
Subject: QUARTERLY INTERNAL AUDIT UPDATE REPORT

Meeting and Date: Governance Committee – 16th March 2023

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 2022

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 four follow-up reviews have been completed during the period, which are detailed in section 3 of the quarterly update report.
- 2.9 For the nine-month period to 31st December 2022, 210.49 chargeable days were delivered against the target of 300, which equates to 70.16% 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 2022-23 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 2022-23 - Previously presented to and approved at the 17th March 2022 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 2022.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level	No. of Recs.	
2.1	EKS - Business Rates	Substantial	C H M L	0 0 2 4
2.2	EKS - Discretionary Housing Payments	Substantial	C H M L	0 3 2 3
2.3	Housing Allocations	Reasonable	C H M L	0 2 3 0
2.4	<u>Absence Management:</u> Sick Leave; Annual Leave; and Flexi Leave.	Limited Reasonable Reasonable	C H M L	0 3 3 3
2.5	Planning Applications, Income and s.106 Agreements	Reasonable/Limited	C H M L	0 4 2 3
2.6	Tech 1 (Main Accounting System) Project – Post Implementation Review	Not Applicable	C H M L	1 5 2 0

2.1 EKS Business Rates – Substantial Assurance

2.1.1 Audit Scope

To ensure that the processes and procedures established by EK Services/CIVICA are sufficient to provide the level of service required by the partner councils and incorporate relevant internal controls regarding the administration of Business Rates, especially the recording of accounts, valuation, billing and monitoring of accounts including payments and changes in responsible person.

2.1.2 Summary of Findings

Business Rates are a tax that apply to all non-domestic properties in England, unless specifically exempt from rating. Liability broadly reflects the value of a property – its 'rateable value' (RV) – multiplied by the tax rate – the 'multiplier' – less any relevant reliefs. Currently the multipliers are 51.2p (standard) and 49.9p (small business). CIVICA manages the collection of business rates under a contract for Canterbury, Dover and Thanet councils.

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

- There is an agreement in place between CIVICA and all three councils (DDC, CCC & TDC) for the provision of managing the Business Rates service.
- There is an established, documented system in place for Business Rates to be administered that is well managed.
- Staff have access to a wealth of information regarding procedures, best practice and legislation via the intranet which was found to be comprehensive and up to date.
- Access to the OpenRevs system (Northgate) used for the Business Rates administration is being authorised and well managed.
- A separation of duties exists for key processes (i.e. refunds and suspensions).
- The calculation of liability for each account was found to be accurate for the test sample selected with the correct relief being applied and maximum amount of relief to be applied across all accounts being taken into consideration.

Scope for improvement was however identified in the following areas:

- The management of void properties, in particular site visits, needs to be undertaken as per the terms of the agreement.
- Periodic reviews of accounts need to be occurring as per the terms of the agreement, this should also include, where possible, a quality assurance/spot check of accounts. Solely relying on customer feedback (which may not always be via the official complaints process and therefore documented) is possibly too late and reflects on each of the councils' reputations and not necessarily that of CIVICA's.
- Consideration of an official training programme/route needs to be undertaken for both personal and professional staff development as the current arrangements for 'on-job' training does not officially document the career path for a Business Rates Officer/Manager.
- A refresh of procedures is required to ensure they are up to date and consistent with what is being practised and applied. These should detail any evidence that may be required to be presented to confirm identity/occupation for applying discounts.

- Business Rate KPI target as at end of 2021/22 was not being met, reasons for this were the impact of the pandemic, this may also not be achievable for the 2022/23 financial year given the current financial climate and adjustments may need to be considered.

2.2 EKS - Discretionary Housing Payments – Substantial Assurance

2.2.1 Audit Scope

To ensure that the processes and procedures established by CIVICA are sufficient to provide the level of service required by the partner Councils and these incorporate relevant internal controls regarding the provision of additional financial assistance to claimants who are already receiving either Housing Benefit or Council Tax Benefit, and who are experiencing particular financial hardship with regard to paying the shortfall of housing rent or council tax by the evaluation of, and then approval or rejection of applications.

2.2.2 Summary of Findings

Discretionary Housing Payments (DHPs) are temporary top-up payments to assist people who have additional housing costs which are not being met by Housing Benefit or Universal Credit (UC) housing cost entitlement. The DHP fund is a limited amount determined and provided each year by Central Government (DWP).

The DHP process for DDC, CCC and TDC is currently being managed by Civica Services Ltd under a shared agreement.

The DWP have produced guidelines and each of the partner councils have written and agreed a policy on how claims are to be administered. These are available via each of the partner councils' websites and updated yearly to detail the budget available; this is evidenced at appendix B of the policy, this ensures the process remains open and transparent.

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

- Discretionary Housing Payments are made in accordance with the joint councils' policy and government guidance.
- The policy is reviewed annually and publicised on all council websites, Canterbury requires a refresh so that the most up to date policy is available.
- The same DHP application forms are available on all council websites.
- The budget is closely monitored on a weekly basis by Civica.
- A sample of DHP applications and 3 appeals were reviewed from 2022-23 and in the majority of cases, the reason and basis for the decision could be followed.
- All claim information is stored securely within the customer's record on google drive.
- An agreed and published document retention schedule for services provided by Civica on behalf of the councils is being maintained.

Scope for improvement was however identified in the following areas:

- All information relating to the decision process should be retained on file i.e. officer decisions notes (memo).

- A policy update and refresh is required to ensure all processes have been accurately documented and timescales for decisions are stated.
- The retention schedule requires an update to reflect the move to cloud based storage services.

2.3 Housing Allocations – Reasonable Assurance

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that housing property is allocated efficiently and effectively to qualifying tenants in accordance with Council policy and procedures and offers choice to prospective tenants through the allocations process in accordance with prevailing legislation.

2.3.1 Summary of Findings

In 2021/22 the Council allocated around 375 properties to applicants on the Housing Register. Despite this, there continues to be more applications to join the Housing Register than homes available. Data obtained over the period April 2020 to March 2021 showed that the average waiting time across all property types was around 16 months.

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

- The Housing Allocations policy is readily available to officers and also members of the public wishing to join the Housing register.
- Applicants with and without access to a computer are able to complete an application for entry onto the Housing Register and also place bids on properties.
- All completed applications are being assessed and scored consistently in accordance with criteria listed in the Allocations Policy.
- Property adverts contain all information relevant to the property and any eligibility conditions associated with the property.
- All decisions to make an offer of a tenancy are being suitably documented.
- Potential tenants should be able to view a property before accepting an offer of an allocation on it.

Some scope for improvement was however identified in the following areas:

- Whilst the current Housing Allocations Policy has been subject to regular internal reviews, it has not been subject to an external consultation to formally seek the views of external stakeholders since it was introduced in 2016.
- Insufficient checks are being undertaken to verify local connections resulting in the possibility of persons joining the Housing Register which do not meet with the local connections criteria.
- Action should be taken to ensure that the current backlog regarding the review of medical reports is reduced as soon as practical.
- Suitable performance indicators around the allocations processes should be reintroduced and reported to Senior Management at regular intervals.

2.4 Absence Management – Limited/Reasonable Assurance

2.4.1 Audit Scope

To provide assurance that staff absences are valid and authorised by management either in advance or in the case of sickness immediately after the event. To ensure that staff resources are adequately controlled and managed.

2.4.2 Summary of Findings

At the time of the audit there were 516 employees employed by Dover District Council across 13 different service areas. The staff handbook states that *'in order to ensure that the Council's most valuable assets, its employees, are able to contribute successfully towards the strategic direction of the Council and to achieve their full potential, the Council needs an effective framework for the recruitment, retention, deployment and development of its entire staff.'*

The Council has an Absence Management Policy, an Annual Leave Policy and a Flexible Working Policy in place which form part of a framework for managing absence across the Council. See below absence management figures taken from the East Kent People system: -

	Headcount	FTE
01/04/2019	354	302.06
01/04/2020	383	330.61
01/04/2021	426	375.58
	Days lost (sickness)	Per FTE
2019/2020	2407	6.6
2020/2021	1802	4.94
2021/2022	3740.5	10.25

Management can place Limited Assurance on the system of control in operation for the management of sickness absence and Reasonable Assurance on the system of control for the management of annual leave and flexi records.

Weaknesses were identified in the following areas: -

- The management of sickness absence across the Council is not consistent and there are absences that are not being recorded on the People Manager system.
- There are instances where no recorded return to work interviews are taking place or employee self-certification recorded for absences.
- The effectiveness of sickness absence monitoring and reporting needs to improve once managers are consistently recording sickness absences into the People Manager system in compliance with policy and guidance.
- The People Manager system does not send any notifications to managers when sickness triggers are hit.

- The Tractile system used to record flexi and employee timesheets has very basic functionality for example it does not interface with the People Manager system, it fails to recognise breaches of policy and it allows managers to leave employee timesheets unauthorised.

Effective control was however evidenced in the following areas:

- The absence management policy suite provides sufficient detail for management and employees to follow although these policies must contain the date they were approved and introduced to support good governance.
- Annual leave is being managed and monitored effectively.
- Whilst there are weaknesses in the Tractile system functionality, it was being used well for flexi management and by employees themselves.

2.5 Planning Applications, Income & S106 – Limited/Reasonable Assurance

2.5.1 Audit Scope

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

- Planning Applications and Income: Ensure that planning application procedures, including those in respect of fees and collection of income, are in accordance with Statute, and the organisation's Standing Orders and Financial Regulations.
- Section 106 Agreements: Ensure that Section 106 agreements are used where appropriate in planning applications and that all legal requirements are adhered to. All income / benefits from the agreement are received and obligations imposed are complied with to the benefit of the district.

2.5.2 Summary of Findings

In March 2012, the government published the National Planning Policy Framework. The framework provides a balanced set of national planning policies for England covering the economic, social and environmental aspects of development. The policies in it must be taken into account in preparing Local Plans and Neighbourhood Plans and it is a material consideration in deciding planning applications.

The Planning department has two statutory performance indicators which are to determine major planning applications within 13 weeks and to process non-major planning applications within 8 weeks. These statutory performance indicators do not include applications with Section 106 Agreements, but it does include applications that have an agreed extension of time or Planning Performance Agreement. The two performance indicators are monitored by the Cabinet quarterly, along with other performance criteria and contextual information as shown below: -

KPI	KPI Description	DDC Target 2021/22	DDC Outturn 2021/22
PLA001	Percentage of major planning applications determined in 13 weeks (exc. section 106 agreements) or	65%	93.75%

	within an agreed extension of time or Planning Performance Agreement		
PLA002	Percentage of non-major planning applications determined in 8 weeks (exc. Section 106 agreements)	75%	94.56%
PLA003	The percentage of decisions for major applications overturned at appeal (+)	<10%	0%
PLA004	The percentage of decisions for non-major applications overturned at appeal (+)	<10%	0.7%
PLA007	Number of new houses completed.	No target	561
PLA009	% of appeals upheld by the Planning Inspectorate as a % of those submitted	No target	17.63%

Management can place Reasonable Assurance on all elements of the planning applications and S106 Agreement process except for the following elements where Limited Assurance is placed on the system of internal controls: -

- The governance arrangements in place for reporting planning performance; and
- The audit trail of S106 agreement income received prior to October 2020, when the Tech One system was introduced, and e-financials discontinued.

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

- There is an insufficient audit trail within the accountancy system to evidence income relating to S106 Agreements prior to October 2020 when the accountancy system changed from e-financials to Tech One.
- There is an urgent need to introduce procedure notes for S106 agreements to provide clarity over processes and responsibilities for managing the S106 process across departments such as Legal, Accountancy, Income and Planning.
- Two out of the ten planning application samples tested (three major and seven minor) were processed within the statutory period, although the other eight samples all had time extensions agreed. The three major applications took an average of 88.33 days to process, and the five minor applications took an average of 54.4 days to process.
- There is evidence to suggest that officers are using extensions of time to enable negotiations during the planning process, which can be lengthy. It is questioned whether some of these negotiations could be avoidable. The use of extensions of time are an embedded part of the Government stats, however it is noted that they can distort the performance figures by making them look better than they are.

Effective control was however evidenced in the following areas:

- Management information being reported at a manager level through Power-Bi is effective, timely and insightful.
- The quality of pre-application processes and planning application decisions being processed and evidenced is high.
- From the samples tested it was found that the Planning department is operating in compliance with legislation and the National Planning Policy Framework.
- The audit trail of planning correspondence and income (from October 2020 onwards) is good.

- Complaint levels are low and are being dealt with professionally.

2.6 Tech 1 Project PIR – Not Applicable

2.6.1 Audit Scope

To provide independent assessment of the lessons learned regarding the Project Management processes employed for the capital project from the start to delivery.

2.6.2 Summary of Findings

Before the implementation of the Tech One System in 2020 the Council had been using a financial management system named e-financials since 2001 alongside a bespoke in-house built Budget Monitoring system. The limited improvements to the systems, the increase in cost of e-financials and the loss of in-house expertise for maintaining the in-house built Budget Monitoring system led to a decision to procure the Tech One system.

A project was set up to deliver 'OneCouncil' by the summer of 2020 at a cost of £400k, the provision of which was included in the MTFP. The project out-turn was £427,450 largely due to the increased demand on staff time required during the testing phases of the project.

	Budget	Outturn	Variance
TechOne Consultancy	£220,000	£220,000	£0
Recharge of staff time	£80,000	£110,650	£30,650
Contingency	£100,000	£0	(£100,000)
TechOne Annual Software Costs	£0	£76,800	£76,800
Document Imaging extraction	£0	£20,000	£20,000
Total	£400,000	£427,450	£27,450

This post implementation review focused on what went well and what could be improved to allow senior management to reflect and apply learning to help improve project outcomes for the future.

What went well?

The following areas were a strength for the Tech One implementation project: -

- The structure of the project governance was initially setup in accordance with recognised good practice.
- The commitment of some staff to see the project through to a conclusion during a very difficult and challenging period throughout the pandemic helped the Council meet a very ambitious and challenging set of go-live deadlines set by Tech One.
- There was a good use of project plans to help manage different project stages at a project management level.
- Data migration and data testing processes were well documented and managed, although system testing and sign off was not sufficiently robust.
- The audit trail of project documentation from a project management perspective was good and allowed a robust post implementation review to take place.

What could be improved?

Scope for improvement was identified in the following areas:

- Some 'perceived system benefits' set out within the initial project scope have not been realised despite a small project overspend on this project of £27,450.
- Project guidance needs to be improved to help provide clarity over how senior management expect projects to be governed and managed.
- Project risk management practices and project risk oversight could be improved.
- The two-person project team was too small and didn't include sufficient expertise in ICT, risk management or project management.
- Project Board oversight weakened as the project progressed into the testing phases and go-live phases of the project.
- Project Board focus meetings could be improved with a more structured and consistent approach to meeting management.
- The project outcome may have benefited with a sufficient change programme to help bring reluctant staff onboard with the project.

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	
			C	H	C	H
a) Right to Buy	Substantial	Substantial	M	L	M	L
b) Parks for People – Kearsney Abbey & Russel Gardens	N/A	N/A	C	H	C	H
c) Recruitment & Leavers	Reasonable	Substantial	C	H	C	H
d) EKS Procurement Disposal	Substantial	Substantial	C	H	C	H
ICT &			M	L	M	L
			L		L	

- 3.2 Details of each of any 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.

b) Parks for People - Since the initial audit the Council has appointed a new Strategic Director responsible for project management and it is starting to develop a new framework for risk management. This is a positive step which has the potential to improve governance particularly as project management and risk management are critical features of good governance. Once project management and risk management guidance has been approved, developed and published on the Staff Hub the Council will be in a stronger position to deliver successful projects in the future.

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, Repairs and Maintenance, Employee Health & Safety, Income, Cash Collection & Bank Reconciliation, Leasehold Services, and VAT.

Due to resource implications within the Finance Departments (arising from the budget and closure of accounts pressures) the proposed 22-23 VAT audit has been postponed until the Summer of 2023. The Council is currently tolerating the risk that it is behind with submitting its VAT returns and is also not up to date with its partial exemption calculation.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2022-23 Audit plan was agreed by Members at the meeting of this Committee on 17th March 2022.
- 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 are made to the plan during the course of the year as some high-profile projects or high-risk areas may be 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 2022, 210.49 chargeable days were delivered against the target of 300, which equates to 70.16% plan completion.

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

Attachments

- Annex 1 Summary of High priority recommendations outstanding after follow-up.
Annex 2 Summary of services with Limited / No Assurances yet to be followed up.
Annex 3 Progress to 31-12-2022 against the agreed 2022/23 Audit Plan.
Annex 4 Balance Scorecard of KPIs to 31st December 2022
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>Parks for People: Kearsney Abbey & Russell Gardens – January 2023</i>		
<p>The Project Management Guidance located on the intranet should be amended: -</p> <ul style="list-style-type: none"> • to make it clear that management expect all project documents to be retained for audit and assurance purposes (i.e. terms of reference, risk registers, minutes from meetings, delegations etc. for audit, assurance and accountability purposes); and • to make it clear that all decisions to progress with a project are recorded for accountability and assurance purposes; and • to ensure the Project Board agendas and minutes from project meetings consistently following a format that ensure an update and review of the following: - <ul style="list-style-type: none"> i) Project Budget Position; ii) Review Project Risks; iii) Current project Position – development; 	<p>The Council will establish a corporate working group to review the project guidance and the issues raised within the audit report and look closely at where responsibility for project guidance should sit.</p> <p>Proposed Completion Date & Responsibility</p> <p>Strategic Director (Operations and Commercial) (RW) & Director of Finance, Housing and Community (MD). Spring 2022</p>	<p>Auditor Comment: - Since the appointment of the Strategic Director – Corporate and Regulatory (LM), responsibility for project management now formally sits under the responsibility of the Major Projects and Programme Manager (EJA). She is putting together project guidance for managers and staff to use on the Staff Hub. It has been confirmed that senior management are committed to strengthening the project guidance in place and implementing the audit recommendations from the Kearsney Abbey Post Implementation Review and more recently the Tech One Post Implementation Review. Senior Management have confirmed that any new guidance should be in place by the summer of 2023.</p> <p>Recommendation Outstanding with Intent to Action. Revised Implementation Date – August 2023.</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>iv) Current Project Position - delivery;</p> <p>v) Contract Management;</p> <p>vi) Decisions made since last meeting;</p> <p>vii) Decisions due before next meeting;</p> <p>viii) Communication (CMT, Portfolio Holder, Public)</p> <p>AOB.</p>		
<p>Project governance should be carefully considered before taking the decision to proceed with a project. Answers to the following questions should be routinely considered when a project is being approved? Management should consider adding this to the project guidance: -</p> <ul style="list-style-type: none"> • Does the project need to be led by a specific department (i.e. Property Services for projects involving restoration, renovation, assets, asbestos removal)? • Is the scope of the project realistic in terms of assumptions relating to finances, cost, budget, timescales, contingency and 	<p>To be considered once a Corporate Working Group has been established.</p> <p>Proposed Completion Date & Responsibility</p> <p>Strategic Director (Operations and Commercial) (RW) & Director of Finance, Housing and Community (MD). Spring 2022</p>	<p>Auditor Comment: - See comments in Recommendation 1 above.</p> <p>Additionally, CMT are introducing a new risk management framework which now falls under the responsibility of the Democratic and Corporate Services Manager (RB). The two officers responsible for Project Management and Risk Management have confirmed that they will be working together to ensure that risk management criteria is aligned in terms of project risk management and organisational risk management.</p> <p>Recommendation Outstanding with Intent to Action. Revised Implementation Date – August 2023.</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>officer expertise required during the project?</p> <ul style="list-style-type: none"> Does the proposed project team include all areas of expertise required to deliver the project successfully (risk management, surveyor, accountant, ecologist, community engagement, planning, building control, procurement etc.)? Will the project team have the experience and expertise to manage risks effectively? Who are the main stakeholders / partners, and have they been consulted? <p>Is it essential that the Council assess the financial risk to the Council if the project runs in to problems. (i.e. what is the worst-case scenario and is this still acceptable to the Council? Is the Council willing to underwrite any overspend)</p>		
<p>Management should note and adopt the 'list of potential project risks and controls' (Appendix 2) which has been put together as part of the Kearsney Abbey post implementation review and add this to the Project Risk</p>	<p>To be considered once a Corporate Working Group has been established.</p> <p>Proposed Completion Date & Responsibility</p>	<p>Auditor Comment: - See comments in Recommendation 1 above.</p> <p>Additionally, CMT are introducing a new risk management framework which now</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>Management Guidance made available on the intranet. This document should be updated on conclusion and reflection of each project to provide insight into the risks faced in order to help improve outcomes and learning for future projects.</p>	<p>Strategic Director (Operations and Commercial) (RW) & Director of Finance, Housing and Community (MD). Spring 2022</p>	<p>falls under the responsibility of the Democratic and Corporate Services Manager (RB). The two officers responsible for Project Management and Risk Management have confirmed that they will be working together to ensure that risk management criteria is aligned in terms of project risk management and organisational risk management.</p> <p>Recommendation Outstanding with Intent to Action. Revised Implementation Date – August 2023.</p>
<p>The Council should adopt the Project Risk Register Template (at appendix 3) and set out the project risk management process in the Project Management Guidance made available through the intranet. It should also adopt the 5x5 risk management matrix (appendix 3) which was successfully used as part of the Dover District Leisure Centre Project for managing projects in future.</p>	<p>To be considered once a Corporate Working Group has been established.</p> <p>Proposed Completion Date & Responsibility</p> <p>Strategic Director (Operations and Commercial) (RW) & Director of Finance, Housing and Community (MD). Spring 2022</p>	<p>Auditor Comment: - See comments in Recommendation 1 above.</p> <p>Additionally, CMT are introducing a new risk management framework which now falls under the responsibility of the Democratic and Corporate Services Manager (RB). The two officers responsible for Project Management and Risk Management have confirmed that they will be working together to ensure that risk management criteria is aligned in terms of project risk management and organisational risk management.</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.
		Recommendation Outstanding with Intent to Action. Revised Implementation Date – August 2023.
<p>Responsibility for the project management guidance documents currently located under 'Corporate Services' on the intranet should be clarified. Once the guidance is updated its location on the intranet should be shared with managers at managers forum.</p>	<p>To be considered once a Corporate Working Group has been established.</p> <p>Proposed Completion Date & Responsibility</p> <p>Strategic Director (Operations and Commercial) (RW) & Director of Finance, Housing and Community (MD). Spring 2022</p>	<p>Auditor Comment: - Responsibility for project management now formally sits under the responsibility of the Major Projects and Programme Manager (EJA). She is putting together project guidance for managers and staff to use on the Staff Hub.</p> <p>Recommendation Outstanding with Intent to Action. Revised Implementation Date – August 2023.</p>

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Garden Waste & Recycling Income	01-12-2022	Limited/Reasonable	Work-in-Progress
Grounds Maintenance	01-12-2022	Limited	Work-in-Progress
<u>Absence Management:</u> Sick Leave; Annual Leave; and Flexi Leave.	16-03-2023	Limited Reasonable Reasonable	Spring 2023
Planning Applications, Income and s.2016 Agreements	16-03-2023	Reasonable/Limited	Spring 2023

**PROGRESS AGAINST THE AGREED 2022-23 AUDIT PLAN
DOVER DISTRICT COUNCIL**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2022	Status and Assurance Level
FINANCIAL SYSTEMS:				
Income, Cash Collection & Bank Rec.	10	10	0.18	Work-in-Progress
VAT	10	10	0.26	Work-in-Progress
Insurance & Inventories of Portable Assets	10	10	0.18	Postponed
HOUSING SYSTEMS:				
Housing Allocations	10	10	11.42	Finalised - Reasonable
Private Sector Housing	10	10	12.21	Finalised - Reasonable
Right to Buy	10	10	10.17	Finalised - Reasonable
Repairs & Maintenance	10	10	0	Work-in-Progress
Leasehold Services	12	12	0	Work-in-Progress
Sheltered Housing	10	10	10.01	Finalised - Substantial
HR RELATED:				
Absence Management	10	10	10.89	Finalised – Limited, Reasonable, Reasonable
GOVERNANCE RELATED:				
GDPR, FOI & Information Mngmt.	12	12	0	Work-in-Progress
Complaints Monitoring	10	10	10.98	Finalised – Substantial
Scheme of Officer Delegations	10	10	0	Postponed to 23-24
Corporate Advice/CMT	2	2	4.36	Ongoing
s.151 Meetings and Support	9	9	9.98	Ongoing
Governance Committee Meetings and Reports	12	12	10.23	Ongoing
2023-24 Audit Plan Preparation and Meetings	9	9	5.93	Ongoing
COUNTER FRAUD & CORRUPTION:				
Counter Fraud and Corruption	10	10	0	Work-in-Progress
SERVICE LEVEL:				
Employee Health & Safety	10	10	0	Work-in-Progress
Safeguarding	10	10	0	Work-in-Progress
Port Health – Consultancy	10	10	6.04	Finalised – N/A
Port Health – Assurance	10	10	0	Postponed

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2022	Status and Assurance Level
Climate Change	5	5	1.02	Work-in-Progress
Food Safety	10	10	10.16	Finalised - Substantial
Planning Applications, Income & s106	12	12	13.78	Finalised – Reasonable/Limited
Corporate Plan, Local Plan & MTFP	10	0	0	Postponed
Building Control	10	10	0	Postponed to 23-24
Waste Management	15	15	0	Postponed to 23-24
OTHER:				
Liaison with External Auditors	1	1	0.45	Ongoing
Follow-up Work	15	15	7.59	Ongoing
FINALISATION OF 2021-22- AUDITS:				
Digital/Cloud Computing	5	15	10.64	Finalised – Reasonable
Environmental Protection			0.77	Finalised – Reasonable
CSO Compliance			0.14	Finalised – Reasonable
Grounds Maintenance			12.47	Finalised – Limited/Reasonable
Tenancy & Estate Management			0.45	Finalised – N/A
Budgetary Control			3.14	Finalised – Reasonable
Phones, Mobiles & Utilities			14.70	Finalised – Reasonable/Limited
Recruitment			4.73	Finalised – Reasonable
Main Accounting System – Post Implementation Review			12.67	Finalised – N/A
Garden Waste & Recycling Income			14.94	Finalised - Limited
RESPONSIVE ASSURANCE:				
None this Period				
TOTAL	300	300	210.49	70.16%

**PROGRESS AGAINST THE AGREED 2022-23 AUDIT PLAN
EAST KENT SERVICES**

Review	Original Planned Days	Revised Planned Days	Actual days to 31/12/2022	Status and Assurance Level
EKS Reviews:				
Business Rates	15	15	14.97	Finalised - Substantial
Housing Benefit DHPs	15	15	7.06	Finalised - Substantial
Housing Benefit Testing	15	16	16.51	Finalised - N/A
Debtors	15	10	0.14	Work in progress
ICT – Data Management	15	15	0.27	Quarter 4
ICT – Network Security	15	15	0.30	Quarter 4
KPIs	5	7	7.04	Finalised - Substantial
Payroll	18	18	17.60	Finalised - Substantial
Other:				
Corporate/Committee	8	5	4.45	Ongoing
Follow Up	6	6	0.43	Ongoing
Joint DWP Investigation	0	5	6.88	Ongoing
Finalisation of 2021-22 Audits:				
ICT Procurement & Disposal	1	1	1.22	Finalised - Substantial
Total	128	128	76.87	60.05%

INTERNAL PROCESSES PERSPECTIVE :	2022-23 Actual	Target	FINANCIAL PERSPECTIVE:	2022-23 Actual	Original Budget
	Quarter 3		Reported Annually		
Chargeable as % of available days	88%	90%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£
CCC	74.52%	75%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£
DDC	70.16%	75%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
TDC	75.24%	75%			
FHDC	70.34%	75%			
EKS	60.05%	75%			
Overall	71.20%	75%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 		£
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	38	-			
<ul style="list-style-type: none"> • Not yet due 	25	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	24	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Partial			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2022-23 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2022-23 Actual</u>	<u>Target</u>
	Quarter 3		Quarter 3		
Number of Satisfaction Questionnaires Issued;	52		Percentage of staff qualified to relevant technician level	61%	60%
Number of completed questionnaires received back;	31		Percentage of staff holding a relevant higher-level qualification	36%	36%
	= 60 %		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	3.9	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)	50%	50%
	94%	90%			
	97%	100%			

Definition of Audit Assurance Statements & Recommendation Priorities

Cipfa Recommended Assurance Statement Definitions:

Substantial assurance - A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable assurance - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited assurance - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

No assurance - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

EKAP 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.