
Subject: **QUARTERLY INTERNAL AUDIT UPDATE REPORT**

Meeting and Date: **Governance Committee – 28th September 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 30th June 2023

Recommendation: That Members note the update report.

1. Summary

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

2. Introduction and Background

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

SUMMARY OF WORK

- 2.7 There have been five internal audit assignments completed during the period, which are summarised in the table in section 2 of the report.
- 2.8 In addition 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 three months to 30th June 2023, 92.34 chargeable days were delivered against the target of 318, which equates to 29.04% 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 2023-24 - Previously presented to and approved at the 16th March 2023 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 2023.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level	No. of Recs.	
2.1	Leasehold Charges	Reasonable	C H M L	0 3 2 3
2.2	Environmental Protection Service Requests	Reasonable	C H M L	0 1 1 5
2.3	Safeguarding	Limited	C H M L	0 6 2 4
2.4	EKS – Data Management Desegregation Project	Limited	C H M L	0 6 1 0
2.5	Contract Management of Waste Management & Street Cleansing	No / Reasonable	C H M L	9 9 0 0

2.1 Leasehold Services– Reasonable Assurance

2.1.1 Audit Scope

To provide assurance that the service costs incurred by the Council in respect of relevant properties within the housing portfolio, for which the Council owns the freehold, and which are occupied on lease, or have been sold are appropriately re-charged to the tenants/leaseholders/owners in accordance with statutory provisions and Council policy.

2.1.2 Summary of Findings

Leasehold is a long-term tenancy where someone buys the right to live in a property for a certain period, usually 99 or 125 years. The Council issues 125 year long leases via homeownership schemes (i.e. right to buy).

Leaseholder charges for housing stock is currently being managed by the Homeownership Officer; a total of 436 invoices were raised and sent out in 2022/23 with an estimated revenue of £ 554,272. During this period there were two major projects undertaken which were apportioned and re-charged.

The debt arising from unpaid leaseholder charges and outstanding to the Council as at the end of February 2023 was £139,290. From reviewing the records there were a total of 10 leaseholder accounts that would be classed as in persistent debt totalling £27,414.

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

- Service charges are being calculated lawfully and reflect costs incurred by the Council in providing maintenance and services.
- Invoice generation is being carried out in-line with approved policies and procedures. From the sample testing, these were found to be accurate and sent out in a timely manner.
- Leaseholder payments are being properly accounted for.
- Newly created lease agreements are consistent with existing leases in the same block as they are generated from a template by Legal Services. These have been adjusted to take into account the legislative changes in ground rent payments i.e. 'peppercorn' rates for new leases issued after June 2022.
- The Council do not operate a repairs reserve account as there is no provision in the lease for a sinking or reserve fund.

Scope for improvement was however identified in the following areas:

- Debt collection processes require to be undertaken in accordance with the income policy, with regular reports being sent to the s151 officer for action so that the monies outstanding and owing to the authority can be re-paid or actioned in a timely manner.
- There is currently no planned maintenance programme in place, however this will be considered and expected to be implemented in 2024/25.
- There is currently no prescribed way for obtaining customer satisfaction, other than via the S20 process and via the Council's compliments/complaints or Whistleblowing processes.

2.2 Environmental Protection Service Requests – Reasonable Assurance

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council has an effective system of controls and procedures for investigating and responding to environmental protection service requests in the following areas:

1. Dust;
2. Smoke;
3. Odour;
4. Fumes;
5. Animals;
6. Noise;
7. Accumulations ;
8. Filthy and verminous premises ;
9. Drainage.

2.2.2 Summary of Findings

The majority of complaints dealt with by the Environmental Protection Team are statutory nuisances under the Environmental Protection Act 1990. Other legislation may also apply and may be utilised where they don't require as high a burden of proof such as, Anti-Social Behaviour Crime and Policing Act 2014, Prevention of Damage by Pests Act 1949, Public Health Act 1936 and Building Act 1984, and the Control of Pollution Act 1974.

Officers decide the best course of action based on the type and level of nuisance to ensure a proportionate response based on the principles engage, explain, encourage, and enforce.

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

- Clear and comprehensive policies and procedures are in place and applied by officers,
- Advisory and enforcement action is taken in line with the Council policies and procedures; but could be further enhanced with appropriate budgets for various support services.
- A good management trail of actions taken, and correspondence issued and received is maintained,

Scope for improvement was however identified in the following areas:

- Regular exercises should be carried out to ensure that worksheets are being closed down when all action has been taken or when timeframes for responses have been passed. This is important with the new system due to be put in place in February 2024.
- There is the need for supporting strategies (i.e. Corporate Enforcement Strategy and the Communication Strategy (Both over 10 years since last reviewed) and policies that support the environmental protection function are reviewed on an annual basis to ensure that they kept up to date and reflect changes in legislation and Council actions.
- Consideration should be given to having a set budget provision for legal / consultancy services for each financial year to support any cases that may lead to a prosecution or planning enquiry etc.
- With the replacement system for M3 being implemented it would be worthwhile checking to ensure that cases where the 'action element of the worksheets' are not closed down will not impact on data being imported to the new system.

- Consideration should be given to reviewing future predicted demand on the service and the likely required staff resources, any service risks highlighted may need to be addressed in the future.

2.3 Safeguarding - 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 Council fulfils its legal obligations under section 11 of the Children Act 2004 and under the Safeguarding Vulnerable Groups Act 2006.

2.3.2 Summary of findings

Safeguarding, in its broadest sense, is defined as 'To protect from harm'. The Council has a number of duties to safeguard children, vulnerable adults which also extends to domestic abuse, exploitation, radicalisation, forced marriage, trafficking and modern slavery.

The Council works with Kent County Council, primarily, as well as other agencies, to ensure safeguarding is embedded within all service areas throughout the Council. In order to demonstrate this, there is a Safeguarding Policy in place. The Council's approach to safeguarding is for the DSO's and Safeguarding Lead acting in an advisory and triage capacity only, they do not investigate but log incidents and ensure, based on the information provided by staff that they are correctly identified as an incident and reported correctly to the lead safeguarding partner, that being Kent & Medway Safeguarding Board (KMASB) and Kent County Safeguarding Board (KCSB). Therefore, record keeping by the Safeguarding team should be collaborative, complete, and up to date.

The dedicated system currently being used to record all safeguarding notifications is via SharePoint, for which since 2020 and at the time of testing (end of February 2023) a total of 178 referrals have been logged. It should be noted that at the time of testing it was established that this system is currently being reviewed and renewed; a timeframe for its launch was not provided but management have advised that this will focus on the data capture and ensure a full evidential audit trail of officer decisions is maintained.

It should be noted that the Council is currently replacing its eLearning platform for which a delay in some of the training being provided was expected, the new system went live on 05 June 2023.

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

- Whilst clear lines of accountability exist within the policy the evidence/audit trail will need to be considered and embedded within the proposed new recording system as the current system was found to be weak and incomplete; this included missing data capture for the manager's decision; no linked files to assist in identifying patterns i.e. repeat referrals; the type of referral; any in-house assistance provided by other Council teams etc.
- Safeguarding training for staff was found to not be up to date. The Policy states that this is to be undertaken at least bi-annually so even taking into consideration the implementation of the new learning platform the recorded completion rates were considered to be low (below 50%).

- To clearly demonstrate and inform corporate management and staff of associated Safeguarding risks, updates to the project risk matrix and various risk assessments for those areas highlighted within the safeguarding policy are required.
- The types of training being provided for elected members, contractors and volunteers needs to be documented.

Effective control was however evidenced in the following areas:

- Corporate Standards and supporting Procedures on Safeguarding are clearly documented, regularly reviewed and actively reported to staff.
- Safeguarding Policy and procedures provide a clear statement of the Council's responsibilities to children and vulnerable adults and are being promoted via a staff newsletter.
- Application of robust recruitment procedures is in place.
- DBS checks across the authority, which are undertaken by HR, are all up to date.
- Effective communication and protocols for information sharing to staff and external agencies is in place.

2.4 EKS Data Management Desegregation Project– Limited Assurance

2.4.1 Audit Scope

To ensure that the controls over the administration of ICT electronic files, for data protection purposes and back ups are robust and sufficient, following the project to desegregate from EK Services.

2.4.2 Summary of Findings

In 2022-23 the decision was made to move ICT away from EK Services and for each Council to become responsible for its own data. This has meant that each partner authority and EK Services have had to undertake work to move the management of data back under the responsibility of each authority.

Management can place Limited Assurance on the system of internal controls in place around the desegregation project. The primary findings giving rise to the Limited Assurance are as follows:

- The Council does not currently have a Risk Register in place for the desegregation project.
- The Council does not have a Project Plan in place detailing the work needed to complete the project and the key dates for the completion of the tasks necessary to complete the entire desegregation project.
- Discussions are yet to be held to agree on the raising of charges (or not) for Thanet DC to run Dover DC servers, until Dover DC has moved its servers out of the Thanet DC data centre.

Effective controls were found to be in place in the following areas:

- EK Services and each of the Partner authorities have held regular meetings to review the desegregation project.

- All partner authorities are in agreement regarding arrangements in the short term for the backing up of data belonging to each authority.

Management Response

A Project Plan and Project Risk Register have been developed by EKS for the three partners on their behalf.

Head of Shared Services TDC

2.5 Contract Management of Waste Management & Street Cleansing – No / 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 street cleansing function is being carried out efficiently and effectively within an appropriate control framework which reduces any risks to an acceptable level.

2.5.2 Summary of Findings

The Waste Collection and Street Cleansing contract is a joint contract between Dover District Council and Folkestone and Hythe District Council. It commenced in January 2021 for an eight-year period with an estimated total value of around £44 million. For 2022/23 Dover District Council paid the contractor £5,540,833 of which, around £2 million related to Street Cleansing, the remainder relating to Waste Collection.

The Council is required to comply with the Environmental Protection Act 1990. In order to ensure compliance with the Act, Defra produced a Code of Practice on litter and refuse to give duty bodies more detailed information on the actions needing to be taken to ensure compliance with the Act. In failing to comply with the Defra Code of Practice, the Council is also failing to comply with the Environmental Protection Act 1990.

Monitoring routines are considered to be not working to such an extent that the standards set out in the contract are not being delivered, and no effective action is being taken against the contractor for not delivering. The Council has no option other than to meet the minimum standards set out in the Defra Code. The contract already fails to meet all of those standards. The Council cannot accept a lower standard than the Defra Code as required by the Environmental Protection Act, and should be enforcing the standards set out in the terms and conditions within the contract.

Management can place No Assurance on the system of internal controls around the contract management of the Street Cleansing function and Reasonable Assurance on the system of internal controls around the contract management for the Waste Management function.

The primary findings giving rise to the No Assurance opinion in respect of contract management of street cleansing are as follows:

- The contract states that 'the Contractor shall Cleanse all areas covered by the Agreement so that they are Grade A standard', however inspection results show areas to be at grade B 75%, and grade C 15% of the time meaning that the Council

is paying for the District to be cleansed to grade A, but receiving at best a grade B and often a grade C service.

- Where monthly inspections identify areas as needing attention by the contractor, no process is in place to confirm that the contractor has completed that work in accordance with the requirements of the contract.
- Despite the street cleansing function being a 7 days a week service. The Council monitors the contract 5 days a week Monday to Friday. No monitoring is undertaken during busy weekend periods.
- Zone Z areas are not being cleansed to grade A by 08:00 each day as is required by the contract, and are on many occasions being cleansed to grade C. Where zone Z areas are not grade A by 08:00, they are also not being restored to grade A by 11:00 as is required by the contract. Despite this, the Council has not raised any penalties against the contractor for failing to comply with the requirements of the contract.
- Evidence in the sampling highlighted that the contractor is closing jobs as complete when they have not been started. In doing so, Veolia is avoiding the cost of completing the work, and possible financial penalties for not being able to complete the job within the rectification period specified in the contract.
- Section 3.3.4 (B) of the contract states that '*The Contractor shall cleanse all areas covered by the Agreement so that they are Grade A standard*'. Review of 1,995 inspections undertaken by Council inspection staff in the period January to April 2023 recorded most areas to be at Grade B or C meaning that while the Council is paying the contractor to cleanse the District to grade A, it is essentially only receiving a Grade B and, in some cases, only receiving a grade C.

	Grade A	Grade B	Grade C	Grade D
Litter	13%	75%	12%	0%
Detritus	0%	82%	17%	0%

- Mechanical sweeping is not being undertaken in accordance with the requirements of the contract; despite this no penalties have been raised by the Council against the contractor for failing to provide mechanical sweeping in line with the contract.
- Despite the Council paying £255,000pa for the cleansing of car parks, the contractor is failing to cleanse them in accordance with the requirements of the contract.
- The contractor is failing to ensure that gulley/drain gratings on public highways and car parks are not blocked with refuse, fallen leaves, weeds and blossoms, or any other matter as part of his normal cleansing duties. Despite this, the contractor has not raised any financial penalties against themselves for failing to comply with the requirements of the contract. Similarly, the Council has also not raised any penalties against the contractor in respect of blocked gulley gratings and drain covers.
- The contractor is failing to keep areas free from detritus which consequently results in excessive weed growth across the district. They are then also failing to remove weeds and grass from hard surface areas across the whole of the District as is required by the contract.
- Penalties are not being raised by the Council against the contractor where Inspectors identify that the contractor has not complied with the requirements of the contract despite there being facility within the contract for the Council to raise penalties against the contractor.

- Very little reliance, if any, can be placed on the performance information being provided by the contractor as testing highlighted that work is closed as completed when in fact it has not started.
- The Council does not have a costed plan in place to achieve recycling targets introduced by Central Government.
- There is no Risk Assessment or Risk Register in place covering the Waste Collection and Street Cleansing functions.
- There are no Service Standards in place covering the Street Cleansing function.

Procedures were found to be in place and working effectively in the following areas of the street cleansing function:

- Testing established that all staff involved in the monitoring of the contract have access to both the Defra Code and the contract.
- The Council has allocated a zone to each area across the District as is required by the Defra Code of Practice.
- Contract costs are kept under regular review by the Contract Supervisor.

The effective controls giving rise to the Reasonable assurance for the contract management of the Waste Management function are as follows:

- Suitable procedures are in place to ensure that the contractor is on the whole complying with the key requirements of the contract for waste collections.
- Testing identified that the contractor is providing monthly performance reports to the Contract Supervisor detailing performance achieved for the month.

Management Response

We are pleased to note the reasonable assurance given to the waste collection service following the recent audit of the of the Waste and Street Cleansing services, given the challenges faced by the service in 2021. However, clearly the audit findings in relation to street cleansing have raised a number of issues regarding the contractor's performance, which the Action Plan will seek to address over the coming months.

Strategic Director (Place & Environment)

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

- 3.1 As part of the period's work, three 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) Tech 1 Project Post Implementation Review	N/A	N/A	C	1	C	1
			H	5	H	5
			M	2	M	1
			L	0	L	0
b) Absence Management	Limited/ Reasonable	Limited/ Reasonable	C	0	C	0

Service/ Topic	Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
			H	3	H	3
			M	3	M	2
			L	3	L	1

- 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) Absence Management - The Council is making progress to put in place controls improvements that will improve the consistency of the management of sickness absence. Once training, automated notifications and proper reporting has been established, the control over absence management will undoubtedly improve.

At the time of the initial audit, we concluded that Management could have 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. Following completion of the follow-up review the opinion remains the same.

Management Response

Thank you to the EKAP for completing the Absence Management audit and highlighting areas that could be improved to strengthen the Absence Management process.

HR returned from Shared Service on 1 September 2021. The systems we operate remain a shared service system which, by virtue of such a system, has limitations or cost implications to the Council to set up improvements.

Many outstanding actions rely on the system's flexibility and design, which will enable us to progress with providing managers with a more robust, easy to use system which is more intuitive and meets the needs of the Council.

Procurement for a new system will commence at the start of 2024, with implementation planned for February 2025. The areas identified by the audit will be built into the procurement process.

In terms of making absence management more efficient for managers, we have implemented, where possible, initiatives and controls to highlight the need for good absence management. These have included mandatory induction training for all new people managers where absence management is a key focus along with system usage, regular reporting of corporate absence rates to the Corporate Management team, automatic absence "trigger" information sent directly to people managers, quarterly Heads of Service briefings and a re-write of the absence management and

sick pay policies, which will be implemented subject to consultation and General Purposes committee agreement.

Head of HR, H&S, Payroll & Corporate Communications.

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, Cyber Security, Local Code of Corporate Governance, Dog Warden and Street Scene Enforcement, Planned Maintenance Contracts, and Member Code of Conduct and Standards Arrangements.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2023-24 Audit plan was agreed by Members at the meeting of this Committee on 16th March 2023.
- 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.
- 5.3 A planned audit of VAT was included in the agreed 2022-23 internal audit plan. The audit was delayed at the request of the Head of Finance and Investment until July 2023. This change to the plan was noted in the 22-23 Internal Audit Annual Report and the audit was brought forward into the 2023-24 plan.

The Head of Finance and Investment advised Members of the Governance Committee in March 2023 that the Council was approximately 15 months behind with the submission of its VAT returns. Internal Audit enquiries as part of a separate review undertaken in the Summer of 2023 indicate that it is very unlikely that the Council will be able to accommodate the VAT audit this financial year.

It is intended to therefore delay the planned VAT audit to 2024-25 on the basis that the Council fully understands the current risks it is tolerating as follows;

- The Council is some 24 months behind with the submission of its VAT returns and that, based upon an average monthly VAT repayment due to the Council circa £200,000, the Council has an unclaimed debt of £4M with HM Revenue and Customs,
- The Council has not completed a VAT partial exemption calculation for the past 5 years.
- Were the Council to exceed its 5% de-minimis position any VAT due to HM Revenue and Customs would be required to be paid when submitting the September return in mid-October each year. Whilst it is very unlikely that the Council has exceeded 5% de-minimis position without undertaking this calculation annually it is unable to effectively plan its VAT affairs which leaves it exposed to the risk of a partial exemption breach, particularly in relation to any large commercial land or property transactions.

- The financial impact of the backlog indicates the Council is likely to be charged penalties circa £200 per month for the late submission of its VAT returns and as cashflow is affected, is also incurring the cost of increased borrowing to support this debt.

The Council has invested in additional resources to complete the backlog and has engaged the EKAP to test whether VAT coding errors are occurring in the new system implemented in February 2023. However, based upon the above information, even without undertaking the independent testing, given the definitions on Annex 5 would currently give rise to No Assurance in this area.

Management Response

Working with the additional resources each period is receiving a thorough review ensuring the VAT coding is checked, this methodology has accelerated the completion of each succeeding period. It is anticipated that 2021-22 will be completed by the end of October, and 2022-23 by the end of the calendar year. Following this, the partial exemption calculations for both years will be completed, noting that the Council has obtained VAT advice when making any significant commercial property acquisitions..

Separately, the data within the Pay 360 system for 2023-24 is being reviewed, the VAT returns for which will follow on, bringing everything up to date.

Head of Finance and Investment Finance and Housing

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 months to 30th June 2023, 92.34 chargeable days were delivered against the target of 318, which equates to 29.04% 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 30-06-2023 against the agreed 2023/24 Audit Plan.
Annex 4	Balance Scorecard of KPIs to 30 th June 2023
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>Tech 1 Project PIR – July 2023:</i>		
<p>Senior management should put in place comprehensive project guidance and templates which include: -</p> <ul style="list-style-type: none"> - guidance that sets out what exactly is expected of a project manager in terms of responsibilities, time and expertise through each stage of the project. - guidance that sets out what expertise should be included within a project team depending on the type of the project (i.e. IT skills, risk management facilitation, finance expertise, audit skills) - guidance for those putting together the scope of the project to think about how human resource implications should be assessed and calculated. - a project risk management framework that provides guidance on how to categorise, identify, assess, mitigate and communicate project risks to the Board. 	<p>Project Guidance to be drafted and published by February 2023. The guidance will be based on widely recognised and widely accepted best practice. The guidance will consider all the audit recommendations contained within the Kearsney Abbey PIR Report and the Tech One PIR Report.</p> <p>Proposed Completion Date & Responsibility</p> <p>Head of Investments, Growth and Tourism (CT) - February 2023</p>	<p>The issues and learning outcomes raised within the initial audit report have been noted and has generated a wider discussion about improvements that need to be made across the organisation at all levels.</p> <p>The new Risk Management Framework and project management guidance provides sufficient detail in relation to how project risk management could be managed in future, but it is draft subject to approval by CMT.</p> <p>Recommendation outstanding with intent to action. Revised implementation date December 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.
<ul style="list-style-type: none"> - guidance on how to produce and structure project board agendas and minutes. <p>Guidance on the role of the project board and their governance and oversight responsibilities before, during and after a project commences.</p>		
<p>Future project teams should include risk management expertise to help facilitate project risk management that focuses on risk management before, during and after a project commences.</p>	<p>Project Guidance to be drafted and published by February 2023. The guidance will be based on widely recognised and widely accepted best practice. The guidance will consider all the audit recommendations contained within the Kearsney Abbey PIR Report and the Tech One PIR Report.</p> <p>Proposed Completion Date & Responsibility</p> <p>Head of Investments, Growth and Tourism (CT) - February 2023</p>	<p>The issues and learning outcomes raised within the initial audit report have been noted and has generated a wider discussion about improvements that need to be made across the organisation at all levels.</p> <p>The new project guidance sets out where officers can go to receive additional support on project risk management. Once adopted the new Draft Risk Management Framework will help provide clarity over risk management processes and governance.</p> <p>Recommendation outstanding with intent to action. Revised implementation date December 2023.</p>
<p>Future project teams working on new system builds should include a project manager with project management experience, a project team that</p>	<p>Project Guidance to be drafted and published by February 2023. The guidance will be based on widely recognised and widely accepted best practice. The guidance will consider all the audit recommendations</p>	<p>The issues and learning outcomes raised within the initial audit report have been noted and has generated a wider discussion about improvements that need</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.
includes at least one team member with risk management expertise and a project team that includes at least one team member with digital or IT expertise.	<p>contained within the Kearsney Abbey PIR Report and the Tech One PIR Report.</p> <p>Proposed Completion Date & Responsibility</p> <p>Head of Investments, Growth and Tourism (CT) - February 2023</p>	<p>to be made across the organisation at all levels.</p> <p>Recommendation outstanding with intent to action. Revised implementation date December 2023.</p>
<p>Project Board meetings should continue throughout the life of a project until such time that it can verify the successful roll-out of the project that is verified through project performance indicators that are linked closely to the project objectives and perceived benefits set out within the original approved project scope.</p>	<p>Project Guidance to be drafted and published by February 2023. The guidance will be based on widely recognised and widely accepted best practice. The guidance will consider all the audit recommendations contained within the Kearsney Abbey PIR Report and the Tech One PIR Report.</p> <p>Proposed Completion Date & Responsibility</p> <p>Head of Investments, Growth and Tourism (CT) - February 2023</p>	<p>The issues and learning outcomes raised within the initial audit report have been noted and has generated a wider discussion about improvements that need to be made across the organisation at all levels.</p> <p>The new project guidance sets out the requirement for CMT to '<i>consider projects four times a year, high level updates will be provided on all major projects. The updates will include a briefing on finances, programme and major risks, so that potential impacts can be considered by senior managers in the context of the Council's project programme and the wider Corporate Risk Register.</i>'</p> <p>Recommendation outstanding with intent to action. Revised implementation date December 2023.</p>
Project Board meetings should be structured through an agenda and should be minuted to capture: -	Project Guidance to be drafted and published by February 2023. The guidance will be based on widely recognised and widely accepted best practice. The	Senior management have noted the need for better project governance. The new

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.
<ul style="list-style-type: none"> - Those in attendance. - Project budget update. - Project progress against the original plan. - Progress against realising the key benefits and objectives set out within the agreed project scope. - Key risks of the achievement of project objectives and an assessment of each risk. - Capital and revenue expenditure against the budget / agreement in place. - Key points for discussion. - Key decisions / agreed actions. <p>Communication with stakeholders / staff.</p>	<p>guidance will consider all the audit recommendations contained within the Kearsney Abbey PIR Report and the Tech One PIR Report.</p> <p>Proposed Completion Date & Responsibility</p> <p>Head of Investments, Growth and Tourism (CT) - February 2023</p>	<p>project guidance provides sufficient information & guidance in relation to project governance and risk management support.</p> <p>Recommendation outstanding with intent to action. Revised implementation date December 2023.</p>
<p>Senior management should improve the risk information contained within future project terms of reference being presented to it for consideration and approval by putting in place a set of template risk considerations in the template scoping document and project risk registers. For example, the natural risk categories could be: -</p> <ul style="list-style-type: none"> - Finance Risks (i.e. capital / revenue budgets / hidden costs) - Deadline Risks (i.e. missing key project deadlines and the impact) 	<p>Project Guidance to be drafted and published by February 2023. The guidance will be based on widely recognised and widely accepted best practice. The guidance will consider all the audit recommendations contained within the Kearsney Abbey PIR Report and the Tech One PIR Report.</p> <p>Proposed Completion Date & Responsibility</p> <p>Head of Investments, Growth and Tourism (CT) - February 2023</p>	<p>Senior management have noted the need for risk management improvements at a project and an organisational level. The new project guidance provides sufficient information & guidance in relation to project governance and risk management support.</p> <p>Recommendation outstanding with intent to action. Revised implementation date December 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.
<ul style="list-style-type: none"> - Competence Risks (i.e. resource capabilities to support project) - Capacity Risks (i.e. resource availability to support project) - Potential Service Disruption Risks (i.e. to other service users and customers) - Compliance Risks (i.e. data protection risks when testing data) - Lack of Support Risks (i.e. from across departments or from staff individually or collectively) • Testing risks (i.e. poorly formulated or unrealistic test data, inadequate insight in to officer needs and requirements) 		
<i>Absence Management – August 2023:</i>		
<p>CMT should remind all managers of their obligations to follow the Absence Management Policy and Guidance on the DDC Staff Hub and ensure all absences are recorded and managed through the People Manager system.</p>	<p>HR will raise this with CMT. Bitesize manager sessions (training) will remind managers of their obligations to record all absences on the EK People system.</p> <p>Proposed Completion Date & Responsibility July 2023 – HR and Payroll Manager (PF)</p>	<p>There has been a significant change in the way in which referrals to occupational health are made and managed. There is a new corporate requirement for Occupational Health referrals to come through HR which will help improve control and compliance in this area.</p> <p>The induction process provides information to new managers on the</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>requirements of absence management generally. It is the intention of HR to introduce bitesize manager training sessions once the new policies have been introduced.</p> <p>Reminders are yet to be sent through to staff to date and no training sessions have taken place to improve the way in which absences are managed and recorded by managers.</p> <p>Recommendation Outstanding with Intent to Action. Revised implementation date December 2023.</p>
<p>HR put in place processes that ensure senior management are provided with sickness reports on all their employees on at least a six-monthly basis, reporting to them on any triggers that may have been hit.</p>	<p>Recommendation cannot be implemented until a new system is procured in 2025.</p> <p>HR to raise this with CMT. Bitesize manager sessions to set out the requirement of their duties.</p> <p>HR will report to CMT on a quarterly basis.</p> <p>Proposed Completion Date & Responsibility July 2023 – HR and Payroll Manager (PF)</p>	<p>This has been raised with CMT and HR are exploring the absence reporting functionality within EK People and is on track for October 2023.</p> <p>Recommendation Outstanding with Intent to Action. Revised implementation date October 2023.</p>
<p>8. The Council will need to put in place refresher training for all managers ensuring the following is covered in the sessions: -</p>	<p>Training to be put in place.</p> <p>Proposed Completion Date & Responsibility</p>	<p>HR intend to put in place training once new systems are put in place in February 2025 when the contract for the People Manager system expires.</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.
<ul style="list-style-type: none">- responsibilities to authorised timesheets within the Tractile system at least on a monthly basis.- how the 15 hours debit and credit carry forward between accounting periods (monthly) should be managed and monitored; and- the importance of using the People Manager and Tractile systems together to ensure records are correct on both systems.	July 2023 – HR and Payroll Manager (PF)	Recommendation Outstanding with intent to action. Revised Implementation Date February 2025.

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS YET TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Planning Applications, Income & s.106 Agreements	16-03-2023	Reasonable/Limited	Work-in-Progress
GDPR Compliance within Housing	29-06-2023	Limited	Work-in-Progress
Commercial Let Properties and Concessions	29-06-2023	Reasonable/Limited	Work-in-Progress
EKS – Data Management Desegregation Project	28-09-2023	Limited	Winter 2023
Waste Management & Street Cleansing	28-09-2023	No	Winter 2023

**PROGRESS AGAINST THE AGREED 2023-24 AUDIT PLAN
DOVER DISTRICT COUNCIL**

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06- 2023	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking & Enforcement	10	0	0	Finalised – No Assurance; Time shown under finalisation of 22-23 audits
HOUSING SYSTEMS:				
Homelessness	10	10	8.34	Finalised - Reasonable
Void Property Management	10	0	0	Covered by 22-23 Repairs and Maintenance audit
Contract Letting & Management	10	10	0.3	Work-in-Progress
Resident Involvement	10	10	0	Quarter 3
Anti-Social Behaviour	5	5	0	Quarter 3
Energy Efficiency	10	10	0	Quarter 4
HR RELATED:				
Payroll	6	6	0	Work-in-Progress
GOVERNANCE RELATED:				
Members' Code of Conduct & Standards	10	10	1.22	Work-in-Progress
Local Code of Corporate Governance	10	10	1.16	Work-in-Progress
Risk Management	10	10	0	Quarter 3
Corporate Advice/CMT	2	2	3.56	Work-in-Progress
s.151 Meetings and Support	9	9	4.14	Work-in-progress
Governance Committee Meetings and Reports	12	12	4.82	Work-in-Progress
2024-25 Audit Plan Preparation	9	9	0	Quarter 4
COUNTER FRAUD & CORRUPTION:				
Counter Fraud	10	10	0	Quarter 3
CONTRACT RELATED:				
Procurement	10	10	0.14	Quarter 3
ICT RELATED:				
Change Controls	13	13	0	Quarter 3
Cyber Security	13	13	5.51	Work-in-progress
Physical & Environmental Controls	13	13	0	Quarter 3

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06- 2023	Status and Assurance Level
SERVICE LEVEL:				
Commercial Let Properties & Concessions	10	10	9.34	Finalised – Reasonable/Limited
Community Safety	10	10	0	Quarter 3
Climate Change	5	5	0	Quarter 4
Dog Warden, Fly Tipping & Litter Enforcement	10	10	0	Quarter 3
Electoral Registration	10	10	0	Quarter 4
Port Health	10	10	0	Quarter 3
Environmental Protection Service Requests	10	10	10.44	Finalised - Reasonable
Equality & Diversity	10	10	0	Quarter 4
Events Management	8	8	0.18	Work-in-Progress
Building Control	10	10	0	Quarter 4
Waste Mgmt. & Steet Cleansing	10	10	11.12	Finalised – No/Reasonable
OTHER:				
Liaison with External Auditors	1	1	0.19	Work-in-Progress
Follow-up Work	15	15	3.04	Work-in-Progress
FINALISATION OF 2022-23- AUDITS:				
Car Parking & Enforcement	5	15	2.76	Finalised – No Assurance
Employee Health & Safety			7.14	Finalised - Reasonable
Leasehold Services			9.87	Finalised - Reasonable
VAT			0.08	Delayed at Client Request
Safeguarding			4.76	Finalised - Limited
Repairs & Maintenance & Void Property Management.			1.09	Finalised - Reasonable
GDPR Compliance within Housing			0.18	Finalised - Limited
RESPONSIVE ASSURANCE:				
Performance Management	0	10	0	To be undertaken instead of the Void Property Mgmt.
Risk Management – Consultancy Advice	0	0	2.03	Finalised
District Election 2023 – Count staff	0	0	1.27	Finalised
TOTAL	318	318	92.34	29.04%

**PROGRESS AGAINST THE AGREED 2023-24 AUDIT PLAN
EAST KENT SERVICES**

Review	Original Planned Days	Revised Planned Days	Actual days to 30/06/2023	Status and Assurance Level
EKS REVIEWS:				
Housing Benefits Administration	15	15	0.17	Quarter 2
Housing Benefits Testing	20	20	2.50	Work in progress
Council Tax Reduction Scheme	15	15	0.16	Quarter 3
Customer Services	15	15	0.06	Quarter 4
OTHER:				
Corporate/Committee	4	4	1.50	Ongoing
Follow Up	2	2	0.11	Ongoing
FINALISATION of 2022-23 AUDITS:				
Debtors	2	2	1.45	Finalised - Substantial
Data Management - Desegregation Project	1	1	1.06	Finalised - Limited
Total	74	74	7.01	9.46%

Balanced Scorecard

<u>INTERNAL PROCESSES PERSPECTIVE :</u>	<u>2023-24 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Original Budget</u>
	Quarter 1		Reported Annually		
Chargeable as % of available days	86%	90%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£403.37
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£521,918
CCC	16.88%	25%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,530
DDC	29.04%	25%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
TDC	23.09%	25%			
FHDC	21.68%	25%			
EKS	9.46%	25%			
Overall	22.3%	25%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 	£	£532,448
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	17	-			
<ul style="list-style-type: none"> • Not yet due 	23	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	31	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Partial			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Target</u>
	Quarter 1		Quarter 1		
Number of Satisfaction Questionnaires Issued;	18		Percentage of staff qualified to relevant technician level	61%	60%
Number of completed questionnaires received back;	5		Percentage of staff holding a relevant higher-level qualification	50%	50%
	= 28 %		Percentage of staff studying for a relevant professional qualification	0%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	1.5	3.5
• Interviews were conducted in a professional manner	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	50%	50%
• The audit report was 'Good' or better	96%	90%			
• That the audit was worthwhile.	98%	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.