Dover District Council

Section 24 Statutory Recommendations

January 2025

Dover District Council
Council Offices
White Cliffs Business Park
Whitfield
Dover CT16 3PJ

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

020 7383 5100
grantthornton.co.uk

10 January 2025

Dear Members

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Our responsibilities

As well as our responsibilities to give an opinion on the financial statements and assess the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, we have additional powers and duties under the Local Audit and Accountability Act 2014. These include powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

We have concluded that it is appropriate for us to use our powers to make written recommendations under section 24 of the Act, as nine months after our issue of four key recommendations in our Annual Audit Report, concerning the Council's financial sustainability and governance, we have seen insufficient progress on the implementation of our recommendations. Further details are included in the attached report.

What does the Council need to do next?

Schedule 7 of the Local Audit and Accountability Act 2014 requires the following actions:

The Council must consider the recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the Council.

At that public meeting the Council must decide:

- whether the recommendations are to be accepted; and
- what, if any, action to take in response to these recommendations.

Schedule 7 of the Act specifies the meeting publication requirements that the Council must comply with.

Grant Thornton UK LLP

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you.

In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose. Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Where a comment is included in these recommendations, it should not be construed as a statement of fact. Such comments are a statement of our opinion as at the date of these recommendations based on the facts that we have considered as part of our audit procedures, and which are indicated in the report

Background to the recommendations

We have concluded that it is appropriate for us to use our powers to make written recommendations under section 24 of the Act, due to inadequate arrangements in financial management at the Council under s114 of the Local Government Finance Act 1988.

Financial management arrangements at Dover District Council

Dover District Council's financial management arrangements have been significantly impacted by problems arising from the implementation of a new financial ledger system (TechOne) on 1 October 2020, which has added to the challenges and delays to the audit process arising from the Covid-19 pandemic. There were significant delays in the preparation and publication of the 2020-21, 2021-22 and 2022-23 accounts.

In addition, a significant backlog of work has developed with regard to completion of historic bank reconciliations. The ability of the Council to match accounting transactions in the ledger to real cash inflows and outflows in its bank accounts is a fundamental financial control, which has not been operating effectively since October 2020.

Our joint year Auditor's Annual Report (AAR) for 2021-22 and 2022-23 presented to the Governance Committee of the Council in March 2024, highlighted that there was an underlying lack of assurance on Council's financial sustainability in the figures reported to Cabinet since October 2020 due to the fact that there had been no external assurance obtained on the finances in this time. Our report noted concern that these issues remained unresolved over three years after the original implementation of TechOne due to a lack of a robustly managed and time limited recovery programme, in addition to an ongoing lack of sufficient resources and skills being applied to the issue.

In our view, this has been made more challenging by significant staff turnover and recruitment challenges.

Following system implementation in October 2020, reconciliations were being performed automatically by the TechOne system, but in December 2020 the Council identified that these were highly inaccurate with amounts incorrectly matched causing a significant cumulative imbalance.

After several months' discussion with the software supplier, a reset of data in TechOne took place, meaning that manual reconciliations have had to be performed for all months since October 2020. Bank reconciliations have now been completed to June 2022 and the Council intends that they will be completed to March 2024, by February 2025. The Council indicated at July 2024 that the most significant issues have been identified and therefore later reconciliations will be easier, but they have not been completed as the finance team was focused on production of the outstanding financial statements. We note that there was an upgrade to the income management system during the 2021-22 year that may pose further delays to the manual reconciliation process if additional issues arise as a result of the upgrade.

In the quarter to 30 September 2024, Internal Audit performed a review on income, cash collection and bank reconciliations. The assurance level concluded for income was 'limited assurance'. For cash collection and bank reconciliations the assurance level concluded was 'no assurance'. 'No assurance' is defined by Internal Audit as '*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*'. A summary of the report findings was presented to the Council's Governance Committee in December 2024.

Furthermore, an historic backlog had built around the correct treatment of the Council's VAT which has prevented the Council from submitting VAT returns on a timely basis and has prevented it from recovering significant amounts of VAT due from HMRC that have accumulated. The Council is in a net reclaim position from HMRC and estimate the VAT refund for this period to be circa £2m.

Background to the recommendations (2)

Instead of earning interest on the refund due, had the Council obtained VAT refunds in a timely manner and placed the monies in the bank, the Council is instead incurring a £200 penalty payable to HMRC for every VAT return that is submitted late, until returns are submitted on time and are done so over a 12-month period. The penalties incurred at July 2024 amount to seven late submissions, but having breached the penalty system, a £200 penalty will apply for each return submitted late going forwards until 12 months are submitted on time. HMRC do not pay interest on repayments where taxpayers have outstanding VAT returns and therefore interest earned on the £2m refund balance is an opportunity cost to the Council and a lost revenue stream. The Council invested internal resources in the latter part of 2024, with all VAT returns being confirmed as up to date as at December 2024.

We further note that the Council's unaudited financial statements for 2023-24 show a bank overdraft in excess of £2m, on which bank charges and interest are being paid.

A local authority's ability to reclaim VAT is based on the Partial Exemption (PE) calculation, which is required to be completed on an annual basis. Where a local authority does not meet the 5% de minimis level set by HMRC, they are liable to pay VAT, often costing significant amounts. As the VAT returns had not been completed, there has been a delay in the PE calculation at the Council. Work is underway on the 2023-24 PE calculation and the Council expects to be within the 5% de minimis set by HMRC. When the 2023-24 calculation is finalised, earlier years will then be completed.

A Key Recommendation was raised in the joint year AAR that the Council must urgently develop and execute a recovery plan and project team that incorporated:

- Adequate project management capability, finance team capacity and appropriate expert advice along with a resource budget
- Clear lines of accountability
- An accelerated timetable for completion
- Regular reporting to Cabinet of progress
- Resolution of any ongoing deficiencies with the TechOne ledger system configuration
- Completion of bank reconciliations to current date
- Steps to clear the backlog of VAT returns

Financial performance information

Our joint year AAR highlighted concerns that in the challenging financial context faced by the Council, the in-year reporting of financial performance to Cabinet for the whole of 2021-22 and 2022-23 was not sufficient to provide Members with the information they needed to understand and provide effective financial governance. Over the period, high-level forecast outturn figures were provided on a quarterly basis as part of the performance update to Cabinet.

We considered that there was a lack of detailed quarterly financial analysis of forecast outturn against budget across each Council directorate, narrative explanations of variances and mitigating actions, and performance against savings plans. The reports also lack detail on the corporate resources available to manage pressures of in year spending. There have been no significant changes to the financial analysis reported to Members, however, in our view, reporting during the 2023-24 year to the Council's Corporate Management Team is appropriately detailed.

© 2025 Grant Thornton UK LLP

Background to the recommendations (3)

The Council state that there have been continuous internal briefings with Members to update them on progress with the outstanding statements of accounts, bank reconciliations and VAT returns. This was confirmed by the Chair of the Audit Committee. However, we note that there were no updates given to Cabinet, so that all Members had an awareness of the severity of the situation.

In July 2024, the Cabinet held a special meeting to approve future investment in the Tides Leisure Centre in Deal. While the main paper gave some financial information on the project, including limited sensitivity analysis, the supporting financial information given to Cabinet was a one-page summary. The project is highly dependent on the Council borrowing a significant amount from Public Works Loan Board (PWLB), the maximum that the revenue position can fund, yet the financial information provided makes no reference to the impact of the Council's capital financing requirement (CFR) from this increased borrowing. In July 2024, the project had a £3m funding gap and it was not clear how that would be cleared, other than cutting the design again, or borrowing further amounts which would impact revenue budgets. Additional funding was approved to the project to undertake further feasibility studies.

The 2023-24 financial outturn paper was not available in the timeframe before the Council's summer recess and therefore was not presented to Cabinet until September 2024, six months after the year-end.

A Key Recommendation was raised in the joint year AAR that the Council should review the level of detail and develop more comprehensive financial performance information within the quarterly performance report to Cabinet. In doing this the Council should review and consider how other councils present this information (e.g. other Kent district councils).

Published financial information

At 1 August 2024, the Council had produced and published its statement of accounts for all outstanding years.

Financial year	Publication date	Inspection dates
2020/21	12 September 2022	12 September 2022 to 21 October 2022
2021/22	6 May 2024	6 May 2024 to 17 June 2024
2022/23	10 June 2024	10 June 2024 to 19 July 2024
2023/24	1 August 2024	5 August 2024 to 16 September 2024

Due to the backstop arrangements announced by the Minister of State for Housing, Communities and Local Government on 30 July 2024, and now set out in legislation, the audit opinions for 2020-21, 2021-22 and 2022-23 were disclaimed by 13 December 2024, with no further audit work being undertaken. Audit work is due to begin on the Council's 2023-24 statement of accounts from October 2024 with reporting by the backstop date of 28 February 2025.

A Key Recommendation was raised in the joint year AAR that the Council should as a matter of urgency, produce auditable draft accounts for 2020-21, 2021-22 and 2022-23, and then in due course for 2023-24, based on the available financial information and ensure a robust audit trail to support them. All outstanding sets of financial statements have now been completed and published on the Council website. Audit work is not yet sufficiently progressed to comment on the audit trail that supports the 2023-24

Background to the recommendations (4)

financial statements. However, a review completed by our auditor's valuation expert concluded that the property valuations performed by the internal valuer do not meet the requirements of the Royal Institute of Chartered Surveyors and the CIPFA Code of Audit Practice.

Governance and oversight of projects

Our joint year AAR highlighted concerns that following the troubled implementation of the TechOne system a planned post-implementation review by Internal Audit was initially deferred. When completed, the report made one 'critical' and five 'high' priority recommendations in addition to a number of other recommendations. Internal Audit considered there was not a timely implementation of these high priority and critical recommendations which were escalated to the Governance Committee. Some of these recommendations still remain in progress. A full list of recommendations is included at Appendix 1.

The Council decided to implement a new income management module in TechOne in 2024. This was planned to be completed in a short timeframe. It is imperative that learning is taken from the TechOne implementation, and those failures are not repeated. The Council must ensure that there is focus on an appropriate implementation, rather than one in a short timeframe and sufficient time should be taken to ensure that the update of the income management interface is successful. The Council reports that the module was successfully implemented, on time and on budget and is now live and in use. No audit work has been performed to verify the implementation of the module and its subsequent use.

The Council must implement all the recommendations proposed by Internal Audit to prevent future projects from suffering similar implementation issues to the TechOne project. In particular, the Council must ensure that appropriate project management, expert advice, change management and delivery capacity resources are put in place. In addition, strong governance and oversight arrangements should be put in place which include regular reporting to Members that covers both pre and post implementation activity.

Review of the project management processes that are in place for the new income management system show a marked improvement, with clear and detailed reporting identifying risks and mitigating actions. The Council also updated their Corporate Project Process, which clearly sets out steps to be taken across the Council before investment is agreed. As set out earlier in this report, we have seen no evidence that that there has been notable changes to the reporting provided to Members on projects, but we do consider that reporting to the Council's Corporate Management Team is sufficiently detailed.

There must be increased oversight of recommendations raised by Internal Audit by the Governance Committee and sufficient information given to the Committee to understand the severity of recommendations raised. In particular, where weaknesses in controls and governance are identified by Internal Audit demonstrated by a 'limited assurance' or 'no assurance' rating, management must ensure that this is brought to the attention of those charged with governance, in full, to demonstrate that there has been appropriate oversight and governance and allow Members to fulfil their role appropriately.

The 2023-24 draft statement of accounts was published on 1 August 2024. There was no corresponding Annual Governance Assurance Statement (AGAS) published for that financial year at the same time, with the AGAS for 2023-24 being published and approved in August and September 2024. The 2021-22 and 2022-23 AGASs do not explain or contain sufficient detail for a reader to understand the reasons for delay to the audit opinions. Despite

Background to the recommendations (5)

there being a heading of 'significant governance issues' within the AGASs, the AGASs do not mention the fact that there had been no bank reconciliations (a key control in the governance framework) undertaken in the periods the AGASs refer to. Neither did the AGASs mention the failure of the Council to submit VAT returns to HMRC on a timely basis. Furthermore, the Head of Internal Audit Opinion on the governance framework, which the Code requires to be included in a governance statement, is not clear.

We raised four key recommendations in our joint year AAR for 2021-22 and 2022-23. This was presented to the Council's Governance Committee in March 2024. Now, nine months on we do not see sufficient progress being made with the key recommendations and therefore consider it appropriate for us to use our powers to make written recommendations under section 24 of the Act.

Our statutory recommendations are set out on pages 8 to 11 of this report.

© 2025 Grant Thornton UK LLP

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Area	Recommendation	Management response
Financial management	The Council should put in place robust arrangements to address the recommendations previously made in our joint year Auditor's Annual Report for 2021-22 and 2022-23. This includes: • Completion of all bank reconciliations to the current date and maintaining their regular completion thereafter; • Completion and submission to HMRC of all VAT returns to the current date and maintaining their regular completion thereafter, negating penalty payments for late submission and increasing cash flow; • Full update of accounting records to take account of the VAT transactions; • Completion of the Partial Exemption VAT calculations for the 2021-22, 2022-23 and 2023-24 financial years; and • Clearance of the suspense account.	Robust arrangements have already been put in place. The bulk of the requested outcomes have already been achieved. More information is provided below: • All VAT returns have been completed and submitted to HMRC and the up-to-date position is being maintained . • Accounting records reflect the VAT transactions. • Partial Exemption VAT calculations for 2023-24 is complete. Earlier partial exemption calculations are underway and are not expected to generate any issues. • The suspense account was reviewed in detail as part of the 2023-24 year-end process and the level of transactions & total value reduced significantly as part of the review. This continues to be reviewed and cleared as part of the bank reconciliation and other standard in-year processes. • The bank reconciliation is mainly an "upside" risk as it is difficulties with the income systems integrations and processes that are being resolved, with additional receipts being transferred to suspense codes. There is little risk of cash being lost – simply income not yet credited in the accounting system. The system is now operating largely as intended so we are dealing with a backlog, not a flawed system. The negative risks are recognised but the probability is considered low and other controls on payments and budget monitoring would identify significant input fraud. Expenditure fraud would not be primarily detected by bank rec, since the false invoices had already been accepted. • Bank reconciliation is recognised as a key control and the Council has always known how much cash it has. Without minimising this, it is also essential to take a realistic view of the risks and their likelihood, rather than overstate them. • Bank reconciliations have been completed full financial years to 2022-23 and up to June 2023. It is anticipated that the 2023-24 financial year will be completed by the end of January 2025. • The remaining work, which will continue, will be to complete the VAT partial exemption calculations and finalise the bank reconciliations **Responsible officer:** Mike Davis, Strategic Director (Finance and Housing) **Due date:** VAT returns – now complete; Partial exemption calculations 31 December 2025 Bank reconciliations - 31 January 2025

© 2025 Grant Thornton UK LLP

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Area	Recommendation	Management response
Financial management (continued)		**Responsible officer:** Mike Davis, Strategic Director (Finance and Housing) **Due date:** VAT returns – now complete; Partial exemption calculations 2023/24 – now complete; Remaining partial exemption calculations - 28 February 2025 Bank reconciliations for 2023/24 financial year - 31 January 2025 Bank reconciliations for current financial year – 31 March 2025

© 2025 Grant Thornton UK LLP

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Area	Recommendation	Management response
Financial performance information	The Council should review the level of detail of and develop more comprehensive financial performance information within the quarterly performance report to Cabinet. This should also include financial proposals that are presented to Cabinet, ensuring that Members have all salient information required to make effective and efficient decisions.	During 2023-24 the financial year budget monitoring returned to a detailed level of monitoring by budget managers, working with the Accountancy team. Budget managers have full access to their budgets and in-year forecasting is undertaken by managers, working with their accountant as appropriate. Quarterly budget updates were included in the regular performance reports presented to Cabinet as well as additional updates being presented to Corporate Management Team and Leadership Forum for awareness and action as appropriate. The level of information included in the performance report was recently reviewed with the portfolio holder and the current format was agreed to be a suitable level of reporting. A review of the Quarterly Performance report to Cabinet is underway and the level of financial reporting will be considered and agreed again as part of this review. The Council is always happy to improve its reporting, and the Head of Finance & Investment will continue to liaise with her Kent colleagues to review and compare the level of reporting provided across the county to see if there are any alternatives that should be adopted. **Responsible officer:** Helen Lamb, Head of Finance and Investment **Due date:** 31 March 2025

© 2025 Grant Thornton UK LLP

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Area	Recommendation	Management response
Governance and oversight	The Council should put in place robust arrangements to ensure that there is adequate oversight of the internal control and governance frameworks. This includes: • Regular monitoring by the Governance Committee of implementation of Internal Audit recommendations; and • Detailed review of the Annual Governance and Assurance Statement to ensure that it not only meets Code requirements but also reflects the reality of the Council's situation.	With regards to regular monitoring by the Governance Committee, the Council considers the arrangements to be in place. The IA Opinion is decided by the results of the work concluded during the preceding year. The IA Team has recently been assessed against the professional standards and found to be in compliance. The way in which the Opinion is produced was assessed as part of the EQA. GT Auditors (during their Canterbury VFM work) have separately complimented the HoA on the EKAP Annual Report and the way that the Opinion is formed, in particular the split over Corporate Governance, Risk Management and Systems of Internal Control. It is not clear why the same approach gives rise to concerns worthy of mentioning in a s24 report at DDC. Recent developments within the IA profession include a move towards a 'report on a page' style summary for members, and even to not make recommendations, but to agree the risks with management. To suggest that IA reports in full (or at least the full agreed action plan) should be presented to Members is out of kilter with these broader developments. It should be noted that EKAP do report any recommendations in full (including the management update) at the point where they are escalated to the Committee if they are Critical or High Priority and "Outstanding with intent to action, at the time of Follow Up". These are listed as an Appendix to the Quarterly Update Report, and are the ones referred to as being summarised in the backward look for the year in the Annual Report. With regards to the contents of the AGAS and the omission of the VAT and Bank reconciliation, these points are accepted.

© 2025 Grant Thornton UK LLP

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Area	Recommendation	Management response
Governance and oversight (continued)		The Council will review its AGAS content and processes to ensure it complies with requirements and good practice and that it includes references to all significant Internal Audit findings so that Governance Committee will have sight of them within the AGAS in addition to the normal quarterly audit reports. **Responsible officer:** Louise May, Strategic Director (Corporate and Regulatory) / Christine Parker (Head of Audit) **Due date:** 30 June 2025

Recommendations made under section 24 schedule 7 of the Local Audit and Accountability Act 2014

Area	Recommendation	Management response
Governance and oversight	The Council has put in place arrangements to address the recommendations made in the Internal Audit review regarding system implementation projects before further system implementations are undertaken. The governance and oversight of such projects is imperative, to ensure that implementation is done on an appropriate timeframe, not necessarily a short timeframe, to give confidence that system implementation is successful. The Council should ensure that the new arrangements are followed, reviewed and monitored so they can be adapted if they are not working in practice, or embedded if they prove to be effective.	As detailed above the Council has new project management arrangements in place for ICT and digital projects. The revised arrangements have been successfully used for more recent implementations including: • The separation and re-implementation of Northgate (the EKH single system) • The disaggregation of EKS ICT Service • The income receipting module in Tech One. The Council has also approved a new project management process to be rolled out imminently. As detailed above updated project management information is being presented to CMT and members for other major projects including: • Maison Dieu restoration (£15m) • Town centre Beacon regeneration project (£23m) • Dover Fasttrack Bus Rapid Transit system (£26m) • Tides Leisure Centre (£20m) • Affordable Housing Developments The Council will ensure the new arrangements are followed for major projects and will review them as required. **Responsible officer:** Chris Townend, Head of Investment, Growth and Tourism **Due date:** March 2025 and ongoing

© 2025 Grant Thornton UK LLP

Appendix 1 – Original Internal Audit recommendations – TechOne project

Priority Rating	Recommendation	Completed at follow up stage
Critical	Senior management should put in place comprehensive project guidance and templates which include: • 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. • guidance on how to produce and structure project board agendas and minutes. • guidance on the role of the project board and their governance and oversight responsibilities before, during and after a project commences.	Recommendation outstanding with intent to action.
High	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.	Recommendation outstanding with intent to action.
High	Future project teams working on new system builds should include a project manager with project management experience, a project team that 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.	Recommendation outstanding with intent to action.
High	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.	Recommendation outstanding with intent to action.

© 2025 Grant Thornton UK LLP

Appendix 1 – Original Internal Audit recommendations – TechOne project

Priority Rating	Recommendation	Completed at follow up stage
High	Project Board meetings should be structured through an agenda and should be minuted to capture: • 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. • Communication with stakeholders / staff.	Recommendation outstanding with intent to action.
High	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: • Finance Risks (i.e. capital / revenue budgets / hidden costs) • Deadline Risks (i.e. missing key project deadlines and the impact) • 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)	Recommendation outstanding with intent to action.

Appendix 1 – Original Internal Audit recommendations – TechOne project

Priority Rating	Recommendation	Completed at follow up stage
Medium	Senior management should consider re-opening the Tech One project and appointing a short-term Project Manager with a small budget to work with Tech One to: • Help iron out the TechOne issues that are unresolved in respect of Income, VAT, and Purchase Order matching to payments received. • Ensure all 'perceived system benefits' are realised that were contained within the approved initial project scope (Asset Register, Read an Invoice Function).	Recommendation partially implemented.
Medium	Future Project Boards should consider the use and implementation of a change programme perhaps using the McKinsey's 7 S model that looks at how structure, strategy, systems, shared values, staff, skills and style could help influence positive change for future projects. For example, identifying change champions to be involved within the project could help to influence other team members that are resistant to change.	Recommendation outstanding with intent to action.

Definition of priority ratings from East Kent Audit Partnership (Internal Audit)

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.

© 2025 Grant Thornton UK LLP

Grant Thornton

grantthornton.co.uk

© 2025 Grant Thornton UK LLP

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.