

This Report will be made public on 10 September 2019



Report Number **AuG/19/10**

**To:** Audit and Governance Committee  
**Date:** 18 September 2019  
**Status:** Non-Executive Decision  
**Corporate Director:** Tim Madden – Customer Support & Specialist Services (S151)

**SUBJECT: INTERNAL AUDIT PROGRESS REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP**

**SUMMARY:** This report includes the summary of the work of the East Kent Audit Partnership (EKAP) since the last Audit and Governance Committee meeting together with details of the performance of the EKAP to the 30<sup>th</sup> June 2019.

**REASONS FOR RECOMMENDATION:**

The Committee is asked to agree the recommendations set out below because:  
In order to comply with best practice, the Audit and Governance Committee should independently contribute to the overall process for ensuring that an effective internal control environment is maintained.

**RECOMMENDATIONS:**

1. To receive and note Report AuG/19/10.
2. To note the results of the work carried out by the East Kent Audit Partnership.

## **1. INTRODUCTION**

- 1.1 This report includes the summary of the work completed by the East Kent Audit Partnership (EKAP) since the last Audit and Governance Committee progress report, together with details of the performance of the EKAP to the 30<sup>th</sup> June 2019.

## **2. AUDIT REPORTING**

- 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 the relevant Heads of Service, 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. There is currently one review with such a level of assurance as shown in appendix 2 of the EKAP report.
- 2.5 The purpose of the Council's Audit and Governance Committee is to provide independent assurance of the adequacy of the risk management arrangements, the control environment and associated anti fraud and anti corruption arrangements and to seek assurance that action is being taken to mitigate those risks identified.
- 2.6 To assist the Committee in meeting 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.

## **3. SUMMARY OF WORK**

- 3.1. There have been five audit reports completed during the period. These have been allocated assurance levels as follows: one was classified as providing substantial/reasonable assurance, two reasonable, one was not applicable for an assurance and one was limited / no assurance. Summaries of the report findings are detailed within Annex 1 to this report.

- 3.2 In addition, three follow up reviews have been completed during the period. The follow up reviews are detailed within section 3 of the update report.
- 3.3 For the period to 30<sup>th</sup> June 2019 83.60 chargeable days were delivered against the planned target of 361.38 days, (including 46.38 days carried over from 2018/19) which equates to achievement of 23% of the planned number of days.
- 3.4 Other performance figures for the East Kent Audit Partnership for the period 2019/20 are shown in the balanced scorecard.

#### 4. RISK MANAGEMENT ISSUES

- 4.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Non completion of the audit plan	Medium	Low	Review of the audit plan on a regular basis
Non implementation of agreed audit recommendations	Medium	Low	Review of recommendations by Audit and Governance Committee and Audit escalation policy.
Non completion of the key financial system reviews	Medium	Medium	Review of the audit plan on a regular basis. A change in the external audit requirements reduces the impact of non-completion on the Authority.

#### 5. LEGAL, FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

##### 5.1 Legal Officer's comments (DK)

No legal officer comments are required for this report.

##### 5.2 Finance Officer's Comments (TM)

Responsibility for the arrangements of the proper administration of the council's financial affairs lies with the Chief Finance Officer (S151). The internal audit service helps provide assurance as to the adequacy of the arrangements in place. It is

important that the recommendations accepted by Heads of Service are implemented and that audit follow-up to report on progress.

### 5.3 **Head of the East Kent Audit Partnership comments (CP)**

This report has been produced by the Head of the East Kent Audit Partnership and the findings / comments detailed in the report are the service's own, except where shown as being management responses.

### 5.4 **Diversities and Equalities Implications (CP)**

This report does not directly have any specific diversity and equality implications however it does include reviews of services which may have implications. However none of the recommendations made have any specific relevance.

## 6. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

### 6.1 Councillors with any questions arising out of this report should contact either of the following officers prior to the meeting.

Christine Parker, Head of the Audit Partnership  
Telephone: 01304 872160 Email: [Christine.parker@dover.gov.uk](mailto:Christine.parker@dover.gov.uk)

Tim Madden, Corporate Director – Customer Support & Specialist Services (S151)  
Telephone: 01303 853371 Email: [Tim.madden@folkestone-hythe.gov.uk](mailto:Tim.madden@folkestone-hythe.gov.uk)

### 6.2 The following background documents have been relied upon in the preparation of this report:

Internal Audit working papers - Held by the East Kent Audit Partnership.

#### **Attachments**

Annex 1 – Update report from the Head of the East Kent 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 Audit and Governance Committee meeting, together with details of the performance of the EKAP to the 30<sup>th</sup> June 2019.

**2. SUMMARY OF REPORTS**

Service / Topic		Assurance level	No of recs	
2.1	Creditors	Substantial/Reasonable	C	0
			H	1
			M	1
			L	3
2.2	Financial Procedure Rules	Reasonable	C	0
			H	1
			M	4
			L	2
2.3	Civic Centre Security	Reasonable	C	0
			H	2
			M	5
			L	3
2.4	Special Projects 2018/19	Not applicable	C	0
			H	0
			M	0
			L	0
2.5	EKH Tenants Health & Safety	Limited / No	C	7
			H	9
			M	0
			L	0

## **2.1 Creditors - Substantial Assurance**

### **2.2.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established in the systems to ensure that creditors payments are valid, authorised, accurate, timely and properly recorded and meet Council guidelines and legislation.

### **2.2.2 Summary of Findings**

Management controls over the ordering of goods and services and the payment of invoices are reliant on the controls set up within the financial management systems; and user access permissions set up.

In 2017/18 a total of 10,802 payments were paid through the Creditors function totalling £32,117,688 (gross) and £24,172,489 (net) which includes refunds to businesses and residents. It reportedly took an average time of 23.5 days for invoices to be paid by the Creditors function.

Management can place Substantial Assurance on the system of internal controls in operation, with the exception of late payments that are being made which attracts Reasonable Assurance.

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

- All payments to suppliers examined as part of the sample tested were authorised and processed correctly;
- There are suitable segregation of duties in place making fraud very difficult without involving substantial collusion;
- The audit trail of payments made is very strong allowing a good level of scrutiny of transactions where required; and
- No duplicate payments were detected during the review.

Scope for improvement was however identified in the following areas:

- The process for virements and application limits for external funding need to be reviewed.
- The financial procedure rules require a review and update to insure that they reflect organisational changes.

## **2.2 Financial Procedure Rules – Reasonable Assurance**

### **2.2.1 Audit Scope**

To ensure that the Council's Financial Procedure Rules are properly approved by the Council's executive function, covers all appropriate financial matters and provides sufficient guidance to Council Officers to enable them to comply with the approved rules and procedures in place.

### 2.2.2 Summary of Findings

The Financial Procedure Rules are a written code of procedures approved by Members at Folkestone & Hythe District Council to provide a framework for proper financial management. The Financial Procedure Rules form part of the Council's Constitution and set out rules on accounting, audit, administrative procedures and budgeting systems. It is good practice to review them from time to time to ensure they reflect legislative, policy, constitutional and other organisational changes, especially in the context of the Council's changing structure and methods of operating.

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

- The Financial Procedure Rules provide guidance on all significant financial aspects.
- The majority of the policies / strategies linked to the Financial Procedure Rules and reviewed as part of this audit are up to date.
- The Financial Procedure Rules are published and available to staff, third parties and the public.

Scope for improvement was however identified in the following areas:

- The process for virements needs to be reviewed.
- Further checks are required to establish whether the external funding limit as agreed by Full Council is being correctly applied and the Detailed Financial Procedure Rules updated accordingly.

## **2.3 Civic Centre Security – Reasonable Assurance:**

### 2.3.1 Audit Scope

To evaluate the effectiveness of the internal controls present regarding the security of the Civic Centre, including the building and its contents, the Council's employees, elected Members, visitors and external bodies renting accommodation within the Civic Centre

### 2.3.2 Summary of Findings

Security arrangements are in place to protect both the Civic Centre building and its occupants. These have been further strengthened following the Council having let a number of offices within the building to third parties.

Observations during the review found that staff and tenants in general appear to abide to the security arrangements that have been communicated to them.

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

- The door access system enables management of the building by zones whereby enabling staff and tenants access to be restricted to only their authorised areas.

- Security arrangements have been effectively communicated to staff and tenants, with regular reminders issued.
- Fire safety procedures enable occupants and visitors to be accounted for the event of building evacuation.
- The fire detection, fire alarm and intruders alarm systems are regular inspected, with annual maintenance contracts in place.

Scope for improvement was however identified in the following areas:

- Reporting of all incidents of threatening and abusive behaviour towards staff could be improved.
- The Customers of Concern register is not being maintained or managed in line with agreed policy.
- Panic alarms are not being regularly tested.
- The risk assessment for the Civic Warden role needs updating, taking into account the security element of their duties.
- Notification for temporary staff who leave to enable prompt pass access deactivation could be improved.

## **2.4 Special Projects 2018/19 – An assurance is not applicable for this work**

### **2.4.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the contract processes and procedures that have been followed in respect of the expenditure relating to the various projects including Princes Parade that are undertaken by the Strategic Projects Team.

### **2.4.2 Summary of Findings**

The review for 2018/19 concludes that procurement processes have been followed for high value contracts and in the main for lower value (=<£10,000) services. The main issue appears to be with lower value orders and the projecting or planning of expenditure over the project lifetime.

The current and proposed developments within Strategic Projects are the subject of public scrutiny attracting many Freedom of Information requests. Ideally expenditure for a particular service requirement should be planned, but where this is not possible it should be monitored so that the correct procurement procedures can be followed.

Procuring officers should seek advice from the Procurement team in instances where expenditure is likely to exceed thresholds for the number of quotes initially obtained, as a waiver is generally required where the scope of work and related costs extend beyond the initial proposal.

The majority of the team is saving documentation in an organised and accessible structure, however there are a few inconsistencies within the team. Readily



accessible information would ensure compliance with CSOs 3.1 and 5.2 to ensure there is a detailed audit trail of all purchases and that proper records are kept.

## **2.5 EKH Tenants Health & Safety – Limited / No Assurance**

### **2.5.1 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.

### **2.5.2 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.

Testing undertaken during this review concludes that there are systemic failings in relation to the internal control of health and safety, and a number of the necessary systems of control surrounding fire safety, electrical safety, lifts and Legionella are currently absent.

Assurance levels for each area tested are as follows:

<b>Area</b>	<b>Assurance</b>
Gas Safety	Limited assurance
Fire safety	No assurance
Electrical Safety	No assurance
Lifts	No assurance
Legionella	No assurance

Urgent management intervention is required in all of the key areas tested as part of the review as each Council could be considered to be acting unlawfully in all of the areas tested due to non-compliance with the regulations applicable to each area tested.

It is the following findings which result in a conclusion of Limited or No Assurance in these areas.

- At the time of the audit there was a known issue with contractor failure and LGSRs expiring, this was resolved while the audit was underway.
- It is unlikely that the Councils will have a new permanent contractor for gas servicing and maintenance in place for 03 July when the current contract expires. Instead EKH will be relying on the use of temporary contractors until the new contractor is able to mobilise, and commence work under the newly tendered contract.

- Approximately 4,800 issues identified on fire risk assessments remain outstanding. While work is ongoing to rectify some of the less technical issues, approximately 800 of those are overdue their recommended completion dates.
- No action is being taken to repair emergency lighting identified as faulty as part of the annual emergency lighting testing process. The same emergency lights are being reported as faulty on subsequent tests. Audit testing estimates there to be in the region of around 2,000 faulty emergency lights across a combination of all 4 areas.
- Large parts of some buildings have faulty emergency lighting, and consequently the Council as landlord may be in breach of the Regulatory Reform (Fire Safety) Order 2005 for failing to provide emergency lighting of adequate intensity.
- Action is not being taken to rectify faults identified on Electrical Installation Condition Reports (EICR) where the overall condition is being reported as unsatisfactory. From 830 EICR reports on landlord blocks, around 230 of these are categorised as unsatisfactory.
- Action is not being taken to rectify electrical faults categorised as C1 & C2. A C1 fault is defined as Danger Present - Risk of injury. Immediate remedial action required. Testing identified C1 & C2 issues identified in April 2016 as still not having being rectified.
- Lift servicing is carried out at monthly intervals but lift examinations are not being completed by an independent person on passenger lifts at the 6 monthly intervals required by law, due to the insurance examiner not being able to safely examine the lift for a variety of different reasons. Despite the examinations being incomplete and therefore use of the lifts not being in accordance with the relevant regulations, lifts continue to be left in operation and available for use by tenants. Four lifts were found to be non-compliant with regulations due to a lack of independent examination reports yet still being used for 575, 426, 393 & 91 days.
- Remedial work identified on lift examination reports is not being carried out resulting in the same Category B defects being evident on the next examination six months later.
- Little or no action is being undertaken to address the 1,916 recommendations made on Legionella Risk Assessments, of which 930 have been categorised as high risk and date back to 2016.
- The summary evacuation sheets were out of date at the three of the 4 sites inspected as part of this review.

### **Management Response - Update on Compliance Issues**

We would like to apologise to tenants for any worries caused to them as a result of the internal audit. The Board and management of East Kent Housing take this report extremely seriously, and we have worked very hard since we received it to ensure that we make progress as quickly as possible.

In their interim update report, we are pleased to see that the auditors say they have seen evidence of significant improvements. Resident health and safety remains our top priority. This reflects the efforts of EKH's staff, and everyone is committed to completing the remaining work as quickly as possible. For all areas where there is outstanding work needed, we have put in place mitigation measures to ensure that any risk to residents is minimised.

### **Gas Safety**

Following the rapid deterioration in the performance of P&R, after they gave notice under the contract, we commissioned an independent review to ensure that we learnt any lessons from this. We are pleased that the performance under the interim contract is at 100%. We have asked internal audit to review this area of assurance.

### **Fire Safety**

All fire risk assessments are, and have been, kept up to date. However there are a number of actions identified in the fire risk assessments as needing to be completed, and the two blocks with a substantial risk level are being prioritised. Until the work is completed, we are carrying out twice daily checks on these blocks, and we have asked the repairs contractor to prioritise any repairs which have a health & safety element to them.

The Council now has a contract in place which commenced on 1st September. They are currently working on a programme and surveying and ordering materials, which have a lead in time.

### **Water Hygiene**

All blocks have a current water hygiene risk assessment, but there are still outstanding actions to be completed. Water hygiene was part of the P&R heating & hot water contract, and the Council has now contracted this separately. All actions are estimated to be complete by December 2019. Until the work is complete, we are carrying out additional checks and tank cleansing to ensure that tanks remain safe.

### **Electrical Works**

All emergency lighting has been inspected and repaired/replaced where needed. Some properties require the electrical installations report to be renewed, and we are working with the Council to identify an appropriate contract for this work activity.

### **Lifts**

There are 13 passenger lifts, and they are all compliant with legislation and have been checked by the Council's insurer.

**Deborah Upton, Chief Executive, East Kent Housing**

## **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.

3.2

Service / Topic	Original Assurance level	Revised Assurance level	Original recs	Outstanding recs
EKH Risk Management	Reasonable	Reasonable	C 0 H 0 M 3 L 1	C 0 H 0 M 0 L 0
EKH Data Protection & Records management	Reasonable	Reasonable	C 0 H 3 M 0 L 0	C 0 H 0 M 0 L 0
Electoral Finance	Reasonable	Reasonable	C 0 H 4 M 1 L 1	C 0 H 0 M 0 L 0

3.3 Details of any individual Critical and High priority recommendations still to be implemented at the time of follow-up are included at Appendix 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 and Audit Committee.

The purpose of escalating high-priority recommendations which have not been implemented is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

#### 4.0 WORK IN PROGRESS

4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings: Constitution; Transformation Governance; Corporate Responsive Repairs; S106s; Industrial Estates; Taxi's & Private Hire; EKH Performance Management; EKH Repairs & Maintenance.

#### 5.0 CHANGES TO THE AGREED AUDIT PLAN

- 5.1 The 2019/20 audit plan was agreed by Members at the meeting of the Audit & Governance Committee on 5<sup>th</sup> March 2019.
- 5.2 The Head of the Audit Partnership meets on a regular basis with the Section 151 Officer or their deputy 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 Appendix 3.

## **6.0 FRAUD AND CORRUPTION**

There are currently no reported incidents of fraud or corruption being investigated by EKAP.

## **7.0 INTERNAL AUDIT PERFORMANCE**

- 7.1 For the period ended 30<sup>th</sup> June 2019, 83.60 chargeable days were delivered against the planned target of 361.38 days, (including 46.38 days that were carried over from the previous year) which equates to achievement of 23% of the original planned number of days.
- 7.2 The financial performance of the EKAP for 2019/20 is on target for Folkestone & Hythe District Council.

### **Attachments**

- Appendix 1 Summary of high priority recommendations outstanding or in progress after follow up
- Appendix 2 Summary of services with limited / no assurances.
- Appendix 3 Progress to 30<sup>th</sup> June 2019 against the agreed 2019/20 Audit plan.
- Appendix 4 Balanced Scorecard of performance indicators to 30<sup>th</sup> June 2019
- Appendix 5 Assurance Statements.

<b>SUMMARY OF CRITICAL /HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1</b>		
<b>Original Recommendation</b>	<b>Agreed Management Action , Responsibility and Target Date</b>	<b>Manager’s Comment on Progress Towards Implementation.</b>
<b>None</b>		

<b>SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED</b>			
<b>Service</b>	<b>Reported to Committee</b>	<b>Level of Assurance</b>	<b>Follow-up Action Due</b>
East Kent Housing – Tenancy & Right to Buy Fraud	March 2019	Limited	Quarter 2

## PROGRESS AGAINST THE AGREED F&amp;HDC AUDIT PLAN 2019/20

Review	Original Planned Days	Revised Planned Days	Actual - 30/06/2019	Status and Assurance level
<b>FINANCIAL SYSTEMS</b>				
Bank Reconciliation	10	10		Quarter 3
Business Rates	10	10		Quarter 3
Council Tax Reduction Scheme	10	10	0.05	Quarter 2
Insurance	10	10		Quarter 4
Treasury Management	10	10	1.46	Work in progress
<b>HOUSING SYSTEMS</b>				
Housing Allocations	10	10	0.04	Quarter 2
<b>ICT SYSTEMS</b>				
ICT review	10	10		Quarter 4
<b>HUMAN RESOURCES SYSTEMS</b>				
Employee Allowances & Expenses	10	10		Quarter 3
<b>GOVERNANCE RELATED</b>				
Financial Procedures Rules	10	10	9.74	Finalised - Reasonable
Constitution	10	10		Quarter 2
Counter Fraud Arrangements	2	2	0.24	Work in progress
Oportunitas Governance	10	10		Quarter 3
<b>SERVICE LEVEL</b>				
E-Procurement & Purchase Cards	10	10	0.14	Quarter 3
Corporate Responsive Repairs	10	10	5.35	Work in progress
Enforcement	10	10		Quarter 3
Engineers	10	10		Quarter 4
Grounds Maintenance	10	10		Quarter 4
Industrial Estates	10	10	0.08	Quarter 2
Land Charges	10	10		Quarter 4
Licensing	10	10		Quarter 4
Lifeline	10	10		Quarter 3
Security of the Civic Centre	8	10	9.21	Finalised - Reasonable
Special Projects 2018/19	10	27	29.69	Finalised – N/A
Sports Income	8	10		Quarter 2
Taxi's	10	10	2.99	Work in progress
Folkestone Community Works Grant	8	10	0.08	Quarter 3



<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual - 30/06/2019</b>	<b>Status and Assurance level</b>
Waste Management	10	10	0.10	Quarter 2
<b>OTHER</b>				
Committee reports & meetings	10	10	2.20	Ongoing
S151 meetings & support	11	11	1.50	Ongoing
Corporate advice / CMT	2	3	0.54	Ongoing
Liaison with External Audit	1	1	0.14	Ongoing
Audit plan prep & meetings	10	10	1.80	Ongoing
Follow Up Reviews	15	15	0.46	Ongoing
Election duties		4	3.68	Completed – N/A
<b>FINALISATION OF 2018-19 AUDITS</b>				
Days under delivered in 2018/19	46.38			Allocated as required
Finalise 2018/19 audits				Allocated below
Sections 106s				Quarter 2
Transformation Governance		10	1.00	Work in progress
GDPR			12.50	Draft report
Creditors			0.61	Finalised – Substantial / Reasonable
Business Continuity				Quarter 4
<b>Total</b>	<b>361.38</b>	<b>361.38</b>	<b>83.60</b>	<b>23% complete as at 30/06/2019</b>

**EAST KENT HOUSING LIMITED:**

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual - 30/06/2019</b>	<b>Status and Assurance Level</b>
<b>Planned Work:</b>				
CMT/Audit Sub Ctte/EA Liaison	4	4	4.32	Work-in-progress throughout 2019-20
Follow-up Reviews	4	4	1.76	Work-in-progress throughout 2019-20
Rent Accounting, Collection & Debt Mngmt.	40	40	0.18	Quarter 2
Rechargeable Works	10	10	0	Quarter 3
Tenants' Health & Safety	15	15	17.63	Finalised - Ltd-No
Customer Contact	12	12	0	Quarter 4
East Kent Housing Improvement Plan	10	10	0	Quarter 3
Estate Management Inspection	15	15	0	Quarter 4
Anti-Social Behaviour	15	15	0	Quarter 4
Employee Health, Safety & Welfare	15	15	0	Quarter 2
<b>Finalisation of 2018-19 Work-in-Progress:</b>				
Days under delivered in 2018-19	0	19.50		Allocated
Staff Performance Management			4.93	Work-in-Progress
Welfare Reform			4.53	Work-in-Progress
Repairs & Maintenance			20.90	Work-in-Progress
Service Level Agreements			0.97	Finalised
<b>Total</b>	<b>140</b>	<b>159.50</b>	<b>55.22</b>	<b>35% as at 30/06/2019</b>



## BALANCED SCORECARD

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2018-19 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2018-19 Actual</u>	<u>Original Budget</u>
	Quarter 1		Reported Annually		
Chargeable as % of available days	88%	80%	• Cost per Audit Day	£	£332.50
Chargeable days as % of planned days			• Direct Costs	£	£428,375
CCC	18.18%	25%	• + Indirect Costs (Recharges from Host)	£	£10,530
DDC	19.34%	25%			
F&HDC	23.68%	25%	• - 'Unplanned Income'	£	Zero
TDC	21.63%	25%			
EKS	23.36%	25%	• = Net EKAP cost (all Partners)	£	£438,905
EKH	34.61%	25%			
Overall	22.97%	25%			
Follow up/ Progress Reviews;					
• Issued	6	-			
• Not yet due	20	-			
• Now due for Follow Up	25	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

<b><u>CUSTOMER PERSPECTIVE:</u></b>	<b><u>2018-19 Actual</u></b>	<b><u>Target</u></b>	<b><u>INNOVATION &amp; LEARNING PERSPECTIVE:</u></b>	<b><u>2018-19 Actual</u></b>	<b><u>Target</u></b>
	<b>Quarter 1</b>		<b>Quarter 3</b>		
<b>Number of Satisfaction Questionnaires Issued;</b>	<b>12</b>		<b>Percentage of staff qualified to relevant technician level</b>	<b>75%</b>	<b>75%</b>
<b>Number of completed questionnaires received back;</b>	<b>6</b>		<b>Percentage of staff holding a relevant higher level qualification</b>	<b>36%</b>	<b>36%</b>
	<b>= 50%</b>		<b>Percentage of staff studying for a relevant professional qualification</b>	<b>14%</b>	<b>N/A</b>
<b>Percentage of Customers who felt that;</b>			<b>Number of days technical training per FTE</b>	<b>0.73</b>	<b>3.5</b>
<ul style="list-style-type: none"> <li>• Interviews were conducted in a professional manner</li> <li>• The audit report was 'Good' or better</li> <li>• That the audit was worthwhile.</li> </ul>	<b>100%</b>	<b>100%</b>	<b>Percentage of staff meeting formal CPD requirements (post qualification)</b>	<b>36%</b>	<b>36%</b>
	<b>100%</b>	<b>90%</b>			
	<b>100%</b>	<b>100%</b>			

### Definition of Audit Assurance Statements & Recommendation Priorities

#### Assurance Statements:

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

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

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

**No Assurance** - From the testing completed during this review a substantial number of the necessary key controls of the system have been identified as absent or weak. There is evidence of substantial errors or non-compliance with many key controls leaving the system open to fundamental error or abuse. The requirement for urgent improvement has been identified, to improve existing controls or new controls should be introduced to reduce the critical risk.

#### Priority of Recommendations Definitions:

**Critical** – A finding which significantly impacts upon a corporate risk or seriously impairs the organisation's ability to achieve a corporate priority. Critical recommendations also relate to non-compliance with significant pieces of legislation which the organisation is required to adhere to and which could result in a financial penalty or prosecution. Such recommendations are likely to require immediate remedial action and are actions the Council must take without delay.

**High** – A finding which significantly impacts upon the operational service objective of the area under review. This would also normally be the priority assigned to recommendations relating to the (actual or potential) breach of a less prominent legal responsibility or significant internal policies; unless the consequences of non-compliance are severe. High priority recommendations are likely to require remedial action at the next available opportunity or as soon as is practical and are recommendations that the Council must take.

**Medium** – A finding where the Council is in (actual or potential) breach of - or where there is a weakness within - its own policies, procedures or internal control measures, but which

does not directly impact upon a strategic risk, key priority, or the operational service objective of the area under review. Medium priority recommendations are likely to require remedial action within three to six months and are actions which the Council should take.

**Low** – A finding where there is little if any risk to the Council or the recommendation is of a business efficiency nature and is therefore advisory in nature. Low priority recommendations are suggested for implementation within six to nine months and generally describe actions the Council could take.