

This Report will be made public on 26 November 2019



Report Number **AuG/19/15**

To: Audit and Governance Committee
Date: 4 December 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 30th September 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/19/15.**
- 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 30th September 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 are currently two reviews 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 eight audit reports completed during the period. These have been allocated assurance levels as follows: two was classified as providing substantial assurance, four reasonable, one was reasonable / limited and one was limited assurance. Summaries of the report findings are detailed within Annex 1 to this report.

- 3.2 In addition, six 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 30th September 2019 164.45 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 46% 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

Tim Madden, Corporate Director – Customer Support & Specialist Services (S151)
Telephone: 01303 853371 Email: 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 30th September 2019.

2. SUMMARY OF REPORTS

Service / Topic		Assurance level	No of recs	
2.1	Constitution	Substantial	C H M L	0 0 0 2
2.2	Treasury Management	Substantial	C H M L	0 0 1 3
2.3	Corporate Responsive Repairs	Reasonable	C H M L	0 0 0 1
2.4	Industrial Estates	Reasonable	C H M L	0 0 0 2
2.5	Transformation Project Governance	Reasonable	C H M L	0 0 4 1
2.6	Sports Income	Reasonable	C H M L	0 0 5 1
2.7	Taxi's & Private Hire	Reasonable / Limited	C H M L	0 5 7 4

Service / Topic		Assurance level	No of recs	
2.8	General Data Protection Regulations	Limited	C	0
			H	6
			M	6
			L	6

2.1 Constitution - Substantial Assurance

2.1.1 Audit Scope

To provide assurance on the adequacy of the detail within the Constitution to ensure that this meets the legal requirements placed upon the Council and it also meets best practice in documenting the way that the Council is run and its rules and procedures that govern its working practices.

2.1.2 Summary of Findings

The Constitution of the Council was last adopted in its entirety in 2015; one of the major changes was to revise the committee structure following a reduction in the number of members and, subject to statute, allow the Council to determine the number of members per committee. Since this time there have been various amendments to other sections of the Constitution as and when necessary, and these are recorded in Appendix 4 (Change Log) of the Constitution.

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

- The Constitution has been drafted in accordance with the Local Government Act 2000 and other legislation relevant to the subject/part.
- Updates to the Constitution (within the testing sample) were recorded in the change log and were presented to members for approval where required.
- The Constitution is available to staff and the public via the Council's intranet and internet.
- The rules of the Constitution (within the testing sample) have been complied with.

Scope for improvement was however identified in the following areas:

- The interval period for the review of the entire Constitution should be determined.
- It would be useful to include in the change log, the name/position of the officer authorising the change if it is a minor amendment not requiring committee approval, or the committee date.

2.2 Treasury Management – Substantial Assurance

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls regarding the treasury management service which takes out loans and places investments as appropriate to ensure best use of the Council's financial resources. Also to ensure that appropriate measures are in place to comply with the guidance in the CIPFA Prudential Code, and that relevant reports regarding compliance with the code are made to members and management as necessary.

2.2.2 Summary of Findings

The Council's treasury management function ensures that cash flow is planned to meet the needs of the Council on a daily basis. The Council has adopted a low risk approach to investing funds and therefore prioritises security and liquidity above returns, investing only in products which meet its approved policy criteria. During 2018/19 the Council received £757,604 in income from investment activities. Loan interest paid during 2018/19 was £1,958,542.

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

- There is a good segregation of duties in place which ensures authorisation controls are working effectively and helps to strengthen officer resilience;
- The audit trail of investment decisions, payments, transfers and authorisations are well maintained;
- Investment decisions are taken in accordance with the approved investment policy in place; and
- Treasury Management roles and responsibilities are working effectively.

Scope for improvement was however identified in the following areas:

- There is a need to update and re-introduce the Treasury Management Practices (TMPs) document in accordance with the Treasury Management Code and introduce some operational procedure notes to support the TMPs; and
- The Constitution should be amended to reflect a recent change to the Treasury Management Code (2017) which allows the Cabinet to approve and monitor treasury management activities as opposed to Full Council.

2.3 Corporate Responsive Repairs – Reasonable Assurance

2.3.1 Audit Scope

To ensure that the responsive corporate repairs service is sufficient to meet the Council's requirements that its corporate buildings are kept in a good state of repair and safe condition for use by its staff, Councillors and visitors.

2.3.2 Summary of Findings

The Corporate Responsive Repairs Service was brought back in house in July 2016. The team currently consists of six Maintenance Officers whose workload is managed by the Building Surveyor. External contractors are still required for specialist and more technical work. The service is managed as best possible within the limits of existing system capabilities and staff resources.

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

- There are various formal and informal methods available for reporting the need for a repair.
- Allocated repair work is recorded on a central spreadsheet which includes the responsible officer and the request date.
- Creditor invoices are matched to orders raised in the Badger system.
- Budget monitoring is carried out on a monthly basis.

Scope for improvement was however identified in the following areas:

- The audit has highlighted and recognised the need for better systems and technology to improve the current administrative processes. However no audit recommendations in relation to this have been made; as system requirements have been identified by the Operations Manager and a solution is intended to be provided within the digital transformation plan.
- One minor recommendation to record and monitor repair completion times for information purposes and future service improvements has been made.

2.4 Industrial Estates – Reasonable Assurance

2.4.1 Audit Scope

To ensure that the procedures and internal controls regarding Industrial Estates are sufficient to provide an effective and efficient management service to the Council in respect of the timely letting of units, management administration and the collection of income due.

2.4.2 Summary of Findings

The Estates and Assets Team manages the letting of Council owned industrial units situated at Mountfield Road and Learoyd Road, New Romney. The Council owned properties are currently split into twelve units at Mountfield Road and six units at Learoyd Road. Of these fifteen are currently occupied by private tenants and three by internal Council sections. At the time of the review none were vacant.

Rental income for the fifteen externally occupied industrial units is currently being charged at £82,840 per annum.

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

- An up to date asset register and tenancy schedule is maintained
- For all tenants a current lease agreement is in place.
- Rent reviews have been appropriate and timely.
- Debts are monitored on a monthly basis.

Scope for improvement was however identified in the following areas:

- Site inspections to prevent dilapidation and misuse should be undertaken on a more regular basis.
- Tenants should be required to provide proof of their public liability insurance when they take out a Council tenancy.

2.5 Transformation Project Governance – Reasonable Assurance

2.5.1 Audit Scope

To provide assurance that the Transformation Project is being undertaken in a controlled objective manner to enable the intended improvements to be made to the Council's services to be achieved.

2.5.2 Summary of Findings

The Transformation Project was officially approved by Management Team and then Cabinet and Council in February 2018

The Transformation Project objectives are to undertake a holistic approach looking at opportunities across the Authority to support the Council's Strategic Priorities, and deliver the 3 key aims which have become known as the 3+1:

- Improved customer service
- Improved resilience
- Improved efficiency and
- Financial savings

This is to be assisted by the use of cutting edge technology to streamline processes and reduce manual intervention by officers.

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

- There was formal approval received from management and Members for the project.
- A formal business plan was drawn up to guide the project.
- Reporting and monitoring is being undertaken regarding the project by management (Transformation Executive Board) and Executive Members (Informal Cabinet).
- Officers are being kept appraised and informed of the progress of the project via staff briefings and email.

Scope for improvement was however identified in the following areas:

- There should be a refresh of the governance arrangements as the original intentions have since evolved.
- Formal reports should be produced for Cabinet and Overview & Scrutiny committee, even if these are only annual updates.

2.6 Sports Income – Reasonable Assurance

2.6.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that all income for the Council's sporting facilities, such as tennis, pitch and putt and football pitches are properly approved, correctly billed and received, promptly banked and accurately recorded in the Council's financial accounts.

2.6.2 Summary of Findings

The Grounds Maintenance Team maintains the Council's sports facilities in the district for use by the general public. These include football pitches, cricket grounds, lawn tennis, pitch and putt and bowling greens.

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

- Sound procedures are in place for the booking of facilities to non-account holders.
- Income from East Cliff sports facilities is being banked on the day of collection from site; and the on-site safe insurance limit is not being exceeded.
- Regular budget monitoring is being undertaken.

Scope for improvement was however identified in the following areas:

- Invoices to account holders are not being raised at the time of the bookings being made, invoices for the use of facilities in the period January – February 2019 were not

raised until March/April; and invoices for the period March – May 2019 were not raised until July.

- Family concession tickets offered at East Cliff have not been approved.
- The continued use of facilities by parties with outstanding debts for the previous period is being permitted.

2.7 Taxis & Private Hire – Reasonable / Limited Assurance

2.7.1 Audit Scope

To ensure that the administration of hackney carriage and taxi licence holders complies with the Council's policies and relevant legislation. This to include the application and approval process, monitoring of existing drivers and vehicles, the renewal process and that information is accurately documented. All income should be efficiently received, reconciled and monitored.

2.7.2 Summary of Findings

The Council is responsible for administering and 'policing' Taxi and Private Hire Vehicle (PHV), Driver and Operator licences under the Town Police Clauses Act 1847 and the Local Government (Miscellaneous Provisions) Act 1976.

The legislation provides a broad framework for the licensing of drivers, vehicles and operators but the detail of how this is done, including standards and conditions, is the responsibility of the individual 'licensing authorities'. There are a number of other Acts which also have an impact; for example the Equalities Act 2010, which places a duty on councils to take steps to meet the needs of disabled people where these are different from the needs of other people, and enables regulations to improve disabled access to taxis.

Legislation states that the administration of taxi licences must be cost-neutral and any surplus/deficits resulting from taxi licence income should be ring-fenced and the budget balanced accordingly. Under Department for Transport (DFT) Taxi and PH Licensing best practice guidance it stipulates that the '*The aim of local authority licensing of the taxi and PHV trades is to protect the public*'. Therefore the Council should design the service fees to meet local demand balanced against the requirement to protect members of the public whilst remaining cost-neutral.

At the date of this audit there were 195 hackney carriage licences, 85 private hire vehicle licences, 325 driver licences and 56 operator licences in issue within the district.

It has been necessary to split the assurance for the function which concludes that management can place Reasonable Assurance on the system of internal controls for the administration of taxi licences but Limited Assurance on the controls over the financial management and GDPR issues.

Effective control was evidenced in the following areas:

- Licence fees are correctly published.
- Appropriate checks are made on individuals applying for licences with supporting evidence being retained.
- Payments are received in advance, and adequately recorded.
- Refunds are appropriately authorised.
- A Taxi Licence handbook is available, although this is in need of updating.

The primary findings giving rise to this partial Limited Assurance opinion are:

- The legal requirement to ring-fence taxi income surplus/deficits at the end of each financial year for re-investment or offset in taxi licensing fees is not being complied with.
- Taxi licence fees have been simply uplifted by inflation, a more focused review cost per unit exercise has not been carried out for some time.
- Staff are undertaking what compliance monitoring, testing and enforcement work they can however there is a risk that drivers could potentially be operating with expired or suspended licences or damaged cars.
- Income and expenditure for DBS checks does not balance as would be expected, requiring further explanation
- Documentation detailing personal and sensitive personal data is currently being retained indefinitely, which is not in accordance with data protection legislation.

Management Comment –

The Environmental Health and Licensing Team Leader has met with Internal Audit and completed the management action plan in response to the audit findings.

The audit report has identified that improvements are needed in fee calculation to ensure that the service operates on a cost-neutral basis. The relevant officer has discussed with Finance about how best this can be achieved.

The data management issues related to document retention will be resolved when systems are replaced that allow for easier automated deletion. (Assistant Director – Governance, Law & Regulatory Services)

2.8 General Data Protection Regulations – Limited Assurance

2.8.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council creates, holds, and maintains personal information about living individuals in accordance with the requirements of the GDPR and deals with subject access requests and information sharing requests in accordance with the Act and the authenticity, reliability, integrity and usability of the organisation's records is adequately maintained.

2.8.2 Summary of Findings

The General Data Protection Regulation (GDPR) came into force on 25 May 2018. The GDPR (EU) 2016/679 is a regulation in EU law on data protection and privacy for all individuals within the European Union (EU) and the European Economic Area (EEA). The GDPR aims primarily to give control to citizens and residents over their personal data and to simplify the regulatory environment. It is widely acknowledged that the majority or risk lies with people and processes, systems, contracts and governance.

The regulation replaced the current Data Protection Act 1998, but sits alongside the Data Protection Act (DPA) 2018, which performs three main functions:

- It fills in the gaps that have (intentionally) been left in GDPR to give each member state some leeway in implementation.

- It extends and clarifies how data protection laws apply to certain broad areas that are excluded from GDPR and are left to each member state, such as immigration, intelligence and law enforcement.
- It sets out the detailed provisions needed for the funding and functioning of the UK's data protection regulator - the Information Commissioner's Office (ICO). For example, it covers the ICO's duties, functions and powers, plus the enforcement provisions.

The DPA 2018 therefore sits alongside the GDPR consequently when considering your data protection duties, both the GDPR and the new DPA 2018 will have to be consulted.

The GDPR places greater emphasis on the documentation that data controllers must keep to demonstrate their accountability. It is vital that the Council's policies, processes and records evidence that the Council has robust systems of governance in order to comply with the EU General Data Protection Regulations (GDPR) and the UK Data Protection.

This audit focuses on compliance with GDPR and the mechanisms in place to manage the key risks to the Council. The Council made significant effort to ensure that the basic requirements of the GDPR were in place by its effective date. These arrangements and records are now to be built on to strengthen the governance around data management.

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

- There is a positive culture within the Council to apply effective data management and GDPR compliance processes.
- Where data breaches are identified they are promptly investigated, resolved and preventative action taken where necessary; with reports being made to the Information Commissioners Office where necessary.
- Processes are in place to deal with Subject Access Requests.
- Improvements to information governance are continually considered with officers taking proactive actions.

Scope for improvement was identified in the following areas:

- The Data Protection Officer (DPO) is aware of the improvements that are required to strengthen the Council's data management processes and evidence of effective data governance and is working towards this. However these outstanding tasks should be formally documented in an action plan so that progress towards implementation can be effectively monitored and reported on.
- The gaps in information and lack of detail in the information recorded in the Information Asset Register must be addressed to ensure that all personal data being collated is identified, categorised, risk assessed and is accurate and up to date.
- As part of the Information Asset Register update processes, it must be established whether all section specific privacy notices are in place and meet legislation requirements.
- A central record of all section specific privacy notices should be maintained.

Management Comment –

Work is being carried out on the recommendations of the Audit report. Relevant policies and procedures are being updated and reviewed in order to meet the obligations of GDPR and address the points raised in the Audit report. (Assistant Director – Governance, Law & Regulatory Services.)

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
BOSCO	Substantial	Substantial	C 0 H 0 M 1 L 0	C 0 H 0 M 0 L 0
Council Tax	Substantial	Substantial	C 0 H 0 M 2 L 0	C 0 H 0 M 0 L 0
Housing Benefit Admin & Assessment	Substantial	Substantial	C 0 H 0 M 2 L 0	C 0 H 0 M 0 L 0
Risk Management	N/A	Substantial	C 0 H 4 M 4 L 0	C 0 H 0 M 0 L 0
East Kent Housing – Tenant Health & Safety (Gas Safety)	Limited	Substantial	C 1 H 1 M 0 L 0	C 0 H 0 M 0 L 0
East Kent Housing – Tenant health & Safety (Legionella)	No	Reasonable	C 1 H 0 M 0 L 0	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 would be 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: Council Tax Reduction Scheme; Otterpool Park Governance; Employee Allowances & Expenses; EKH Rents; 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 5th 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 30th September 2019, 164.45 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 46% 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 30th September 2019 against the agreed 2019/20 Audit plan.
- Appendix 4 Balanced Scorecard of performance indicators to 30th September 2019
- Appendix 5 Assurance Statements.

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

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
East Kent Housing – Tenancy & Right to Buy Fraud	March 2019	Limited	Quarter 3
East Kent Housing – Tenant's Health & Safety	September 2019	Limited / No	Quarter 3

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

Review	Original Planned Days	Revised Planned Days	Actual - 30/09/2019	Status and Assurance level
FINANCIAL SYSTEMS				
Bank Reconciliation	10	10		Quarter 3
Business Rates	10	10		Quarter 3
Council Tax Reduction Scheme	10	10	5.04	Work in progress
Insurance	10	0		Deferred to 2020/21
Treasury Management	10	10	10.70	Finalised - Substantial
HOUSING SYSTEMS				
Housing Allocations	10	10	0.04	Quarter 3
ICT SYSTEMS				
ICT review	10	10		Quarter 4
HUMAN RESOURCES SYSTEMS				
Employee Allowances & Expenses	10	10	0.07	Quarter 3
GOVERNANCE RELATED				
Financial Procedures Rules	10	10	10.16	Finalised - Reasonable
Constitution	10	10	9.88	Finalised – Substantial
Counter Fraud Arrangements	2	2	0.24	Work in progress
Oportunitas Governance	10	10		Quarter 3
SERVICE LEVEL				
E-Procurement & Purchase Cards	10	10	0.14	Quarter 3
Corporate Responsive Repairs	10	10	10.54	Finalised - Reasonable
Enforcement	10	10	0.62	Quarter 3
Engineers	10	10		Quarter 4
Grounds Maintenance	10	10		Quarter 4
Industrial Estates	10	10	6.16	Work in progress
Land Charges	10	10	0.20	Quarter 4
Licensing	10	10	1.57	Quarter 4
Lifeline	10	10		Quarter 3
Security of the Civic Centre	8	10	10.43	Finalised - Reasonable
Special Projects 2018/19	10	27	29.69	Finalised – N/A
Sports Income	8	10	10.28	Finalised - Reasonable
Taxi's & Private Hire	10	10	10.32	Finalised – Reasonable/Limited

Review	Original Planned Days	Revised Planned Days	Actual - 30/09/2019	Status and Assurance level
Folkestone Community Works Grant	8	10	0.08	Quarter 4
Waste Management	10	10	0.84	Quarter 4
OTHER				
Committee reports & meetings	10	10	9.43	Ongoing
S151 meetings & support	11	11	5.69	Ongoing
Corporate advice / CMT	2	3	0.54	Ongoing
Liaison with External Audit	1	1	0.14	Ongoing
Audit plan prep & meetings	10	10	3.96	Ongoing
Follow Up Reviews	15	15	3.85	Ongoing
Election duties		4	3.68	Completed – N/A
FINALISATION OF 2018-19 AUDITS				
Days under delivered in 2018/19	46.38			Allocated as required
Finalise 2018/19 audits				Allocated below
Transformation Governance			3.63	Finalised - Reasonable
GDPR			13.59	Finalised - Limited
Creditors			0.61	Finalised – Substantial / Reasonable
Otterpool Governance			2.33	Work in progress
Business Continuity				Quarter 4
Total	361.38	361.38	164.45	46% complete as at 30/09/2019

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual - 30/09/2019	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Ctte/EA Liaison	4	4	8.12	Work-in-progress throughout 2019-20
Follow-up Reviews	4	4	5.82	Work-in-progress throughout 2019-20
Rent Accounting, Collection & Debt Mngmt.	40	40	18.61	Work in progress
Rechargeable Works	10	10	0	Quarter 3
Tenants' Health & Safety	15	15	21.89	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 3
Anti-Social Behaviour	15	15	0	Quarter 4
Employee Health, Safety & Welfare	15	15	1.03	Work in progress
Finalisation of 2018-19 Work-in-Progress:				
Days under delivered in 2018-19	0	19.50		Allocated
Staff Performance Management			4.93	Work-in-Progress
Welfare Reform			7.14	Work-in-Progress
Repairs & Maintenance			34.38	Work-in-Progress
Service Level Agreements			0.97	Finalised
Total	140	159.50	102.89	64.51% as at 30/09/2019



BALANCED SCORECARD

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Original Budget</u>
	Quarter 2		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	40.97%	50%	• + Indirect Costs (Recharges from Host)	£	£10,530
DDC	40.73%	50%			
F&HDC	45.50%	50%	• - 'Unplanned Income'	£	Zero
TDC	44.85%	50%			
EKS	39.88%	50%	• = Net EKAP cost (all Partners)	£	£438,905
EKH	64.51%	50%			
Overall	45.35%	50%			
Follow up/ Progress Reviews;					
• Issued	18	-			
• 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			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>
	Quarter 2		Quarter 3		
Number of Satisfaction Questionnaires Issued;	31		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	13		Percentage of staff holding a relevant higher level qualification	36%	36%
	= 42%		Percentage of staff studying for a relevant professional qualification	14%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	1.14	3.5
• Interviews were conducted in a professional manner	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	36%	36%
• The audit report was 'Good' or better	100%	90%			
• That the audit was worthwhile.	100%	100%			

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.