	Work-in-Progress
ICT Disaster Recovery	15	15	0	Quarter 4
ICT Physical & Environment	15	15	13.25	Finalised - Substantial
Housing Benefit Testing	15	15	0	Work-in-Progress
<b>EKHR Reviews:</b>				
Employee Benefits-in-Kind	15	15	4.48	Work-in-Progress
Payroll	15	15	0.07	Quarter 3
Recruitment	15	15	0.17	Quarter 4
<b>Other:</b>				
Corporate/Committee	8	8	5.06	Work-in-progress throughout 2019-20
Follow up	7	7	5.07	Work-in-progress throughout 2019-20
Days under delivered in 2018-19	0	27.26		Allocated as below
<b>Finalisation of 2018/19 Audits:</b>				
Days under delivered in 2018-19	0	27.26		Allocated below
Housing Benefit Testing 18-19			8.7	Finalised
Payroll	0		2.22	Finalised - Reasonable
ICT PCI-DSS Compliance			10.24	Finalised – Reasonable/Limited
<b>Total</b>	<b>160</b>	<b>187.26</b>	<b>74.4</b>	<b>40% at 30-09-2019</b>

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**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>
	<b>Quarter 2</b>		<b>Reported Annually</b>		
<b>Chargeable as % of available days</b>	<b>88%</b>	<b>80%</b>	<ul style="list-style-type: none"> <li>• <b>Cost per Audit Day</b></li> </ul>	£	<b>£332.50</b>
<b>Chargeable days as % of planned days</b>			<ul style="list-style-type: none"> <li>• <b>Direct Costs</b></li> </ul>	£	<b>£428,375</b>
<b>CCC</b>	<b>40.97%</b>	<b>50%</b>	<ul style="list-style-type: none"> <li>• <b>+ Indirect Costs (Recharges from Host)</b></li> </ul>	£	<b>£10,530</b>
<b>DDC</b>	<b>40.73%</b>	<b>50%</b>	<ul style="list-style-type: none"> <li>• <b>- 'Unplanned Income'</b></li> </ul>	£	<b>Zero</b>
<b>F&amp;HDC</b>	<b>45.50%</b>	<b>50%</b>			
<b>TDC</b>	<b>44.85%</b>	<b>50%</b>			
<b>EKS</b>	<b>39.88%</b>	<b>50%</b>			
<b>EKH</b>	<b>64.51%</b>	<b>50%</b>	<ul style="list-style-type: none"> <li>• <b>= Net EKAP cost (all Partners)</b></li> </ul>		<b>£438,905</b>
<b>Overall</b>	<b>45.35%</b>	<b>50%</b>			
<b>Follow up/ Progress Reviews;</b>					
<ul style="list-style-type: none"> <li>• <b>Issued</b></li> </ul>	<b>18</b>	<b>-</b>			
<ul style="list-style-type: none"> <li>• <b>Not yet due</b></li> </ul>	<b>20</b>	<b>-</b>			
<ul style="list-style-type: none"> <li>• <b>Now due for Follow Up</b></li> </ul>	<b>25</b>	<b>-</b>			
<b>Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)</b>	<b>Partial</b>	<b>Full</b>			

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**AUDIT PARTNERSHIP**

<u>CUSTOMER PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>	<u>INNOVATION &amp; LEARNING PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>
	Quarter 2				
Number of Satisfaction Questionnaires Issued;	31		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	13		Percentage of staff holding a relevant higher level qualification	36%	36%
	= 42%		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	1.14	3.5
<ul style="list-style-type: none"> <li>• Interviews were conducted in a professional manner</li> <li>• The audit report was 'Good' or better</li> <li>• That the audit was worthwhile.</li> </ul>	100%	100%	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.