
Subject: QUARTERLY INTERNAL AUDIT UPDATE REPORT

Meeting and Date: Governance Committee – 25th September 2014

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 2014.

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, together with details of the performance of the EKAP to the 30th June 2014.

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 reports that have been completed during the period, of which two reviews was classified as providing Substantial Assurance, one as Reasonable Assurance, one as Limited, and a further two resulted in a split assurance which was partially limited. Summaries of the report findings and the recommendations made are detailed within Appendix 1 to this report.
- 2.8 In addition six 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-month period to 30th June 2014, 84.62 chargeable days were delivered against the planned target of 270, which equates to 31.34% plan completion.

3 Resource Implications

- 3.1 There are no additional financial implications arising directly from this report. The costs of the audit work will be met from the Financial Services 2014-15 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 2014-15 - Previously presented to and approved at the 20th March 2014 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 2014.

2. SUMMARY OF REPORTS:

	Service / Topic	Assurance level
2.1	Homelessness	Substantial/ Limited
2.2	EKS – Debtors	Substantial
2.3	Monitoring of Complaints, Comments and Compliments	Substantial
2.4	East Kent Housing – Rent Collection & Debt Management	Reasonable
2.5	Employee Benefits-in-Kind	Limited
2.6	East Kent Housing – Tenant Health & Safety	Split Assurance

2.1 Homelessness – Substantial/ Limited Assurance.

2.1.1 Audit Scope

To provide assurance that the Council deals fairly and efficiently with all homelessness applications and provides advice and/or housing accommodation where appropriate, whilst complying with the Council's Homelessness Strategy and Policies.

2.1.2 Summary of Findings

Households experiencing, or threatened with homelessness are often trapped in cycles of deprivation that impact on their health, emotional well-being and life chances. The effects on children within households experiencing or threatened with homelessness can be life-long. Sometimes being homeless is epitomised by the rough sleeper who is living on the streets, but this group of people form a relatively small proportion of all homeless households. Many homeless households are 'hidden' as they may have access to some sort of shelter, but lack a stable, long term, settled home. Homelessness can also have significant cost implications for local housing authorities and their partners at a time when overall public resources are reducing.

During 2013-14 the Housing Options team made determinations on 154 homeless applications. This does not include the 312 households who presented themselves as homeless but with the Housing Options Team assistance found suitable accommodation and therefore did not register as homeless.

Management can place Substantial Assurance on the processes in place to ensure that homeless applications are dealt with fairly and efficiently, however only Limited Assurance can be placed on the processes in place regarding the recovery of temporary accommodation costs.

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

- The Council offers an accessible service that will provide information to all.
- There is an effective 'Out of Hours' service available.
- The Council has numerous options for assisting those making a homeless application including emergency accommodation, short term housing and the deposit bond scheme.
- The deposit bond scheme is being reviewed to reduce the potential debt to the Council.

The primary finding giving rise to the Limited Assurance opinion is as follows:

- The tenants Housing Benefit is taken as payment for emergency B&B, however there is often a shortfall. Tenants are generally unlikely to have the means to meet the shortfall. If it is the Council's policy to accept Housing Benefit as sufficient payment and not seek to recover the shortfall, then a formal decision should be taken to that effect, or that decision should be formally delegated to an appropriate officer.

2.2 EKS Debtors – Substantial Assurance.

2.2.1 Audit Scope

To ensure that the processes and procedures established by EK Services are sufficient to provide the level of service required by the partner Councils and incorporate relevant internal controls.

2.2.2 Summary of Findings

EKS manage the Sundry Debtors function at CCC, DDC and TDC. They are responsible for the collection of corporate debt on behalf of each council at the point the invoice is raised. The Customer Delivery Service Level Agreement has been approved by all of the partner authorities and is reviewed on an annual basis to ensure that it details the shared service programme and current delivery requirements.

EKS raised Sundry debtors in 2012/13 of £10.6m and in 2013-14 of £10m with debt outstanding at year end (31-03-2014) of £1.2m and £800k respectively.

In addition to the Service Level Agreement, an Income Management Policy has been created by EK Services and agreed by all of the partners. The policy refers to the collection of monies including Sundry Debtors and the power to recover monies due has been fully delegated to EK Services.

During April 2014 changes were made to the telephone system. Customers can contact their local council to discuss their overpayment/sundry debtor invoice and the call will be received into a central hub where any of the Corporate Income Team based at any location will be able to deal with their query.

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

- There is an Income Management Policy in place which provides clear guidance as to how the collection of corporate debt will be undertaken for all partner authorities.
- Where possible consistent procedures have been implemented to ensure the Corporate Income Team are generic and can deal with enquiries for all sites.
- Since the last audit in 2011/12 a considerable amount of work has been undertaken to ensure that the Corporate Income Team are a success.

Scope for improvement was however identified in the following areas:

- There is a lack of information being recorded on all financial systems detailing the action taken on the invoices. This could be a key issue with the introduction of the new telephone system and dealing with enquiries from all sites.
- The approach to write-offs has not been standardised across all three authorities and there is a lack of information available regarding the recovery action which has been taken prior to the debt being approved for write off.

2.3 Monitoring of Complaints, Comments and Compliments – Substantial Assurance.

2.3.1 Audit Scope

To ensure that the procedures established by the Council for the monitoring and management of complaints, comments and compliments are efficient and effective and wherever possible drive service improvements.

2.3.2 Summary of Findings

The majority of complaints are dealt with by the Corporate Complaints & Resilience Officer (SC) who has two roles; firstly dealing with and managing complaints and secondly the responsibility for Emergency Planning. During 2013/14 the Council received and dealt with 138 complaints on a wide range of subjects and services provided by the Council. 69% of complaints were resolved at Stage 1 and 31% of complaints were resolved at Stage 2 or referred to the Local Government Ombudsman for a decision.

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

- The process for handling complaints was well defined and well publicised;
- The covalent system was used to manage and monitor complaints to good effect;
- The records of all correspondence sent and received were well documented;
- The correspondence examined was of a good standard and was very professional;
- The Corporate Complaints & Resilience Officer and her substitute team members have each had a good level of training; and

- The outcome of complaint investigations were reported to the Standards Committee.

Minor scope for improvement was identified in the following areas:

- Some of the statistical information recorded on covalent could be more accurate;
- The Council should organise some training on stage one complaint handling
- The complaints manual or complaints booklet did not contain expected timescales for responding to complaints and was not version dated; and
- As a precaution the learning from complaints / feedback loop should be reviewed to maximise its effectiveness.

2.4 East Kent Housing (Rent Collection & Debt Mgmt.) – Reasonable Assurance.

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the rent collection and recovery functions are carried out efficiently and effectively.

2.4.2 Summary of Findings

East Kent Housing collects the rent on behalf of the four East Kent authorities and is also responsible for the collection of arrears and former tenant arrears (not for Canterbury City Council). Below are figures taken from the 3rd quarter's performance report for 2013/14;

- The total current residential arrears for all four authorities is £1,066,961 against a target for the year of £1,009,471;
- The total former tenant arrears for three authorities (DDC, SDC and TDC) is £441,583 against a target for the year of £427,391; and
- The total number of evictions as at 31st December 2013 for rent arrears for all four authorities is 37.

Management can currently place Reasonable Assurance on the system of internal controls in operation with emerging evidence to support a Substantial assurance opinion in the future. The primary findings giving rise to this Reasonable Assurance opinion are as follows:

- Procedures for rent management and former tenant arrears are being followed by all staff within the Income Recovery team.
- Rent account statements are sent out to tenants every quarter.
- Pro-active efforts are in place to contact tenants before their arrears spiral out of control.
- Extensive reconciliation routines are in place for Canterbury, Shepway and Thanet; and
- Regular reporting of performance to Senior Management, Client Officers and tenants' area board meetings is implemented.

Scope for improvement was however identified in the following areas:

- Utilisation of scanning facilities for Dover and Shepway documentation.
- No longer using the in house rent refund request form at Shepway.

- Remove the need for a second manager to authorise documentation at Dover if it has already been approved by the Income Recovery Manager
- Reduce the £1,000 limit at Dover for refunds that are checked with EK Services for outstanding debts
- The Administration team to take over the issuing of rent cards at Dover to free up additional time for the income recovery team to continue to chase for outstanding arrears; and
- Consider if a consistent approach to the preparation of legal documentation can be put in place. Ensuring that it complies with the Legal Services Act 2007.

2.5 Employee Benefits-in-Kind – Limited Assurance:

2.5.1 Audit Scope

To provide assurance that the correct regulatory requirements are being adhered to in relation to the benefits in kind that are being provided to the officers and Members of the three partner councils.

2.5.2 Summary of Findings

Income Tax and Employees and Employers National Insurance are chargeable on employment income that includes:

- earnings – salary, wages, fees and other emoluments;
- amounts treated as earnings; and
- amounts which are not earnings but count as employment income (Benefits in Kind).

As part of their role, the payroll function should ensure that (where applicable) dispensations for each Council are obtained that will help to reduce the level of reporting that is required to HMRC on an annual basis and also, where applicable, income tax and national insurance are processed through the payroll system on appropriate benefits in kind.

Management can place Limited Assurance on the system of internal controls in operation for Dover District Council regarding P11Ds.

The primary findings giving rise to this Limited Assurance opinion for are as follows:-

- The 2012/13 P11d's for lease cars have not been calculated correctly. As a result of this the Class 1a NIC for the Council is incorrect and an additional payment of approximately £263 is due to HMRC. The total cash value for was originally £37,931.44 with class 1a due of £5,234.54 then after the error was corrected it became £39,836.07 and class 1a due of £5,497.38.
- Also the individual employees' P11d's for the lease cars are incorrect as the wrong emissions percentages have been used to calculate the taxable benefit. Therefore the employees concerned have an additional tax liability for 2012/13.

Scope for general improvement was also identified in the following areas:

- There is the need to ensure that when the new in house payroll system and payroll team is introduced, that someone within the team has the expertise on P11d's, PAYE Settlements and Payroll Dispensations and Agreements so that

the end of year returns and payments of Class 1A NIC can be carried out for each authority. Currently the service is provided by an officer within Dover District Council who used to work for EKHRP.

- A regular timetable should be put in place to review the dispensations / agreements that are in place and ensure that they are still relevant and also to make sure that if any new applications need to be made to HMRC. (i.e. VDU eye tests or safety uniform)
- The Creditors sections at each authority need to be advised of the checking and reporting processes that need to be carried out to ensure that professional subscriptions are being processed correctly for employees. (This includes ensuring that the professional body is on the HMRC list 3 and what to do if the employee is reimbursed for paying the professional subscription)
- There is a need to ensure that any HMRC changes in the treatment of Elected Members car mileage has been fully investigated and that the correct deductions are being taken from the payments or that the appropriate dispensation is in place or applied for.

2.6 East Kent Housing - Tenant Health & Safety:

2.6.1 Audit Scope

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

2.6.2 Summary of Findings

East Kent Housing (EKH) has been appointed by each of the councils in East Kent to undertake the management of all tenanted properties. Whilst EKH are responsible for the maintenance of the properties, the Law sets out that the Chief Executive of each Council remains ultimately accountable for the Health and Safety of tenants. From the testing completed during this review a number of the necessary systems of control surrounding fire safety and lift maintenance are currently absent. There is however evidence of compliance with the majority of the key controls surrounding Gas Safety and Asbestos Management which leads us to conclude an assurance level on each individual area, (rather than the system as a whole), as follows;

Area	Assurance
Gas safety	Substantial
Fire safety	Limited
Asbestos	Reasonable
Lifts	No
Legionella	Reasonable

The primary findings giving rise to the audit opinions of Substantial assurance for Gas Safety and Reasonable assurance for Asbestos, and Legionella are as follows:

- All gas safety inspections are carried out by a Gas Safe registered contractor.
- Gas safety inspections are being completed prior to expiry.
- Asbestos registers are in place and are made available to contractors working at properties which are known to have asbestos present.
- Legionella temperature testing is undertaken at suitable intervals, however where it is identified that temperatures are outside of acceptable parameters, the remedial work is not always being completed in a reasonable timescale.

Significant scope for improvement was identified in the key areas of fire safety and lifts, and it is the following findings which result in a conclusion of Limited and No Assurance in these areas.

- The link between budget spend on Fire Prevention works and the actions identified in Fire Risk Assessments is not clear, the outstanding actions have not been monitored or reviewed for at least 3 years.
- Responsibilities in respect of the Responsible Person (Fire) are not clearly identified.
- Remedial work identified on risk assessments carried out in 2011 has not been completed.
- Registers detailing firefighting equipment, fire doors & fire detection systems are absent from all ten sites visited as part of this review.
- Eight fire extinguishers across six sites had not been serviced in accordance with BS 5306-3:2009.
- Dry risers in tower blocks in Thanet have not been inspected and tested in accordance with BS 5306-1.
- Personal Emergency Evacuation Plans (PEEPs) are out of date at the three sites inspected as part of this review.
- Remedial work identified on lift examination reports is not being carried out resulting in the same defects being evident on the next examination six months later, potentially breaching the law

2.6.3 Management Response.

We welcome the comprehensive and thorough review of health and safety in the audit report and most of the recommendations will help us deliver our commitment to ensure that our estates and tenants homes are safety places to live. The Board has

taken a keen interest in developing a robust and consistent approach to health and safety and has appointed its own Health and Safety champion. The Board also conducts an annual review of Health and Safety as part of its Corporate Health meeting each July. A number of reports have been made to the Board on health and safety and as a result a number of improvements have already been made and a number of other actions were already in train at the time of the audit, including developing consistent policy and processes across all four districts. Similarly a number of changes were already being made in our approach to health and safety in sheltered housing scheme, for example the introduction of fire boxes and the roll out of personal Emergency Evacuation Plans. The implementation of the sheltered housing review later this year will ensure that a comprehensive, robust and consistent approach to health and safety in the sheltered housing schemes is achieved.

The timing of the audit, during a time at which the independent fire safety assessments were being carried out was unfortunate as it gave rise to findings and recommendations that would no doubt have been addressed had the risk assessment process been complete. Nevertheless the findings especially around quality control procedures have proved to be helpful. A number of recommendations, some classified as High in fire safety are not consistent with the requirements of the Regulatory Reform Order.

While we accept that there was a key failing in lift safety in respect of the LOLER reports, an oversight caused by the transition to an online service, there are corresponding safeguards and checks in place through existing maintenance and service contracts which significantly mitigate the potential risks and we believe that no assurance in this area is a harsh judgement. Given the potential risk and no assurance but the relative ease which the weakness can be addressed we would welcome an early re-assessment of this aspect of the audit.

The audit process has been appropriately challenging and the subsequent dialogue with the audit team has been positive and constructive. We are confident that the findings and the implementation of the recommendations will result in a very strong approach to the health and safety

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

3.1 As part of the period's work, six follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations previously made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. Those completed during the period under review are shown in the following table.

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
a)	FOI, Data Protection and	Reasonable	Reasonable	H	2	H	1
				M	0	M	0
				L	1	L	1

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
	Information Mgmt.						
b)	Environmental Protection	Reasonable	Reasonable	H M L	0 0 1	H M L	0 0 1
c)	EKS – ICT Software Licences	Limited	Limited	H M L	4 1 1	H M L	4 1 1
d)	EKS - Business Rates	Reasonable	Reasonable	H M L	4 0 0	H M L	0 0 0
e)	Monitoring and Management of Complaints	Substantial	Substantial	H M L	0 4 0	H M L	0 1 0
f)	Capital	Substantial	Substantial	H M L	0 1 0	H M L	0 1 0

- 3.2 Details of each of the individual high priority recommendations outstanding after follow-up are included at Annex 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now being escalated for the attention of the s.151 Officer and Members of the Governance Committee.

The purpose of escalating outstanding high-risk matters is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

- 3.3 As highlighted in the above table, those areas previously reported as having either Limited or No assurance have been reviewed and, in respect of those remaining at below Reasonable assurance, Members are advised as follows:

a) EKS – ICT Software Licences

The follow up review of EK Services – ICT Software Licensing has found that no significant progress has been made implementing the recommendations due to an ongoing issue with the supplier of the required system.

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: Leasehold Services, Anti-Money Laundering, Waste Management and Street Cleansing, White Cliffs Countryside Partnership and Up on the Downs Partnership, HMO Licensing, CSO Compliance, and Payroll.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2014-15 Audit plan was agreed by Members at the meeting of this Committee on 20th March 2014.
- 5.2 The Head of the Audit Partnership meets on a regular basis with the Section 151 Officer to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments have been made to the plan during the course of the year as some high profile projects or high-risk areas have been requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding when resources have been applied and or changed are shown as Annex 3.

6.0 FRAUD AND CORRUPTION:

- 6.1 There were no other new or recently reported instances of suspected fraud or irregularity that required either additional audit resources or which warranted a revision of the audit plan at this point in time.

7.0 INTERNAL AUDIT PERFORMANCE

- 7.1 For the three-month period to 30th June 2014, 84.62 chargeable days were delivered against the planned target of 270, which equates to 31.34% plan completion.
- 7.2 The financial performance of the EKAP is currently on target at the present time.
- 7.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has improved on the range of performance indicators it records and measures. The performance against each of these indicators is attached as Annex 4.
- 7.4 The EKAP introduced an electronic client satisfaction questionnaire, which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service. Current feedback arising from the customer satisfaction surveys is featured in the Balanced Scorecard attached as Annex 4.

Attachments

Annex 1	Summary of High priority recommendations outstanding after follow-up.
Annex 2	Summary of services with Limited / No Assurances
Annex 3	Progress to 30 th June 2014 against the agreed 2014/15 Audit Plan.
Annex 4	EKAP Balanced Scorecard of Performance Indicators to 30 th June 2014.
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>FOI and Information Management (July 2014)</i>		
<p>Ensure that the hyperlinks visible on the Publication Scheme, available via the website, actually function as hyperlinks guiding interested parties to the desired information.</p>	<p>The Publication Scheme is in the process of being updated and will include refreshed hyperlinks where necessary.</p> <p>Responsibility & Completion date. Corporate Support Officer - 31/03/14</p>	<p>This is being worked on and will be completed by 30 June 2014</p>
<i>EKS – ICT Software Licences (July 2014)</i>		
<p>Recommendation 1 The process for purchasing, installing and uninstalling software should be redesigned and communicated to all staff involved in the process. The new process should ensure that once a technician has installed any new software or uninstalled any redundant software that information is documented regarding the serial number, security access key and asset number of the computer where the software has been installed or uninstalled is reported back to the Business Support Team before closing the call.</p>	<p>Proposed Completion Date: 2014</p> <p>Responsibility: Head of ICT (SH)</p>	<p>Follow Up Findings as at 16th July 2014</p> <p>EK Services intend to purchase and install new SAM software in 2015/16. Once implemented this should address all of the issues raised by Internal Audit.</p> <p>Action has been taken by EK Services to reduce the impact and likelihood of the risks identified. As mentioned EK Services have taken the following steps to reduce the risk and improve its position in terms of managing its licenses. These include: -</p> <ol style="list-style-type: none"> 1) Completed an Oracle licensing review for all partners to establish the effective licensing position; 2) Completed a Microsoft requested review of Microsoft Licensing at Canterbury City

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>Council to establish the effective licensing position;</p> <p>3) The roll-out of new equipment (157 laptops & 42 desktops) at Dover District Council has improved the licensing position at Dover District Council;</p> <p>4) The roll-out of new equipment (242 laptops & 54 desktops) at Canterbury City Council and has improved the licensing position at Canterbury City Council;</p> <p>5) The roll-out of new equipment (250 laptops & 26 desktops) at Thanet District Council and has improved the licensing position at Thanet District Council;</p> <p>6) The roll-out of new equipment (411 smart devices) to all partners</p> <p>7) Increased knowledge of licensing requirements and controls required.</p> <p>Conclusion This recommendation remains outstanding and will be included in the briefing to the Audit Committees at Dover, Canterbury and Thanet.</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>Recommendation 2 Work should be carried out prior to 2014 to ensure that; all software installed across all three Councils is established and recorded in an appropriate register (or three separate registers). Information should be collected to include: -</p> <ul style="list-style-type: none"> a) a description / title of software / license type (free and open source, proprietary or concurrent; b) the Council to which the software belongs; c) date of procurement; d) number of licences held; e) number of authorised users; f) expiry date of licence if applicable; g) any restrictions on use; h) details of PCs / laptops on which the software is installed; i) software licence key code number; j) location of software licensed disks and receipts / boxes; and k) Name of officer installing software. 	<p>Proposed Completion Date: 2014</p> <p>Responsibility: Head of ICT (SH)</p>	<p>Recommendation is outstanding at 2nd July 2014.</p> <p>The contract for the new software is in dispute. The Head of ICT (EK Services) will be following this up through the Thanet legal team. In the meantime EK Service will endeavour to manage assets and licences in the most effective way.</p> <p>Revised Implementation Date: 2015/16</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>Recommendation 3 The Business Support Team should gain full access to; and responsibility for maintaining the new Software Register or Software Registers as soon as they are correct and up to date.</p> <p>This will allow the Business Support Team who is currently responsible for purchasing software to control and update the central register of software and software licenses with accurate and timely information.</p>	<p>Proposed Completion Date: 2013</p> <p>Responsibility: Head of ICT (SH)</p>	<p>Recommendation is outstanding at 2nd July 2014.</p> <p>The contract for the new software is in dispute. The Head of ICT (EK Services) will be following this up through the Thanet legal team. In the meantime EK Service will endeavour to manage assets and licences in the most effective way.</p> <p>Revised Implementation Date: 2015/16</p>
<p>Recommendation 4 A full reconciliation of software currently being used, against licences held should be carried out using a TRACK IT (if the functionality can be resolved) or a suitable alternative Software Asset Management Tool (SAM).</p> <p>This should be undertaken to ascertain what software is currently being used across all three Councils. This will assist management to gather information to help produce an appropriate software asset register or registers for each Council.</p>	<p>Proposed Completion Date: 2013</p> <p>Responsibility: Head of ICT (SH)</p>	<p>Recommendation is outstanding at 2nd July 2014.</p> <p>The contract for the new software is in dispute. The Head of ICT (EK Services) will be following this up through the Thanet legal team. In the meantime EK Service will endeavour to manage assets and licences in the most effective way.</p> <p>Revised Implementation Date: 2015/16</p>

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED				
Service	Reported to Committee	Level of Assurance	Management Action	Follow-up Action Due
CSO Compliance	June 2012	Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-progress as part of 2014-15 plan
Absence Management	June 2013	Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-progress as part of 2014-15 plan
Cemeteries	March 2014	Reasonable/ Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-progress
Employee Benefits-in-Kind	September 2014	Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-progress
Safeguarding Children and Vulnerable Groups	September 2014	Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-progress

PROGRESS AGAINST THE AGREED 2014-15 AUDIT PLAN.

DOVER DISTRICT COUNCIL:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-14	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking & PCNs	10	10	0	Quarter 3
Creditors and CIS	10	10	0	Quarter 3
Income	10	10	0	Quarter 3
RESIDUAL HOUSING SYSTEMS:				
HRA Business Plan	10	10	0	Quarter 4
GOVERNANCE RELATED:				
Asset Management	10	10	0	Postpone to accommodate additional work b/fwd from 2013-14
Anti-Money Laundering	5	5	0.17	Work-in-Progress
Fraud Prevention	10	10	0	Quarter 3
Complaints Monitoring	10	10	10.24	Finalised - Reasonable
Partnerships and Shared Service Monitoring	10	10	0.17	Work-in-Progress
Corporate Advice/CMT	2	2	3.55	Work-in-Progress throughout 2014-15
s.151 Meetings and support	9	9	2.79	Work-in-Progress throughout 2014-15
Governance Committee Meetings and Reports	12	12	4.19	Work-in-Progress throughout 2014-15
2015-16 Audit Plan Preparation and Meetings	9	9	0.41	Quarter 4
CONTRACT RELATED:				
CSO Compliance	10	10	0.24	Work-in-Progress
Receipt and Opening of Tenders	6	6	0.17	Quarter 3
SERVICE LEVEL:				
Safeguarding Children & Vulnerable Groups	10	10	1.79	Work-in-Progress
Community Safety	10	10	0	Quarter 4
Pest Control	10	10	0	Quarter 4

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-14	Status and Assurance Level
Towards a Digital Future	18	18	10.18	Work-in-Progress
HMO Licensing	10	10	0.47	Work-in-Progress
Land Charges	10	10	0	Quarter 3
Building Control	10	10	0	Quarter 4
Waste Management	10	10	1.57	Work-in-Progress
White Cliffs Countryside Partnership and 'Up on the Downs'	10	10	0.27	Quarter 3
OTHER				
Liaison with External Auditors	2	2	0.20	Work-in-Progress throughout 2014-15
Follow-up Work	17	17	5.24	Work-in-Progress throughout 2014-15
UNPLANNED WORK				
None in Quarter 1				
FINALISATION OF 2011-12 AUDITS				
Planning	5	-4.04	9.98	Work-in-Progress
Tackling Tenancy Fraud			4.12	Work-in-Progress
Payroll			0.07	Work-in-Progress
Main Accounting System			0.47	Finalised - Substantial
Homelessness			11.04	Finalised – Substantial/Limited
Employee BIKs			1.23	Work-in-Progress
Car Parking Investigation			6.94	Work-in-Progress
Days over delivered in 2013-14			0	Finalised
EK HUMAN RESOURCES				
Absence Management	5	5	0.08	Work-in-Progress
Payroll	5	5	0	Quarter 3
Employee Allowances & Expenses	5	5	0	Quarter 3
TOTAL - DOVER DISTRICT COUNCIL RESIDUAL DAYS	270	260.96	75.58	29% at 30th June 2014

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2014	Status and Assurance Level
Planned Work:				
Audit Ctte/EA Liaison/Follow-up	8	8.5	1.5	Work-in-Progress throughout 2014-15
Finance & ICT Systems	10	0	0	Postpone until 2015-16
Tenant Health & Safety	17	30	24.16	Finalised – Split Assurance
Void Property Management.	15	18	0	Quarter 4
Sheltered Housing	30	0	0	Postpone until 2015-16
Finalisation of 2013-14 Audits:				
Leasehold Services	0	21	20.11	Work-in-progress
Rent Collection and Debt Management	0	2.5	2.36	Finalised - Reasonable
Days under delivered in 2013-14	0	0	-0.32	Completed
Total	80	80	47.81	60% at 30-06-2014
Additional Days purchased with saving from 2013-14	0	8.1	0	Allocated to Leasehold Services Audit

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-14	Status and Assurance Level
Planned Work:				
Housing Benefits Admin & Assessment	15	15	0.10	Work in progress
Housing Benefits Payments	15	15	1.72	Work in progress
Council Tax	30	30	0	Work in progress
Customer Services	15	15	0	Work in progress
ICT File Controls / Data Protection / Back ups	12	12	0	Work in progress

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-14	Status and Assurance Level
ICT Internet & Email	12	12	10.80	Work in progress
ICT Physical & Environment	12	12	0.20	Work in progress
Corporate / Committee /follow up	9	9	2.81	Ongoing
DDC / TDC HB reviews	40	40	0.96	Ongoing
Finalisation of 2013-14 audits:				
Housing Benefit Verification	0	15	1.08	Work in progress
Payroll	0	16	12.88	Work in progress
Total	160	191	30.55	16% at 30-06-2014

BALANCED SCORECARD – QUARTER 1

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>
	Quarter 1		Reported Annually		
Chargeable as % of available days	84%	80%	• Cost per Audit Day		£312.86
Chargeable days as % of planned days			• Direct Costs (Under EKAP management)		£392,980
CCC	25%	25%	• Indirect Costs (Recharges from Host)		£19,990
DDC	29%	25%	• 'Unplanned Income'		Zero
SDC	29%	25%	• Total EKAP cost		£412,970
TDC	27%	25%			
EKS	16%	25%			
EKH	60%	25%			
Overall	28%	25%			
Follow up/ Progress Reviews;					
• Issued	19	-			
• Not yet due	25	-			
• Now due for Follow Up	27	-			
Compliance with the PIAS for Internal Audit Standards	Partial	Full			

BALANCED SCORECARD – QUARTER 1

<u>CUSTOMER PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>
	Quarter 1				
Number of Satisfaction Questionnaires Issued;	26		Percentage of staff qualified to relevant technician level	88%	75%
Number of completed questionnaires received back;	8 =31%		Percentage of staff holding a relevant higher level qualification	43%	32%
Percentage of Customers who felt that;			Percentage of staff studying for a relevant professional qualification	25%	13%
<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%	Number of days technical training per FTE	1.94	3.5
	100%	100%	Percentage of staff meeting formal CPD requirements	43%	32%



ANNEX 5

AUDIT ASSURANCE

Definition of Audit Assurance Statements

Substantial Assurance

From the testing completed during this review a sound system of control is currently being managed and achieved. All of the necessary, key controls of the system are in place. Any errors found were minor and not indicative of system faults. These may however result in a negligible level of risk to the achievement of the system objectives.

Reasonable Assurance

From the testing completed during this review most of the necessary controls of the system in place are managed and achieved. There is evidence of non-compliance with some of the key controls resulting in a marginal level of risk to the achievement of the system objectives. Scope for improvement has been identified, strengthening existing controls or recommending new controls.

Limited Assurance

From the testing completed during this review some of the necessary controls of the system are in place, managed and achieved. There is evidence of significant errors or non-compliance with many key controls not operating as intended resulting in a risk to the achievement of the system objectives. Scope for improvement has been identified, improving existing controls or recommending new controls.

No Assurance

From the testing completed during this review a substantial number of the necessary key controls of the system have been identified as absent or weak. There is evidence of substantial errors or non-compliance with many key controls leaving the system open to fundamental error or abuse. The requirement for urgent improvement has been identified, to improve existing controls or new controls should be introduced to reduce the critical risk.