



# Agenda

Meeting: **Audit and Governance Committee**  
Date: **4 March 2021**  
Time: **7.00 pm**  
Place: **Remote Meeting**

To: **All members of the Audit and Governance Committee**

The committee will consider the matters, listed below, at the date and time shown above. The meeting will be open to the press and public and will be streamed live at [bit.ly/YouTubeMeetings](https://bit.ly/YouTubeMeetings)

Members of the committee, who wish to have information on any matter arising on the agenda, which is not fully covered in these papers, are requested to give notice, prior to the meeting, to the Chairman or appropriate officer.

1. **Apologies for Absence**
2. **Declarations of Interest (Pages 5 - 6)**

Members of the committee should declare any interests which fall under the following categories:

- a) disclosable pecuniary interests (DPI);
- b) other significant interests (OSI);
- c) voluntary announcements of other interests.

3. **Minutes (Pages 7 - 12)**

To consider and approve, as a correct record, the minutes of the meetings held on 24 November 2020 and 3 December 2020.

4. **Corporate Health and Safety Report (Pages 13 - 26)**

## **Queries about the agenda? Need a different format?**

Contact Committee Services – Tel: 01303 853267/3369  
Email: [committee@folkestone-hythe.gov.uk](mailto:committee@folkestone-hythe.gov.uk) or download from our website  
[www.folkestone-hythe.gov.uk](http://www.folkestone-hythe.gov.uk)

This report details the performance of Corporate Health and Safety over the last calendar year and looks into future work.

5. **Annual report - maintaining Ethical Standards (Pages 27 - 30)**

This annual report to the Audit and Performance Committee is submitted in accordance with the Committee's term of reference as follows:

*"To receive an annual report on the District Council's ethical governance arrangements".*

One of the roles of the council's Monitoring Officer is to advance good governance and ensure the highest standards of ethical behaviour are maintained through the effective discharge of their statutory duties.

6. **Local Code of Corporate Governance (Pages 31 - 44)**

This report recommends the approval of a local code of corporate governance for 2021/22.

7. **Annual governance statement Actions - update on 20/21 actions (Pages 45 - 52)**

This report presents the current position on progress towards achieving the 2020/21 actions set out in the Annual Governance Statement.

8. **Grant Thornton Update Report (Pages 53 - 74)**

Grant Thornton's report provides an update on recent audit work undertaken, progress against key deliverables and a brief technical update.

9. **Annual report of the Audit and Governance Committee (Pages 75 - 80)**

This report summarises the achievements of the Audit and Governance Committee against the terms of reference for the period 1 April 2020 to 31 March 2021 and details the impact that it has made on the overall system of internal control in operation.

10. **Internal Audit Progress Report from the Head of the East Kent Audit Partnership (Pages 81 - 102)**

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 31<sup>st</sup>

December 2020.

11. **Draft Internal Audit Plan 2021-22 (Pages 103 - 116)**

This report includes the draft plan of work for the forthcoming 12 months for approval.

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## **Declarations of Interest**

### **Disclosable Pecuniary Interest (DPI)**

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

### **Other Significant Interest (OSI)**

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

### **Voluntary Announcement of Other Interests (VAOI)**

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

#### **Note to the Code:**

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

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# Minutes

## Audit and Governance Committee

Held at:	Remote Meeting
Date	Tuesday, 24 November 2020
Present	Councillors Mrs Ann Berry (Vice-Chair), Laura Davison, Philip Martin (Chairman), Terence Mullard and Rebecca Shoob
Apologies for Absence	None
Officers Present:	Kate Clark (Case Officer - Committee Services), Amandeep Khroud (Assistant Director) and Charlotte Spendley (Director of Corporate Services)
Others Present:	Candidates for the position of Independent Member of the Audit & Governance Committee

### 52. **Declarations of Interest**

Councillor Mrs Ann Berry made a voluntary announcement as one of the candidates to be interviewed works for a company involved with Step Short Folkestone Ltd of which Councillor Mrs Berry is a director. She remained in the meeting, taking part in discussions and voting.

### 53. **Exclusion of the Public**

Proposed by Councillor Mrs Ann Berry  
Seconded by Councillor Terry Mullard; and

#### **RESOLVED:**

**That the public is excluded for the following item of business on the grounds that it is likely to disclose exempt information, as defined in paragraph 1 of Part 1 of Schedule 12A to the Local Government Act 1972 – ‘Information relating to any individual.’**

(Voting: For 4; Against 0; Abstentions 0)

### **Part 2 – Exempt Information Item**

Councillor Rebecca Shoob joined the meeting at this point.

54. **Recruitment for the position of Independent Member to the Audit & Governance Committee**

Proposed by Councillor Philip Martin  
Seconded by Councillor Mrs Ann Berry

**RESOLVED:**

**That Mr Andrew Vanburen is appointed as Independent Member of the Audit & Governance Committee.**

(Voting: For 5; Against 0; Abstentions 0)



## **Audit and Governance Committee**

Held at:	Remote Meeting
Date	Thursday, 3 December 2020
Present	Councillors Mrs Ann Berry (Vice-Chair), Laura Davison, Philip Martin (Chairman), Terence Mullard and Rebecca Shoob
Apologies for Absence	None
Officers Present:	Kate Clark (Case Officer - Committee Services), Holly Godwin (Case Officer - Corporate Services), Mrs Christine Parker (Head of Audit Partnership), Mr Chris Parker (Deputy Head of Audit) and Charlotte Spendley (Director of Corporate Services)
Others Present:	Paul Dossett (Grant Thornton) and Andy Vanburen (Independent Member)

### **55. Declarations of Interest**

There were no declarations of interest.

### **56. Minutes**

The minutes of the meeting held on 30 September 2020 were submitted and approved. The Chairman, Councillor Philip Martin, agreed that his electronic signature could be added to the minutes showing approval.

### **57. Internal Audit Progress Report from the Head of the East Kent Audit Partnership**

Report AuG/20/11 included the summary of 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 September 2020.

The Deputy Head of Audit presented this report drawing members attention to the following:

- Land Charges – Partly limited assurance due to a cost neutral exercise being undertaken. Once complete this will be fed back to the committee as an update.
- Waste Management – Partly limited assurance. Contract monitoring on street cleansing to be undertaken.
- Eight follow up reviews have been undertaken as mentioned in the report.

Following on from this the members raised the following topics:

- East Kent Housing – tenants health and safety. The Head of the Audit Partnership assured members there are various prioritised action plans in place and progress is being made, with further works scheduled. Covid-19 has caused the usual delays.
- Waste Management – it was noted that further updates are needed especially as the contract is due to renew in 2021.
- Land Charges – although this work has been carried out, it will not have an impact on the Fees and Charges for 2021/22 which have already been published. However, fees could be revised for 2022/23.

Members were advised that any recommendations raised in the reports are assigned a risk level, a date is then agreed with management for the work to be undertaken. This then culminates in the Audit Partnership producing a progress report to check that the recommendations have been implemented.

Proposed by Councillor Mrs Ann Berry  
Seconded by Councillor Terry Mullard; and

**RESOLVED:**  
**That Report AuG/20/11 is received and noted.**

(Voting: For 5; Against 0; Abstentions 0)

#### 58. **Grant Thornton Update Report**

Grant Thornton's report AuG/20/10 provided an update on recent audit work undertaken, progress against key deliverables and a brief technical update.

Mr Paul Dossett from Grant Thornton presented this report, he reiterated that the pandemic had been challenging for the auditors, however with the excellent support from the district council's finance officers, the 2019/20 accounts had been signed off efficiently. Any objections raised to the accounts will be reported back to this committee at further meetings.

Members turned their attention to the Redmond Review within the report especially the recommendations:

- The external auditor to attend Full Council to present their report and findings, giving members the opportunity to ask questions and fully understand updates and progress.

- An Independent Member to be appointed to this committee to provide well qualified further scrutiny on items where necessary. This has recently been undertaken with a successful appointment.
- The external auditors regularly meet with the Chief Financial Officer; further arrangements in place to regularly meet other statutory officers during 2021.

Proposed by Councillor Mrs Ann Berry  
Seconded by Councillor Laura Davison; and

**RESOLVED:**  
**That Report AuG/20/10 is received and noted.**

(Voting: For 5; Against 0; Abstentions 0)

59. **Review of the Corporate Risk Register**

Report AuG/20/12 provided members with an update to the Corporate Risk Register.

The Director of Corporate Services said 15 risks had been identified and also briefly pointed out the key changes to six risks along with one new risk added; Climate Emergency which members were pleased to see on the register.

There was a concern about the Medium Term Financial Uncertainty which seemed significant. Members were assured that reviews are undertaken within the budget cycle and there is good scope for savings to be made by asking Budget Managers to look at all aspects of finance.

Proposed by Councillor Terry Mullard  
Seconded by Councillor Rebecca Shoob; and

**RESOLVED:**  
**1. That Report AuG/20/12 is received and noted.**  
**2. That the updated Corporate Risk Register is received and noted.**

(Voting: For 5; Against 0; Abstentions 0)

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# Agenda Item 4

This Report will be made public on 24 February 2021



Report Number **AuG/20/17**

**To:** Audit & Governance Committee  
**Date:** February 2021  
**Status:** Information Report  
**Responsible Officer:** Alastair Clifford, Operations Lead Specialist  
Andy Blaszkowicz, Director, Housing and Operations

**SUBJECT: CORPORATE HEALTH & SAFETY ANNUAL REPORT**

**SUMMARY:** This report details the performance of Corporate Health and Safety over the last calendar year and looks into future work.

**RECOMMENDATIONS:**

1. To receive and note Report AuG/20/17.

## **1. INTRODUCTION**

This report summarises the District Council's health and safety performance to the end of the annual year 2020, and outlines its intentions for 2021 and beyond. Health and safety is monitored against an ongoing action plan devised by the Corporate Health & Safety officer in agreement with Director for Housing and Operations and the Operations Lead Specialist.

This annual review against the action plan reveals that significant areas of work have been undertaken in relation to abuse, aggression and violence procedures, fire safety procedures and direct labour organisation related safety. This demonstrates that the District Council has a strong commitment to the health and safety of its workforce, and to others who may be affected by its activities.

Health and safety is provided by the Corporate Health & Safety Officer in conjunction with managers and appropriate personnel. The Council employs approximately 451 employees in various roles, including full, part-time and casual staff; equating to 405 FTE. This increase from last year is for the former east Kent Housing coming back in house to Folkestone and Hythe. The Council has a broad range of activities with a wide variety of risks to manage. To ensure that all risks are identified, the Council has risk assessment processes for use by managers and staff. The most common risks identified include:

- Lone working
- Violence and aggression
- Transport and road risk
- Manual handling risks
- Slips and falls
- Work-related ill health, including work-related stress
- Working at height

With the Covid Pandemic sweeping the world in that last year, H&S has been paramount in keeping our staff and community safe. Considerable work has been undertaken to enable this, particularly for those who are unable to work at home.

## **2. KEY ACTIVITIES**

### **CODES OF PRACTICE**

Corporate Health and Safety provides codes of practice (COP) and guidance to managers and employees to equip them with the necessary support to meet their health and safety obligations. The Council has a rolling programme of COP review and implementation to support effective health and safety management. The following COP's were revised/implemented during the year;

- Abuse, Aggression and Violence
- Management of Contractors
- Personal Protective Equipment (PPE)
- Health Surveillance

## TRAINING

Training provision is an important part of mitigating risks to health and safety. To ensure there is relevant training and sufficient funding the corporate health and safety officers work with Human Resource (HR) officers, Organisational Development (OD) Staff and service area managers. The electronic package WorkRite is used to deliver the majority of employees statutory training, however many of the Direct Labour Organisation (DLO) staff and specialists need further training as identified by individual job requirements.

It is understood that at present there is not a centralised database that identifies and records training requirements for individuals. The organisation and identification of training varies by service area and risk level. To address this issue the H&S officer, OD and HR teams will be working together over the next year to support service area managers to identify their statutory training requirements, fund and deliver these as necessary.

Table 1: Training delivered shows some of the critical training that was undertaken during the year. Training was predominantly delivered by external suppliers, except training for fire wardens which was internal, conducted by the corporate H&S officer.

It should be noted that in the DLO organisations of the council, such as that in Grounds Maintenance (GM), Engineering and Buildings (E&B) and the Hythe Pool teams, that practical sessions called toolbox talks and onsite job specific training for equipment are regularly delivered to new starters, seasonal staff and as reminders where near misses and incidents have occurred.

The training does not include the e-learning and is based on practical or external providers.

*Table 1: Training delivered*

Course Type	No.	Comment
Fire Warden (including tenants in rented office space)	8	Fire precautions and methods for evacuating staff in the event of a fire.
Driving Assessments	7	This works alongside the road risk procedures and helps towards preventing road traffic collisions.

Manual Handling Techniques	30	Training in correct lifting techniques & risks through incorrect lifting.
Handling difficult customers	0	Customers services dealing with members of public.
First Aid at Work (3 days)	0	Competence to become a qualified First Aider.
Safeguarding	0	Includes a few councillors, call centre / reception staff
Grounds Maintenance Safeguarding vulnerable people.	0	This is how to recognise the vulnerable that are in public places, and how to help.
Asbestos awareness.	0	Half day course directed at those that are most likely to come into contact.
Reactec HAVWEAR monitoring system for Hand Arm Vibration.	5	Training new line manager. Agency / New Starters
New staff inductions	94	The inductions has a section that includes Health and Safety Policy, procedures and the e-learning requirements.

## **FIRE SAFETY**

The Regulatory Reform (Fire Safety) Order 2005 requires employers to have a strategy to evacuate all occupants within a building. As part of the Council's fire safety arrangements nominated staff are trained as Fire Wardens. Additional refresher training will be conducted during 2021 to include tenants. They perform two roles; undertaking ongoing assessment of fire hazards and risks during their normal daily work tasks, and in the event of an evacuation conducting a sweep of their allocated fire zone to ensure all persons have safely evacuated.

To ensure compliance with the Fire Safety order a review is continuing by the Engineering & Buildings team. Work has started on high risk buildings, such as the Civic Centre, Oxenden Road Depot and Hawkinge Depot and will continue through all Council Operated Assets. In general only minor items have been raised which are being addressed predominantly within allocated budgets, but also utilising the capital enhancement funds.

Due to the lock down and the civic centre being closed since March 2020 no fire drills have been conducted.

Fire safety for housing has not been included as part of this annual report.



## **FIRST AID**

The Health and Safety (First-Aid) Regulations 1981 require employers to provide adequate and appropriate equipment, facilities and personnel to ensure their employees receive immediate attention if they are injured or taken ill at work.

As part of this requirement, the Council provides two levels of first aid trained staff in its buildings. At Folkestone and Hythe Civic Centre there is a mixture of full First aid at Work and Appointed Persons (for the 24hr Lifeline call centre). Hythe Swimming pool staff undergo further training superficially design for swimming pools. Requalification is in line with the HSE guidance and the level of first aid required is based upon specific job risk. DLO staff are also individually identified depending on work location and risk. Due to the pandemic it has been difficult to provide training to staff, training is arranged for after the latest national lockdown to catch u any outstanding requirements.

## **MEETINGS OF HEALTH AND SAFETY GROUPS**

The Council has in place a number of health and safety groups to ensure that there is a corporate approach and understanding to all relevant issues. The Health and Safety Officer reports to the Staff Consultation Forum (SCF) on a six weekly basis. The SCF is chaired by the corporate HR manager, and comprises the Health & Safety Officer, a range of appointed workplace SCF champions, and a UNISON Safety Representative. The Group discuss codes of practice, reports and supports the Corporate Health & Safety Officer in determining the Council's priorities in health and safety.

In addition to the SCF an Operations meeting is held every 3 months, that gathers all the high risk service area managers within the Operations service areas. It is used as a forum to discuss and share best practice regarding any accidents, incidents, near misses and insurance claims in detail and looks at how these can be prevented or reduced.

In recent months these meetings have been broadened to include the Housing staff – bringing a wealth of experience and a greater diversity to the core group. This is expected to have a positive effect on the overall safety of all.

## **OCCUPATIONAL HEALTH**

The external Occupational Health provider has continued to meet the organisation's requirements for dealing with and promoting health at work issues. The core functions of Occupational Health are work-health assessment screening, sickness absence management and health promotion. Table 2: Health surveillance shows a breakdown of the teams that health surveillance is provided to.

The Health, Safety Officer works closely with HR who manages the Occupational Health Advisor to provide a proactive health surveillance programme to required staff following the risk assessment process. This is based on two yearly programme of health surveillance checks, consisting of hand-arm vibration, skin surveillance, respiratory and audiometry.

Table 2: Health surveillance

Team	No.	Notes
Grounds Maintenance	2	Park Keepers, Sports Ground, Cemeteries, Highways.
Engineering & Buildings	0	
Other	0	

### 3. PERFORMANCE

The following section details accidents in relation to the years 2017, 2018, 2019 2020. The Corporate H&S officer ensures all accidents are recorded in one place, therefore in the future this report will move towards detailing accidents over a rolling five year period. There is a potential of increase reported injuries as the housing team formally East Kent Housing will become part of the statistics.

The total number of accidents remains low, with a decrease over the past year from 26 (an incident rate of 0.25 per 100 FTE) to a total of 11 accidents recorded (an incident rate of 0.027 per 100 FTE). As can be seen from: Table 3: Accident totals, shows there is no individual type of accident that is the most significant; however most of the accidents can be grouped into “slip trip and falls”, manual handling and struck by.

Table 4: Accidents by service area shows that there has been a decrease in the accidents incurred by “other council staff”.

Table 5: RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) shows there has been two reportable RIDDOR incident involving a council employee in the year 2020. The first of these was a colleague was using a hedge cutter between waist and shoulder high and whilst wiping off the loose cut clippings with his hand he managed to cut through his glove and removed the tip of his finger. The second was colleague was opening packaging with a new weed scraping knife and slipped whilst removing the plastic packaging and sliced the palm of his hand.

Table 6: Work days lost due to accidents shows that 61 days have been lost due to accidents. Table 7: Accidents involving members of the public have remained low over the past three years.

Accident statistics continue to remain low, however there has been a slight increase in the number of recorded accidents. This is believed to have incurred in line with a drive to report all accidents, no matter how small. As the largest service area within the Council, grounds maintenance remains as the department with highest related risks.

Training and other interventions remain in place to address the areas of highest injury. The wider H&S team continues to not only address the accident related incidents but also focus on areas which have potential to cause serious injury and must therefore not be overlooked. Such areas identified during the previous year include fire safety, contractor control and site security. These were achieved by either in house or external training. Most accidents related to Grounds Maintenance will have a Safety Notice completed and displayed at all the operational depots. Going into 2021 training again will be focused on DLO and the grounds maintenance teams - for example more task related manual handling, basic maintenance and servicing of tools.

*Table 3: Accident totals*

Type	2017	2018	2019	2020
Contact with machinery or hand tool	0	1*	1	2
Struck by moving object	2	2	5*	2
Strike by moving vehicle	0	1	0	0
Strike against fixed object	2	1	4	0
Slip, trip, fall same level	1	3	7*	4
Lifting & handling injuries	0	3	1	2
Injured by an animal including insect stings	0	1	3	1
Fall from height	1*	0	0	0
Physical Assault	0	0	0	0
Contact with electricity	0	0	0	0
Trapped by something collapsing	0	0	0	0
All other kinds & unspecified	2	2	5	0

<b>Total</b>	<b>8</b>	<b>14</b>	<b>26</b>	<b>11</b>
<b>Incident Rate</b> <i>per 100 FTE employees</i>	0.08	0.135	0.25	0.027

\*RIDDORS (reportable injuries)

Table 4: Accidents by service area

Service Area	2017	2018	2019	2020
Grounds Maintenance	7	8	12	7
Engineering & Buildings	0	0	2	1
Other Council Staff	1	6	11	3
Environmental Enforcement	0	0	1	0
<b>Total</b>	<b>8</b>	<b>14</b>	<b>26</b>	<b>11</b>

Table 5: RIDDOR

Type	2017	2018	2019	2020
RIDDOR Accidents	1	0	*2	2
RIDDOR Disease	0	1*	0	0

Table 6: Work days lost due to accidents

Type	2017	2018	2019	2020
Number of work - related days lost	0	0	30.5	61

Table 7: Accidents involving members of the public

Type	2017	2018	2019	2020
Public	1	1	1	0

## **WORK RELATED ILL HEALTH DAYS LOST**

Lost working time statistics through ill health e.g. stress, anxiety and depression are gathered and produced via the Human Resources team.

## **DANGEROUS OCCURENCES**

In addition to the accidents in the table above last year there was no Dangerous Occurrence reported.

## **4. AUDIT**

There are no outstanding action from the 2018 audit as shown in last year's report.

## **5. LEGISLATION UPDATE**

No HSE legislation changes have occurred that affected the Councils current policies and procedures. There have been some updates within the current legislation that has required the council to review some individual task procedures and update the relevant Risk Assessment and Safe Operating Procedure.

There has been a massive review of many procedures due to the Covid 19 Pandemic, which has produced additional risk assessments and Safe Systems of Work in addition to the normal requirements. As new legislation is developed and released our processes will be updated. It is worth noting that our management of parks and open spaces during the pandemic was presented to other authorities as "best practice".

## **6. HEALTH AND SAFETY ACTIONS FOR 2021/22 AND BEYOND**

In 2020/21 the emphasis will be to support managers and staff to continue good standards of health and safety and continuous improvement. An action plan has been developed that tracks this work; a summary of key actions are provided below:

- a. Review the corporate health and safety procedures (2 year programme).
- b. Revise corporate guidance on fire safety and fire wardens.
- c. Revise the corporate guidance on legionella management.
- d. Revise the corporate guidance on asbestos management.
- e. Deliver a health and safety training programme.
- f. Undertake audits/inspections of individual services/teams/buildings.
- g. Undertake fire risk assessments across all council managed buildings and assets.
- h. Update and improve intranet based health and safety information for

staff use.

- i. Undertake driving assessments on all fleet drivers.
- j. Support the new employees within the housing teams.

## 7. HEALTH AND SAFETY EXECUTIVE VISIT / CONTRAVENTIONS

- There has been no visits or requests from the HSE during 2020.

## 8. CLAIMS DUE TO ACCIDENTS / INCIDENTS /OTHER

The following section and Table 8: Claims details provide details on what is registered on the insurance database. In 2020 there were a total of 76 claims. This is an increase of one claim

Road traffic collisions increased from the previous year to 11 incidents up to 13. This is a slight increase in line with additional vehicles.

Strimming incidents have reduced to 0 incidents for injuries. Part of this reduction can be attributed to both in house training and investment into modern equipment with better guards around the heads.

Public liability claims have reduced overall to 45 claims or incidents, from the previous year's 52. An increase in documentation within the Engineering and buildings team has successfully allowed claims to be defended against via a portfolio of evidence.

There has been 1 Employers liability claim again in 2020 that is currently under investigation.

The following section and Table 8: Claims details provide details on what is registered on the insurance database. This has increased by 1 on the previous year. There could be an increase to Tenant claims as the council have taken housing stock back within the council. These claims would previously been dealt with by East Kent Housing.

Table 9: Insurance Claim Costs shows that there has been a reduction in total claim costs. This pattern continues if the removal of the potential data breach claim is considered. However it should be stressed that as claims are ongoing and based upon financial years this data could alter significantly. Some of the cost increase is claims carried over from last year and slightly higher than estimated.

*Table 8: Claims*

Type	2017	2018	2019	2020
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Road Traffic Collision. Council vehicles involved in accidental incident either with other vehicles or fixed objects.	14 incidents; 7 Hit third party vehicle 5 Hit stationary object 2 other type of incident	20 incidents; 6 Hit third party vehicle 6 Hit stationary object 8 other type of incident	11 incidents 7 own fault claims where our driver hit other third party vehicles or hit property 4 no fault claims where third parties hit our vehicles	13 incidents  10 own fault claims where our driver hit other third party vehicles or hit property 3 no fault claims where third parties hit our vehicles
Members of public vehicles hit by flying debris from strimming etc	14 strimming incidents; 2 incidents involve injury to a person	16 strimming incidents; 0 incidents involve injury to a person	Nil	5 strimming plus 4 grass cutting mower incidents
Liability claims from members of public from faulty equipment, i.e. play equipment, park benches, and uneven ground.	76 claim for public liability; 7 Play Area incidents 9 Slip incidents 6 Trip incidents 43 Other types of claim	66 claim for public liability; 2 Play Area incidents 2 Slip incidents 6 Trip incidents 56 Other types of claim	52 claim for public liability 12 Slip trip claims 10 pot hole claims 9 strimming claims 14 other type of incidents. 7 tree root/subsidence claims.	45 claim for public liability 14 Slip trip claims  26 other type of incidents including pot holes and highway issues. 0 tree root/subsidence claims. 1 Employers liability claim

Property claims across the Housing stock Commercial stock and General Fund.	Nil	Nil	12 Property claims 1 Commercial claim 6 HRA claims 5 General fund claims	17 Property claims 3 Commercial claims 9 HRA claims 2 General fund claims 3 claims where the council are seeking recovery from a third party for damage to council property
	<b>Total: 104</b>	<b>Total: 102</b>	<b>Total: 75</b>	<b>76</b>

Table 9: Insurance Claim Costs

Type	2017/18	2018/19	2019/2020	2020/2021
Motor claims	£31,228	£3,845	£2,750	£11,148
Miscellaneous	£3,367	£2,699	£1,050	£0
Property	£2,970	£1,299	£1,700	£15,100
Public	£411,890*	£1,929	£1,252	£3,049

\*This includes potential claim for Data Protection Breach for £323,500.



## **9. CONCLUSION**

Accident levels are positively slightly lower than previous year and are still very low for the type of work being undertaken within the council. This is testament to the great work of all officers and especially within the DLO sections of the council. There have been 61 lost days caused by accidents for the year and only two RIDDOR for the year.

A substantial effort has been made by all staff to ensure we have been Covid compliant – and keeping up with all the changing legislation. No Covid outbreaks have been reported to be directly linked to work undertaken at the council. A visit by the HSE to enquire about what we were doing was met positively by the HSE and no concerns were raised.

There has been a significant drive to have a more proactive approach to the H&S within the council, led by the Director for Housing and Operations and the Operations Lead Specialist with support from the Corporate Health and Safety Officer. This year has continued the previous years' work but with the 2 RIDDOR's and 0 dangerous occurrences it is clear that work must be ongoing.

## **10. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

### **10.1 Legal Officer's Comments (E)**

There are no legal implications arising directly out of this report other than as already stated therein. It is the Council's duty under the Health and Safety at Work etc. Act 1974 (as amended) to protect the health, safety and welfare of its employees and other people who might be affected by its business, which includes making sure they are protected from anything that may cause harm and controlling any risks to injury or health that could arise in the workplace.

### **10.2 Finance Officer's Comments (RH)**

There are no financial implications concerning this report.

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

Councilors with any questions arising out of this report should contact the following officer prior to the meeting

(Alastair Clifford: Operations Lead Specialist)

Telephone: 01303853277

Email: [alastair.clifford@folkestone-hythe.gov.uk](mailto:alastair.clifford@folkestone-hythe.gov.uk)

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# Agenda Item 5

This Report will be made public on 24 February 2021



Report Number **AUG/20/13**

**To:** Audit and Governance  
**Date:** 4 March 2021  
**Status:** Key Decision  
**Responsible Officer:** Amandeep Khroud, Assistant Director, Governance and Law

**SUBJECT:** ANNUAL REPORT - MAINTAINING ETHICAL STANDARDS

**SUMMARY:** This annual report to the Audit and Performance Committee is submitted in accordance with the Committee's term of reference as follows:

*"To receive an annual report on the District Council's ethical governance arrangements".*

One of the roles of the council's Monitoring Officer is to advance good governance and ensure the highest standards of ethical behaviour are maintained through the effective discharge of their statutory duties.

**RECOMMENDATIONS:**

1. To receive and note report AUG/20/13.

## **1. INTRODUCTION**

**1.1** The introduction of the Local Government Act 2000 brought about an increased focus by the Government and local authorities on the issue of ethics and Ethical Governance. The Codes have been put into place in order to enhance the Council's ethical standards and governance framework. They set out the standards of behaviour that the Council expects of its Councillors and staff and how they relate to one another.

**1.2** Ethical governance' lies at the very heart of the way in which an organisation is run, how its business is transacted and how its decisions are taken.

### **1.3 The key issues identified in the report are:**

- No dispensations were granted by the Audit and Governance Committee to District Councillors during 2020/21.
- Training on the Code of Conduct was included in the District Councillor's Member Induction Programme post the May 2019 elections.
- All elected Members of the Council and all Town and Parish Councils have completed and submitted their Register of Interest forms.
- During the financial year 20/21, 17 complaints were received relating to district and parish Councillors, compared with 16 in 19/20 and 20 in 18/19.
- Two investigations were concluded in 20/21.
- On 24 November 2020, Andrew Vanburen was appointed as Independent Member of the Audit & Governance. He will fulfil a very useful function as regards the ethical framework.

## **2. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

### **2.1 Legal Officer's Comments**

The legal issues are covered in the main body of the report.

### **2.2 Finance Officer's Comments**

There are no financial implications arising from this report.

### **2.3 Diversities and Equalities Implications**

This report does not directly have any diversity and equality implications.

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

Councillors with any questions arising out of this report should contact the following officers prior to the meeting:

Amandeep Khroud  
Telephone: 01303 853253  
Email: [amandeep.khroud@folkestone-hythe.gov.uk](mailto:amandeep.khroud@folkestone-hythe.gov.uk)



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This Report will be made public on 24 February 2020



Report Number **AuG/20/18**

**To:** Audit and Governance  
**Date:** 4 March 2021  
**Status:** Non – executive decision  
**Head of service:** Amandeep Khroud – Assistant Director – Governance and Law

**SUBJECT: LOCAL CODE OF CORPORATE GOVERNANCE**

**SUMMARY:** This report recommends the approval of a local code of corporate governance for 2021/22.

**REASONS FOR RECOMMENDATIONS:**

It is necessary for the committee to adopt a local code of corporate governance for the current year.

**RECOMMENDATIONS:**

1. To receive and note report AuG/20/18.
2. To adopt the local code of corporate governance appended.

## 1. INTRODUCTION

- 1.1 The council should adopt a local code of corporate governance each year.
- 1.2 The code is derived from the guidance of CIPFA/SOLACE (the Society of Local Authority Chief Executives) “*Delivering Good Governance in Local Government: Framework*”.

## 2. THE CODE

- 2.1 The code is appended.
- 2.2 The recommended code is based on seven core principles. These principles are:
  - A. Strong commitment to integrity, ethical values, and the rule of law.
  - B. Openness and comprehensive stakeholder engagement.
  - C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
  - D. Determining the interventions necessary to optimise the achievement of intended outcomes.
  - E. Developing the capacity of the entity, including the capability of its leadership and the individuals within it.
  - F. Managing risks and performance through robust internal control and strong public financial management.
  - G. Implementing good practices in transparency and reporting to deliver effective accountability.
- 2.2 Under each principle is a list of actions that the council takes to support the relevant principle. These are actions the council is already taking.

## 3. RISK MANAGEMENT ISSUES

3.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Failure to adopt a code	Medium	Low	Adopt the local code.



#### **4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

##### **4.1 Legal Officer's Comments (AK)**

No legal comments.

##### **4.2 Finance Officer's Comments (CS)**

There are no direct financial implications arising from this report.

##### **4.3 Diversities and Equalities Implications**

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

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Amandeep Khroud – Assistant Director – Governance and Law

Tel No: 01303 853253

Email: [Amandeep.khroud@shepway.gov.uk](mailto:Amandeep.khroud@shepway.gov.uk)

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

None

##### **Appendices:**

Appendix 1: Draft local code of corporate governance

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## Local Code of Corporate Governance 2021

### Introduction

The Council produces a code of corporate governance which is reviewed on an annual basis. Guidance for preparing the code is provided by the Chartered Institute for Public Finance and Accountancy (CIPFA).

CIPFA has developed a framework for good governance in the public sector based on the International Framework, Good Governance in the Public Sector.

The framework comprises of seven principles of good governance. In the framework governance is defined as:

**Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.**

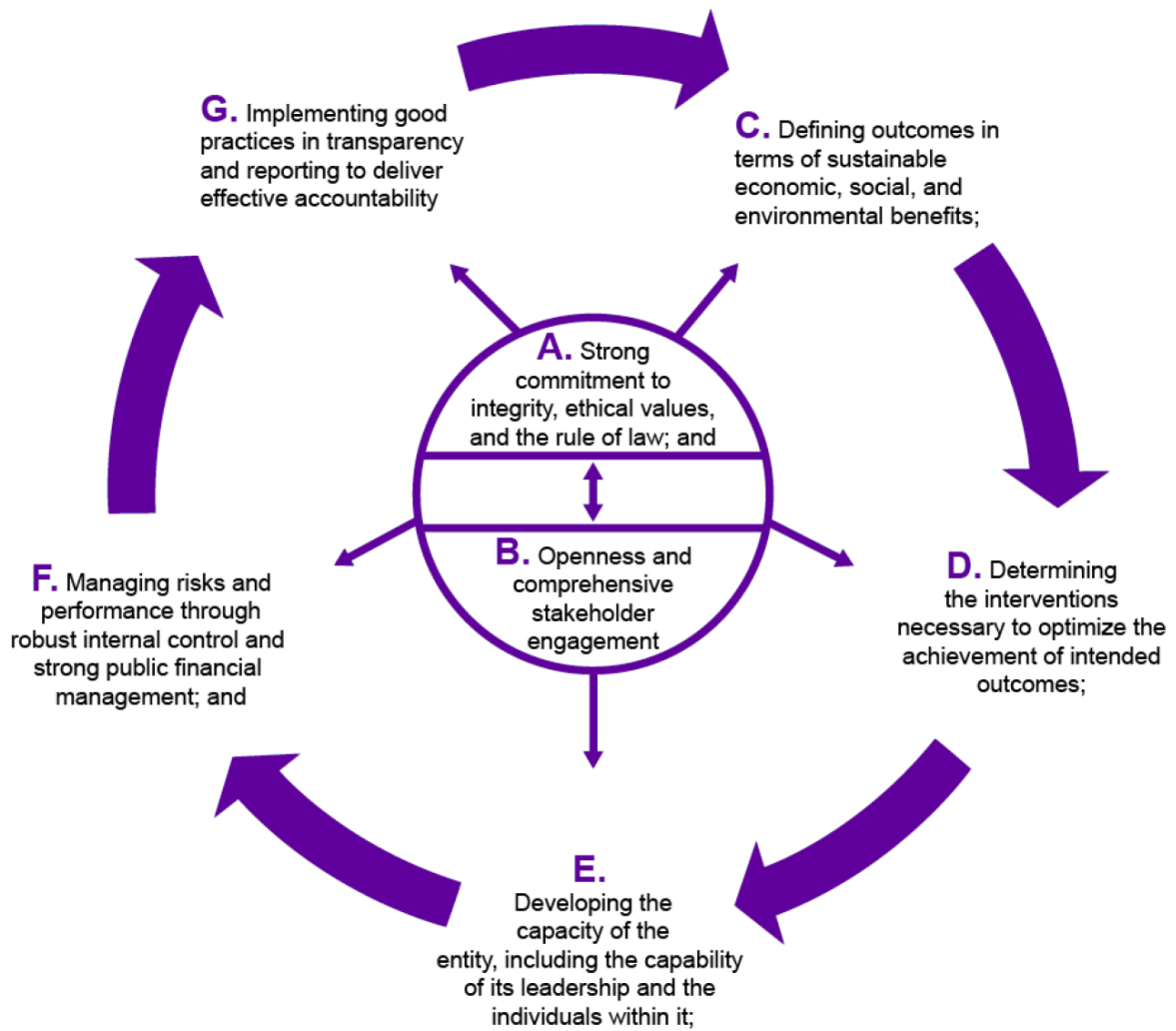
Effective governance in the public sector encourages improved decision making and efficient use of resources. Effective governance is characterised by robust scrutiny, which provides important pressures for improving public sector performance and tackling corruption. Effective governance can improve management leading to better service delivery and ultimately, better outcomes.

The Local Code of Corporate Governance is the document that sets out the framework within which the Council conducts its business and affairs.

**The seven principles of good governance set out in the framework are:**

- A. Strong commitment to integrity, ethical values, and the rule of law.
- B. Openness and comprehensive stakeholder engagement.
- C. Defining outcomes in terms of sustainable economic, social and environmental benefits.
- D. Determining the interventions necessary to optimise the achievement of intended outcomes.
- E. Developing the capacity of the entity, including the capability of its leadership and the individuals within it.
- F. Managing risks and performance through robust internal control and strong public financial management.
- G. Implementing good practices in transparency and reporting to deliver effective accountability.

The core principles for good governance in the public sector are high level and bring together a number of concepts. The figure below sets out the relationship between the principles.



**A: Strong commitment to integrity, ethical values, and the rule of law.**

The Council is responsible for using national resources collected through taxation to provide services for our citizens. We are accountable not only for how much we spend but also for the way we use the resources with which we have been entrusted.

In addition, we have an overarching mission to serve the public interest, in adhering to the requirements of legislation and government policies.

Ethical values and standards are defined in the Council's Constitution and should form the basis for all our policies, procedures and actions as well as the behaviour of our members and staff.

Council officers may be involved with interpreting laws; such activities demand a high standard of conduct that prevents these roles being brought into disrepute. We should demonstrate a strong commitment to the rule of law as well as compliance with all relevant laws.

This makes it essential that we can demonstrate the integrity of all our actions and that we have mechanisms in place that encourage and enforce a strong commitment to ethical values and legal compliance at all levels.

1. The Council will maintain core values) both for the Council and its officers. These are One Team, Thinking Ahead, Performance Counts and Customer First.
2. We use core values as a guide for decision making and as a basis for developing positive and trusting relationships within the Council. We demonstrate this by adherence to the constitution
3. We have adopted formal codes of conduct defining standards of personal behaviour for members and officers.
4. We maintain the Audit and Governance Committee to raise awareness and take the lead in ensuring high standards of conduct are embedded within the Council's culture.
5. We have put in place arrangements to ensure that members and staff of the Council are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. We have put in place appropriate processes to ensure that these arrangements are workable including declaration of interests and anti-corruption policies.
6. We ensure that systems and processes for financial administration and control together with protection of the Council's resources and assets comply with ethical standards; and are subject to monitoring of their effectiveness.
7. We will ensure that professional advice on matters that have legal or financial implications is available and recorded well in advance of decision making if appropriate.

8. Officers will actively recognise the limits of lawful activity placed on them but also strive to utilise their powers to the full benefit of their communities.
9. Officers will observe all specific legislative requirements placed upon the Council as well as the requirements of general law, and in particular integrate the key principles of administrative law – rationality, legality and natural justice into the procedures and decision making.
10. We have put in place effective systems to protect the rights of staff. We ensure that policies for whistle-blowing which are accessible to staff and those contracting with the Council, and arrangements for the support of whistle-blowers, are in place.
11. We will publish an Annual Governance Statement, signed by the head of paid service and the Chairman of the Audit and Governance Committee to confirm that we are satisfied that we have effective governance arrangements in place.

### **B: Openness and comprehensive stakeholder engagement**

The Council operates for the public good and recognises there is a need for openness about our activities as well as clear channels of communication and engagement with all stakeholders. We must demonstrate that we act in the public interest at all times to maintain public trust and confidence. We should demonstrate clear reasoning for decision making and ensure that this is formally recorded for retrospective public scrutiny.

1. We will ensure that the Council's vision, strategic plans, priorities and targets are developed through robust mechanisms, and in consultation with the local community and other key stakeholders, and that they are clearly articulated and disseminated.
2. We will maintain a culture of accountability so that members and Officers understand to whom they are accountable and for what.
3. We will strive to engage with stakeholders on an individual and collective basis to demonstrate that we deliver services and outcomes that meet the needs and expectations of the public. These arrangements will recognise that different sections of the community have different priorities and establish robust processes for dealing with these competing demands.
4. We will deliver effective scrutiny of the Council's business as appropriate and produce an annual report on the activities of the overview and scrutiny function.
5. We will ensure that the Council as a whole is open and accessible to the community, service users and staff and we are committed to openness and transparency in all dealings. We will attempt to publish all committee agenda items publically unless there is the need to preserve confidentiality where it is proper and appropriate to do so.

### **C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

The Council has prepared and published a plan which sets out the Council's priorities; a Medium Term Financial Plan which is a financial representation of the Council's Vision and supports the priorities

We will review this document on a regular basis to ensure they reflect the vision of the Council.

1. We will make a clear statement of the Council's purpose and vision and use it as a basis for corporate and service planning.
2. We will ensure that those making decisions are provided with financial and non-financial information that is fit for the purpose – relevant, timely and gives clear explanations of technical issues and their implications.
3. We will identify and monitor service performance indicators which demonstrate how the quality of service for users is to be measured.
4. We maintain a prudential financial framework, balance commitments with available resources; and monitor income and expenditure levels to ensure this balance is achieved.
5. We ensure compliance with the CIPFA codes regarding a Prudential Framework for Capital Finance and Treasury Management.

**D: Determining the interventions necessary to optimise the achievement of intended outcomes.**

The Council clearly defines its priorities and plans which are aimed at delivering the outcomes that the Council intends. These will focus on delivering effective and efficient services for the residents. We assess the risks of not achieving those outcomes and ensure that there are mitigating actions in place to support the achievement of intended outcomes. The Council's financial management arrangements ensure that there is adequate resource available to deliver those outcomes. The Council reviews progress against delivering those outcomes through its performance management arrangements.

1. We will make a clear statement of the Council's purpose and vision and use it as a basis for corporate and service planning.
2. We have risk management arrangements in place including mitigating actions to support the achievement of the Council's intended outcomes.
3. We will ensure that there are effective arrangements in place to monitor service delivery.
4. We will put in place effective arrangements to deal with a failure in service delivery and explore options for improving service delivery and outcomes for our residents.

5. We have prepared contingency arrangements including a disaster recovery plan, business continuity plan and arrangements for delivering services during adverse weather conditions.

6. We will provide senior managers and Members with timely financial and performance information.

7. We ensure that budget calculations are robust and reserves are adequate.

8. We will align financial and performance data to provide an overall understanding of performance.

**E: Developing the capacity of the Council including the capability of its leadership and the individuals within it.**

The Council will develop and retain a management structure that provides leadership and creates the opportunity for staff to work effectively and efficiently to achieve the Council objectives. We will provide training and support to enable staff to develop their skills so they can achieve their full potential.

1. Through the constitution we have set out a clear statement of the respective roles and responsibilities of the Council's Cabinet and the members individually.

2. We have set out a clear statement of the respective roles and responsibilities of the Council's other committees and senior officers.

3. We have developed protocols to ensure effective communication between Council members and officers in their respective roles.

4. We have set out the terms and conditions for remuneration of members and officers and publish an Annual Pay policy statement in accordance with the requirements of the Localism Act 2011.

6. There is a scheme of delegated powers within the constitution and we ensure that the scheme is monitored and updated when required.

7. We will ensure that effective management arrangements are in place at the top of the organisation.

8. The head of paid service is responsible and accountable to the Council for all aspects of operational management.

9. The Chief Financial Officer is the Director – Corporate Services and is a member of the Council's Corporate Management Team, with access to the Head of Paid Service and other members of the leadership team.

10. The Section 151 Officer is responsible to the Council for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts, and for maintaining an effective system of internal financial control.



11. We have appointed a professionally qualified and experienced Chief Financial Officer, who will lead the promotion and delivery of good financial management, safeguarding public money and ensuring appropriate, economic, efficient and effective use of funds; together with professional accountability for finance staff throughout the Council

12. The Monitoring Officer is responsible to the Council for ensuring that the constitution is adhered to.

13. We will assess the skills required by Members including the understanding of financial systems. We will agree a personal development plan to develop skills and address any training gaps, to enable roles to be carried out effectively.

14. We will assess the skills required by officers through the appraisal process and address any training gaps, to enable roles to be carried out effectively.

15. We will develop skills on a continuing basis to improve performance, including the ability to scrutinise and challenge and to recognise when outside expert advice is needed.

16. We will ensure that the statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the Council.

17. We will review the scope of the Chief Financial Officer's non-financial areas of responsibility to ensure financial matters are not compromised.

18. We provide the Chief Financial Officer and the Monitoring Officer with the resources, expertise and systems necessary to perform the role effectively within the Council.

## **F: Managing risks and performance through robust internal control and strong public financial management.**

The Council recognises the need to implement an effective performance management system that will allow us to deliver services effectively and efficiently. We understand that risk management, internal control and strong financial management are essential for us to achieve our objectives and we have put appropriate arrangements in place.

1. We will maintain an effective Audit and Governance Committee which is independent of the executive and overview and scrutiny functions.

2. We will enable the Chief Financial Officer to bring influence to bear on all material decisions and provide advice on the levels of reserves and balances to be retained.

3. We will ensure that risk management is embedded into the culture of the Council, with members and managers at all levels recognising that risk management is part of their job.

4. We will ensure our arrangements for financial and internal control and management of risk are formally addressed within the annual governance reports.
5. We will ensure effective internal control arrangements exist for sound financial management systems and processes.

**G: Implementing good practices in transparency and reporting to deliver effective accountability.**

The Council recognises that effective accountability is concerned not only with reporting on actions completed but ensuring stakeholders are able to understand and respond as the Council plans and carries out its activities in an open manner.

1. We comply with the local government transparency code and publish all required information in a timely manner.
2. We have established a medium term business and financial planning process in order to deliver a financial strategy ensuring sustainable finances, a robust annual budget process ensuring financial balance and an adequate monitoring process; all of which are subject to regular review.
3. We have put in place effective transparent and accessible arrangements for dealing with complaints.
4. We will maintain an effective overview and scrutiny function which encourages constructive challenge and enhances the Council's performance overall.
5. We will maintain an effective Audit and Governance Committee which is independent of the Cabinet and the Overview and Scrutiny committee.
6. We will ensure an effective internal audit function is resourced and maintained.
7. We will maintain open and effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations on which decisions are based.
8. We will attempt to publish all committee items in the public part of the agenda unless there is the need to preserve confidentiality where it is proper and appropriate to do so.
9. We will put in place arrangements for whistle-blowing to which staff and all those contracting with the Council have access.
10. We will produce clear, timely, complete and accurate information for budget holders and senior officers relating to the budgetary and financial performance of the Council.

11. We will maintain effective arrangements for determining the remuneration of senior staff and publish an Annual Pay Policy statement in accordance with the requirements of the Localism Act 2011.

### **Annual Review of Corporate Governance**

At the end of each financial year, the Council formally reviews the governance arrangements in place and produces an Annual Governance Statement.

The Annual Governance Statement includes:

- Scope of responsibility
- The purpose of the governance statement
- The Council's governance framework
- Review of effectiveness
- Assurance statements
- Internal Audit's opinion of the system of internal controls
- Financial management
- Significant governance and internal control issues
- Action plan
- Certification statement

The Annual Governance Statement addresses any actions arising from the previous years' Annual Governance Statement and highlights any actions arising from the year being reviewed.

The Annual Governance Statement also assesses the effectiveness and application of the Local Code of Governance and identifies any necessary changes and makes any relevant recommendations to the Council.

As part of the Audit and Governance Committee's governance role, the formal annual review will be undertaken by the Audit and Governance Committee on behalf of the Council.

The Annual Governance Statement is signed by the Chairman of the Audit and Governance Committee)and by the Head of Paid Service, and is published with the Council's annual Statement of Accounts.

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This report will be made public on 24 February 2021



Report Number **AUG/20/20**

**To:** Audit and Governance Committee  
**Date:** 4 March 2021  
**Status:** Non-Executive Function  
**Director:** Charlotte Spendley, Director of Corporate Services and Amandeep Khroud, Assistant Director Governance and Law

**SUBJECT: ANNUAL GOVERNANCE STATEMENT ACTIONS –UPDATE ON 2020/21 ACTIONS**

**SUMMARY:** This report presents the current position on progress towards achieving the 2020/21 actions set out in the Annual Governance Statement.

**REASONS FOR RECOMMENDATIONS:**

The committee is asked to agree the recommendations set out below to note the position and the progress towards achieving the actions.

**RECOMMENDATIONS:**

1. To receive and note report AuG/20/20.
2. To note the progress towards achieving the actions in the Annual Governance Statement (Appendix 1).

## 1. INTRODUCTION

- 1.1 The Annual Governance Statement for 2019/20 was considered by the committee on 30<sup>th</sup> July 2020 (report AUG/20/03).
- 1.2 The governance statement identified significant governance issues that were likely to arise during this year. This report sets out progress against those actions.

## 2. THE ANNUAL GOVERNANCE STATEMENT ACTIONS - UPDATE

- 2.1 The Annual Governance Statement identified actions for 2020/21 (See Appendix 1) which are necessary to improve the overall effectiveness of its governance arrangements.
- 2.2 In addition to the formal action plan, the following steps have been taken on governance during the year:

- **Otterpool Park:** In May 2020, Cabinet approved the structure and activities of the Otterpool Park Limited Liability Partnership (LLP) to progress with the long term development of the garden town project. The LLP is governed by a board of directors and is underpinned by an established members' agreement that provides limits and qualifications on what it is able to do in terms of governance and decision-making. The members' agreement also requires the LLP to report to cabinet an update to the agreed business plan annually. In addition on 20 January 2021 Cabinet considered and agreed a paper on the Otterpool Park Business Plan which committed to the development of an Assurance Framework which will be considered and agreed by the Statutory Officers.
- **Housing Service:** The control of the council's housing stock was transferred successfully from East Kent Housing (EKH) back to the council on 1<sup>st</sup> October 2020. A comprehensive management structure is in now place for the service covering strategic and operational housing as well as assets & development. The service has established a Housing Management Team (HMT) and a forward programme of monthly meetings to report operational and financial performance. A number of training sessions have also been delivered to members and officers to provide background context to housing & asset management and also the regulatory environment of the service. In addition work in well underway on the Tenant Engagement Strategy to ensure the tenant's voice is well represented and heard.
- **Corporate Plan:** Significant progress has been made on the development of a new Corporate Plan which incorporates the recovery priorities. The plan which sets the Councils strategic

direction over the coming 9 years is to be considered by Full Council in February.

### 3. RISK MANAGEMENT ISSUES

3.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Actions contained within the Annual Governance Statement, are not addressed effectively	Medium	Low	Progress to be reviewed and monitored regularly by the Monitoring Officer, Policy and Improvement Officer and the Audit & Governance Committee.

### 4. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

#### 4.1 Legal Officer's Comments (AK)

There are no legal issues arising from this report.

#### 4.2 Finance Officer's Comments (CS)

There are no financial implications arising from this report.

#### 4.3 Diversities and Equalities Implications (GE)

No diversities and equalities implications.

### 5. CONTACT OFFICER AND BACKGROUND DOCUMENTS

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Gavin Edwards, Performance & Improvement Specialist

Tel: 01303 853436

Email: [gavin.edwards@folkestone-hythe.gov.uk](mailto:gavin.edwards@folkestone-hythe.gov.uk)

The following background documents have been relied upon in the preparation of this report: None

#### Appendices:

Appendix 1: Annual Governance Statement Actions - Progress Update





**APPENDIX 1: Action plan for improvement following review of effectiveness of governance arrangements 2020/21**

	<b>Action</b>	<b>Who</b>	<b>Date</b>	<b>Progress Update</b>
<b>1</b>	<p><b>Annual Review of Corporate Governance</b></p> <p>At the end of the year, the Council will produce its statement on governance, which includes end of year assurance statements by Assistant Directors/Chief Officers and internal audit's opinion report</p>	Monitoring Officer	May 2021	<p>This will be actioned by May 2021.</p> <p>The Assurance statement will be sent out after 31 March 2021.</p>
<b>2</b>	<p><b>Governance Arrangements</b></p> <p>To keep under review, the Council's governance arrangements.</p>	Monitoring Officer	March 2021	This is ongoing and will be kept under review throughout the year.
<b>3</b>	<p><b>Data Retention Policy and General Data Protection Regulation</b></p> <p>To keep under review, the Data retention policy and the new General Data Protection Policy.</p>	Monitoring Officer	March 2021	This is ongoing and will be kept under review throughout the year.
<b>4</b>	<p><b>Review of the Overview &amp; Scrutiny Committee function</b></p> <p>To implement the revised governance and working arrangements of the committee.</p>	Monitoring Officer	Ongoing	Changes have been made to the working practices of the Overview and Scrutiny committee. Changes have already been implemented and approved by Members and will be kept under review throughout the year.
<b>5</b>	<p><b>Review of Corporate Risk Policy for the Council:</b></p> <p>Encourage all services to have up to date Departmental / Project Risk Registers that comply with the Corporate Policy.</p> <p>Undertake the annual review of the Policy alongside the Audit &amp;</p>	Director of Corporate Services	March 2021	<p>Work to develop departmental risk registers is ongoing.</p> <p>The annual review of the policy framework is to be considered in March and April.</p>

	Governance Committee and make recommendations to Cabinet.			
<b>6</b>	<p><b>Financial Management Code</b></p> <p>Review and assess conformity with the CIPFA Statement of Principles of Good Financial Management, raise awareness in the organisation and make appropriate changes to processes to ensure compliance with the Financial Management Code for 2020/21.</p>	Lead Accountant & Monitoring Officer	April 2021	<p>Detailed work has not been undertaken on this during 2020/21 due to the increased workload and change in priorities as a result of the pandemic.</p> <p>The first full year of compliance is 2021/22 and local authorities should be able to demonstrate by 31 March 2021 that they are working towards full implementation of the Code.</p> <p>The Council already has strong governance and internal control processes in place which align with the six financial management standards set out in the Financial Management Code so it is not felt that there is a risk of non-compliance. A detailed review of the standards will be carried out in the coming months to ensure that the Council's processes satisfy the principles of good financial management.</p>
<b>7</b>	<p><b>Folkestone &amp; Hythe Accelerated Delivery Board:</b></p> <p>Existing governance arrangements for the board will be reviewed in light of the council's approach to COVID-19 recovery and new Corporate Plan.</p>	Corporate Director of Place	March 2021	In light of the creation of Otterpool Park LLP the role of the Folkestone & Hythe Accelerated Delivery Board is being reviewed in order to ensure that effective support is in place across the district to support the delivery of strategic-level growth priorities.

8	<p><b>Performance Management Framework</b></p> <p>The existing Performance Management Framework will be reviewed to ensure it aligns with the strategic objectives of the new Corporate Plan.</p>	<p>Performance &amp; Improvement Specialist</p>	<p>March 2021</p>	<p>The new corporate plan 2021-30 is due to be adopted by Cabinet and Full Council in February. Work will then be under taken to refresh the Performance Management Framework to ensure it's in line with the new strategic objectives and priorities.</p> <p>The updated framework will then be put forward for Overview &amp; Scrutiny Committee and Cabinet consideration.</p>
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This Report will be made public on 24 February 2021



Report Number **AuG/20/19**

**To:** Audit and Governance Committee  
**Date:** 4 March 2021  
**Status:** Non-Key Decision  
**Head of Service:** Charlotte Spendley, Director of Corporate Services  
**Cabinet Member:** Councillor David Monk – Leader & Cabinet Member for Finance

**Subject:** Grant Thornton Update Report

**Summary:**

Grant Thornton's report provides an update on recent audit work undertaken, progress against key deliverables and a brief technical update.

**Reasons for recommendations:**

The Committee is asked to agree the recommendation in order to formally note the progress made against key actions undertaken by Grant Thornton.

**Recommendations:**

1. To receive and note Report AuG/20/19.

## **1. INTRODUCTION**

- 1.1 It was agreed by the Audit Committee that the External Auditor should submit regular progress and update reports to their meetings.
- 1.2 A representative from Grant Thornton LLP has been asked to attend the meeting to present the report and answer Members' questions.

## **2. PROGRESS UPDATE**

- 2.1 Grant Thornton's report sets out, at pages 4 to 6, progress as at February 2021 with regard to:
  - 2020/21 Audit and deliverables
  - Grant certification work
  - Meetings & upcoming events
- 2.2 The report also includes:
  - A Sector Update (pages 7 to 18) including the new NAO Code of Audit Practice for 2020-21 and revised auditing standards.
- 2.3 A copy of the full report is attached at Appendix 1.

## **3. LEGAL/FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

### **3.1 Legal Officer's Comments (AK)**

There are no additional legal comments arising from this report

### **3.2 Finance Officer's Comments (CS)**

There are no financial implications arising directly from this report.

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

Councillors with any questions arising out of this report should contact the following officer prior to the meeting

*Charlotte Spendley – Director of Corporate Services*

*Telephone: 07935 517986 - email: [charlotte.spendley@folkestone-hythe.gov.uk](mailto:charlotte.spendley@folkestone-hythe.gov.uk)*

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

- None

### Appendices

1. Grant Thornton Update Report – February 2021

# Audit Progress Report and Sector Update

Folkestone and Hythe Council  
Year ending 31 March 2021  
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# Introduction

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**Paul Dossett, Partner**

T 020 7728 3180

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**This paper provides the Audit & Governance Committee with a report on progress in delivering our responsibilities as your external auditors.**

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority.

Members of the Audit & Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications [www.grantthornton.co.uk](http://www.grantthornton.co.uk).

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Partner or Engagement Managers.

# Progress at February 2021

## Financial Statements Audit 2019/20

In November 2020 we issued our audit opinion on the financial statements. We also issued our value for money conclusion on both the 2018/19 and 2019/20 financial years. We have been unable to certify either year as closed as we are still dealing with an objection to the 2018/19 accounts,

## Certification of claims and returns

Our work on the certification of the Council's annual Housing Benefit subsidy claim, in accordance with procedures agreed with the Department for Work and Pensions (DWP) was completed in early February 2021.

Our work on the 2019/20 Pooling of Housing Capital Receipts was completed and was submitted to MHCLG in early February 2021.

## Financial Statements Audit 2020/21

We have now begun to look to the 2020/21 financial year to commence our planning processes for the audit. We will agree the detailed audit plan in March, setting out our proposed approach to the Council's 2020/21 financial statements, with management and then present the audit plan to the Audit and Governance Committee. We have issued management with a request.

Our formal work will begin later in the year and in the meantime we will:

- continue to have regular discussions with management to inform our risk assessment for the 2020/21 financial and value for money audits;
- review board papers and latest financial and operational performance reports;
- update our review of the Council's control environment and our understanding of the Council's financial systems;
- review Internal Audit reports on core financial systems; and
- Carry out early work on emerging accounting issues.

We expect to issue our audit plan summarising our approach to key risks on the audit in March.

## Meetings

We met with the Director of Corporate Services earlier this year as part of our regular liaison meetings. We also met with your Chief Executive in January to discuss the Council's strategic priorities and plans and value for money arrangements. These meetings form part of our planning process for the 2020/21 audit.

## Events

Our annual chief accountants' workshop is scheduled take place in early 2021 and are a chance for your finance officers to speak to peers and gain further understanding of the key changes impacting this year's accounts

# Progress at February 2021

## Value for Money

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Further detail on the NAO's revised approach to VFM work can be found here: <https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2019/12/AGN-03-Auditors-Work-on-Value-for-Money-Arrangements.pdf>

Due to the change in approach, a fee variation will be needed for 2020-21 and your Engagement Team should be in touch shortly to discuss this.

The new Code of Audit Practice issued by the NAO can be found here: [https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code\\_of\\_audit\\_practice\\_2020.pdf](https://www.nao.org.uk/code-audit-practice/wp-content/uploads/sites/29/2020/01/Code_of_audit_practice_2020.pdf)

# Audit deliverables

## 2020/21 Deliverables

## Planned Date

## Status

### Accounts Audit Plan

We are required to issue a detailed accounts audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Council's 2020/21 financial statements.

March 2021

Not yet due

### Audit Findings Report

The Audit Findings Report will be reported to the September Audit and Governance Committee.

September 2021

Not yet due

### Auditors Report

This is the report on your value for money arrangements and the NAO's new Code of Practice.

September 2021

Not yet due

### Annual Audit Letter

This letter communicates the key issues arising from our work.

October 2021

Not yet due

# Sector update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local  
government

# New NAO Code of Audit Practice for 2020-21

The NAO issued a new Code of Audit Practice which came into force on 1 April 2020 and applies to audits of 2020-21. The key change is an extension to the framework for VfM work. The NAO has prepared Auditor Guidance Note (AGN 03), which sets out detailed guidance on what VfM work needs to be performed. Public consultation on this ended 2 September.

The new approach to VfM re-focuses the work of local auditors to:

- promote more timely reporting of significant issues to local bodies;
- provide more meaningful and more accessible annual reporting on VfM arrangements issues in key areas;
- provide a sharper focus on reporting in the key areas of financial sustainability, governance, and improving economy, efficiency and effectiveness; and
- provide clearer recommendations to help local bodies improve their arrangements.

Under the previous Code, auditors had only to undertake work on VFM where there was a potential significant risk and reporting was by exception. Whereas against the new Code, auditors are required to undertake work to provide a commentary against three criteria set by the NAO – governance; financial sustainability and improving economy, efficiency and effectiveness.

A new Auditor's Annual Report presented at the same time as the audit opinion is the forum for reporting the outcome of the auditor's work on Value for Money. It is required to contain:



The '**Commentary on arrangements**' will include a summary under each of the three specified reporting criteria and compared to how the results of VfM work were reported in previous years, the commentary will allow auditors to better reflect local context and also to draw attention to emerging or developing issues which may not represent significant weaknesses, but which may nevertheless require attention from the body itself. The commentary will not simply be a description of the arrangements in place, but an evaluation of those arrangements.

**Recommendations:** Where an auditor concludes there is a significant weakness in a body's arrangements, they report this to the body and support it with a recommendation for improvement.

**Progress in implementing recommendations:** Where an auditor has reported significant weaknesses in arrangements in the previous year, the auditor should follow up recommendations issued previously and include their view as to whether the recommendations have been implemented satisfactorily

**Use of additional powers:** Where an auditor uses additional powers, such as making statutory recommendations or issuing a public interest report, this needs to be reported in the auditor's annual report.

**Opinion on the financial statements:** The auditor's annual report also needs to summarise the results of the auditor's work on the financial statements. This is not a replacement for the AFR, or a verbatim repeat of it – it is simply a summary of what the opinion audit found

The new approach is more complex, more involved and will subsequently increase the cost of audit. We will be discussing this with the Chief Operating Officer shortly.

To review the new Code and AGN03 click [here](#)

NAO



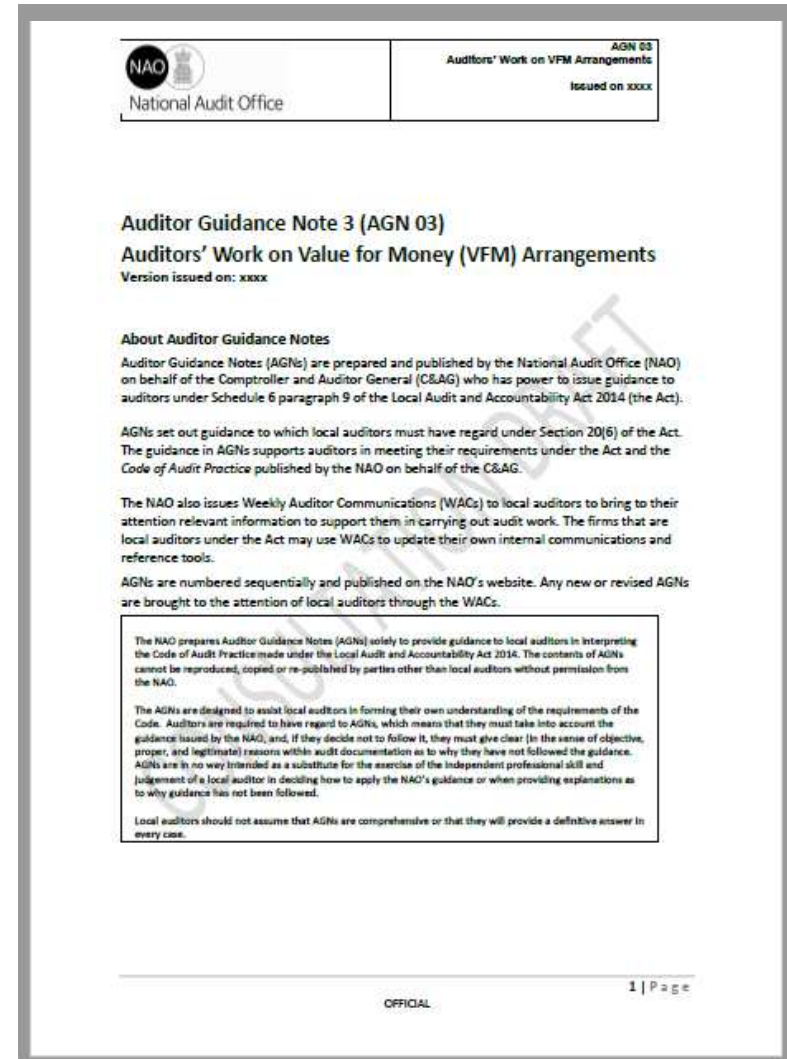
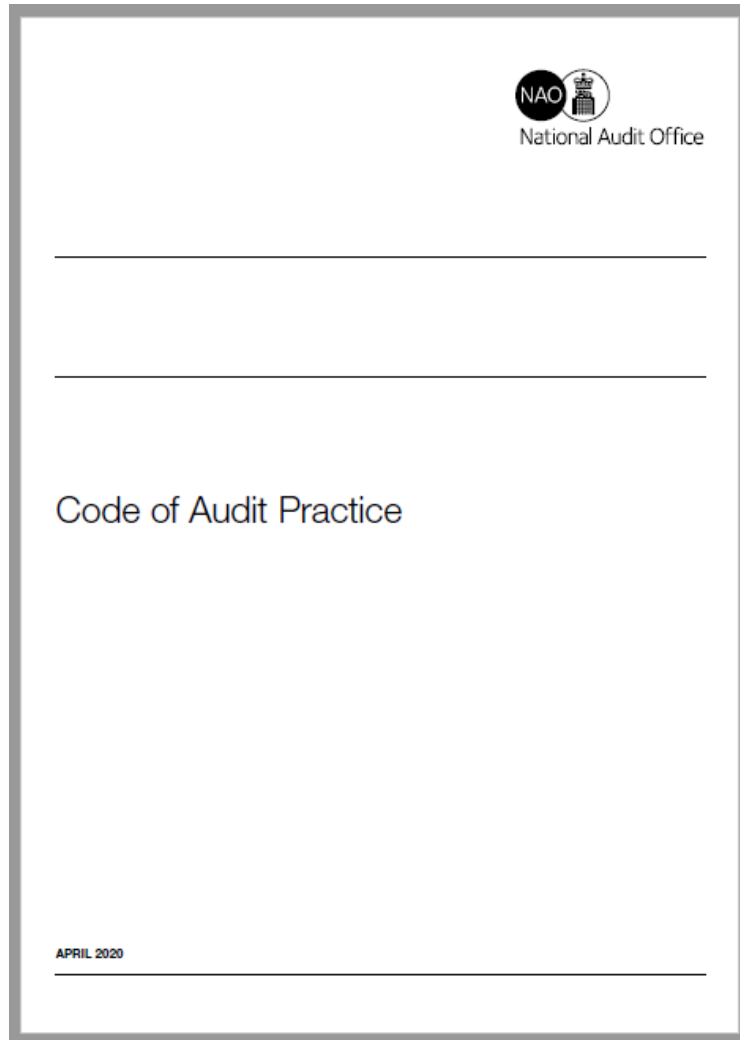
**Value for Money update for  
Audit & Governance  
Committee on new  
arrangements 2020/21**

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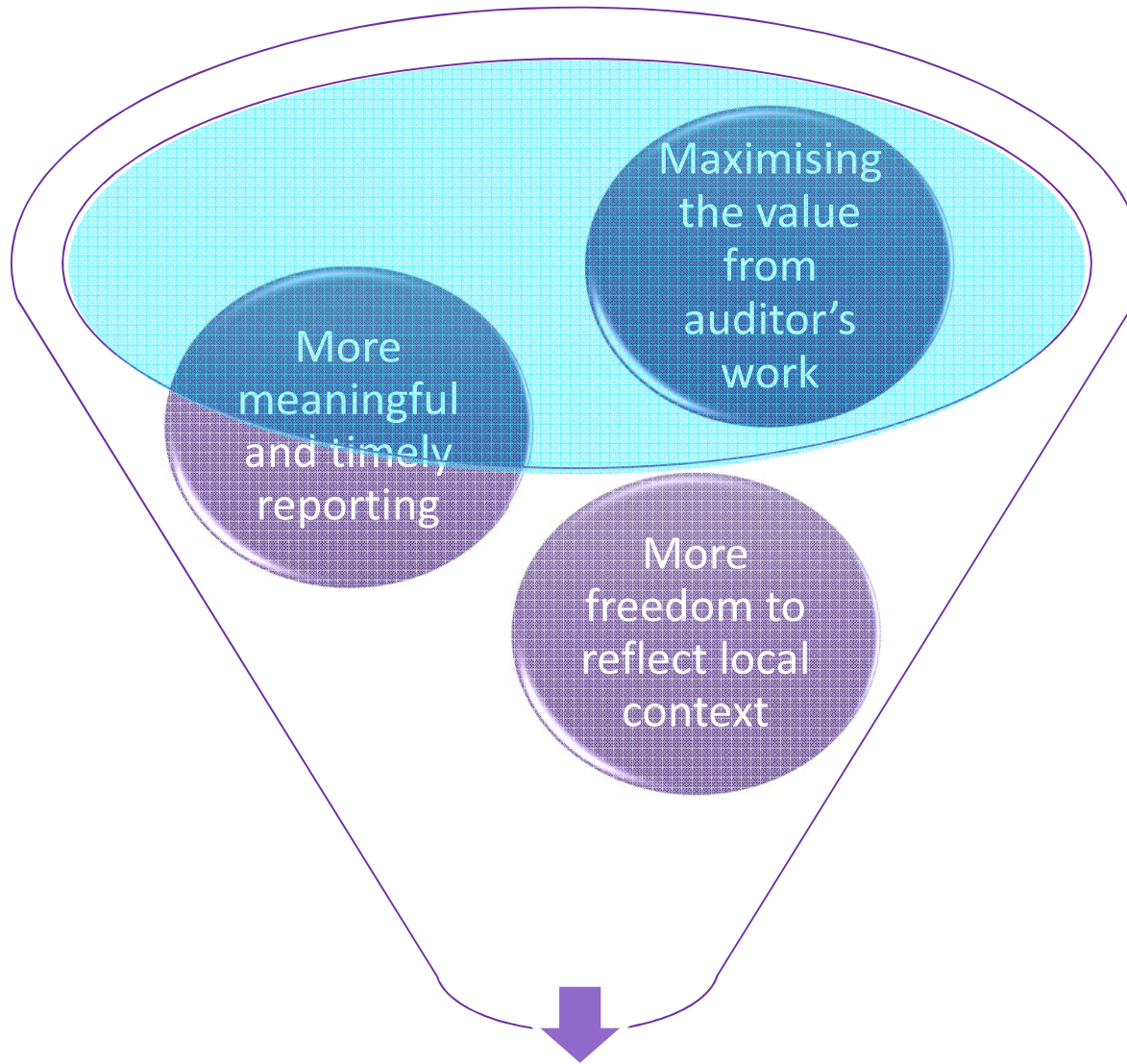
# How has the NAO changed value for money work ?

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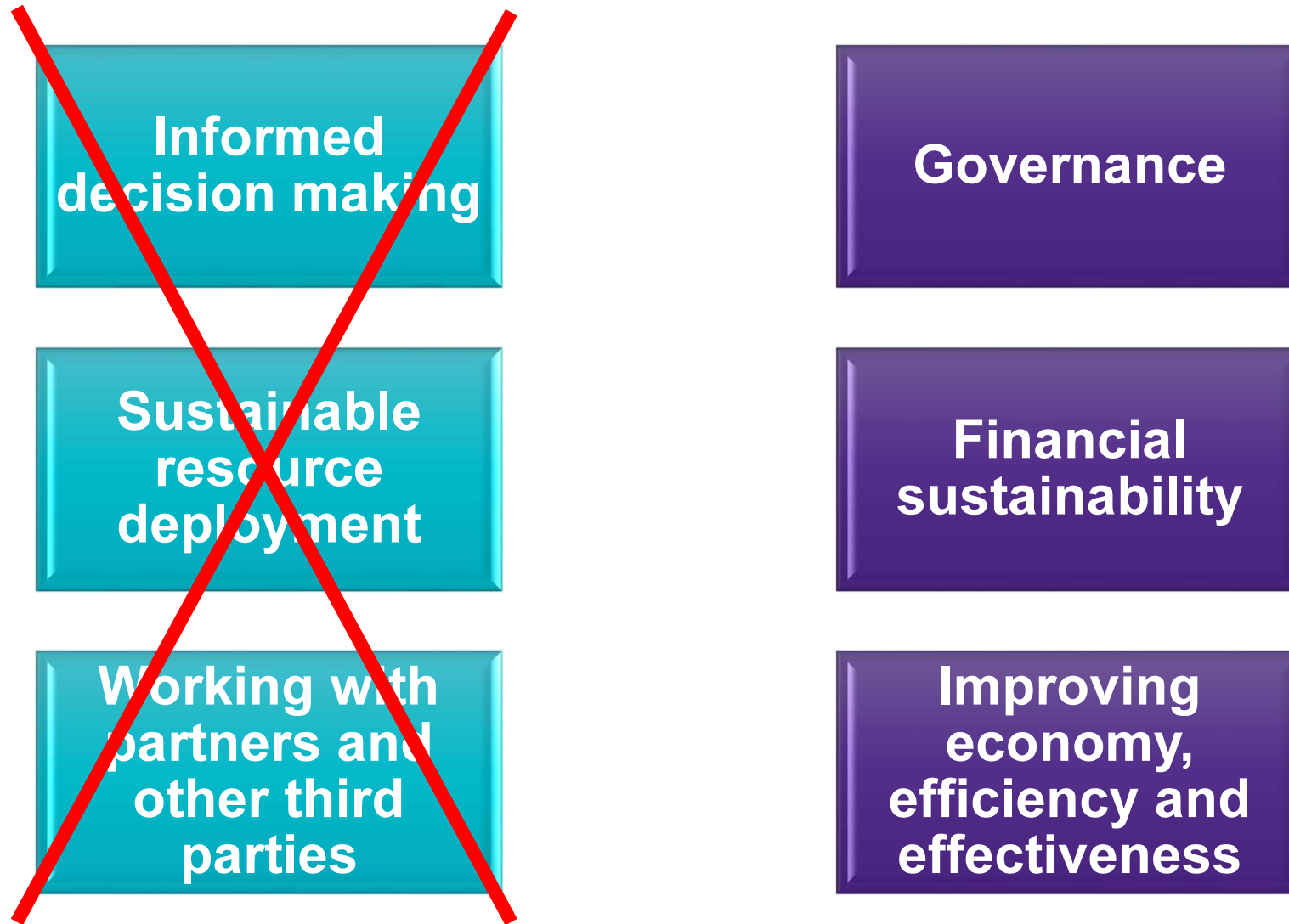


# How is value for money work changing ?



**VFM arrangements commentary and recommendations**

# The three criteria have changed...

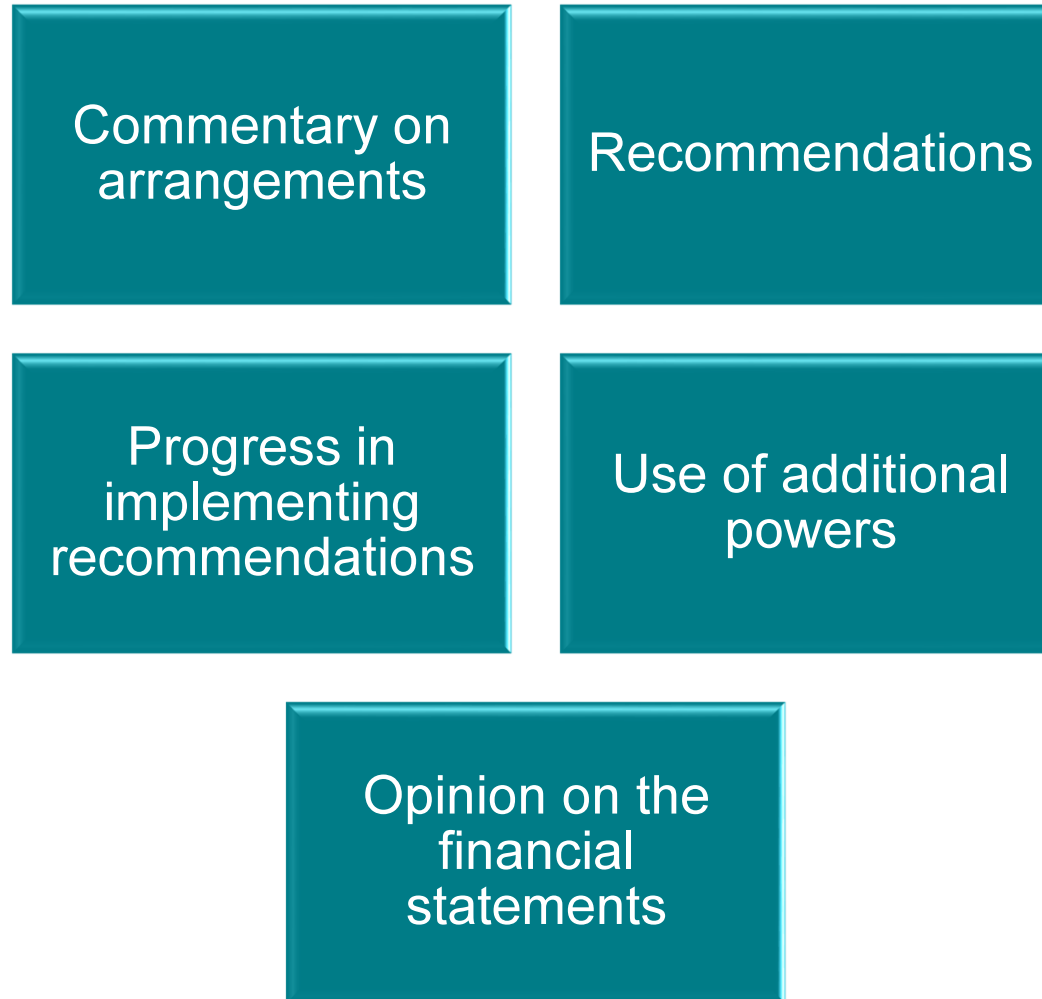


# A key change in reporting...

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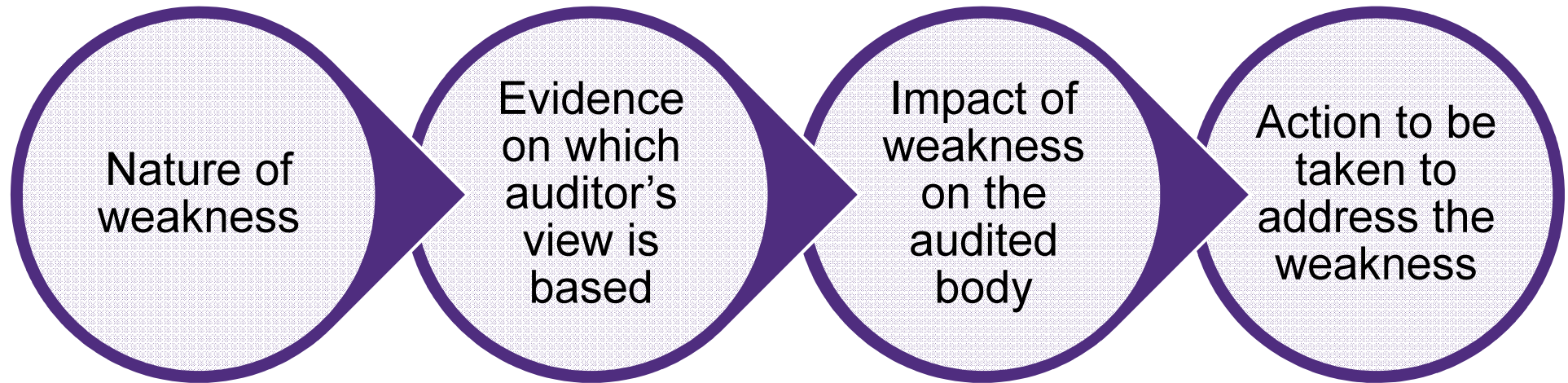


# So what is in an Auditor's Annual Report ?



# Recommendations

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# Practical implications

The new approach is more complex, more involved and will lead to better quality working achieving more impact. Before beginning work, we will discuss with you:

- Timing
- Resourcing

# Revised auditing standard: Auditing Accounting Estimates and Related Disclosures

In the period December 2018 to January 2020 the Financial Reporting Council issued a number of updated International Auditing Standards (ISAs (UK)) which are effective for audits of financial statements for periods beginning on or after 15 December 2019. ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

## Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit, Governance and Standards Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

## Additional information that will be required for our March 2021 audits

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021 in all areas summarised above for all material accounting estimates that are included in the financial statements.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings
- Depreciation
- Year end provisions and accruals
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates

## The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. investments and asset valuations. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its management expert) over the models, assumptions and source data used in the preparation of accounting estimates.

### Estimation uncertainty

Under ISA (UK) 540 (Revised December 2018) we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

- Where there is material estimation uncertainty, we would expect the financial statement disclosures to disclose:
- What the assumptions and uncertainties are;
- How sensitive the assets and liabilities are to those assumptions, and why;

- The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and
- An explanation of any changes made to past assumptions if the uncertainty is unresolved.

### How can you help

As part of our planning risk assessment procedures we routinely make a number of enquiries of management and those charged with governance, which include general enquiries, fraud risk assessment questions, going concern considerations etc. Responses to these enquires are completed by management and confirmed by those charged with governance at an Audit, Governance and Standards Committee meeting. For our 2020/21 audit we will be making additional enquires on your accounting estimates in a similar way (which will cover the areas highlighted above).

### Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540\\_Revised-December-2018\\_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)





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This report will be made public on 24 February 2020



Report number **AuG/20/14**

**To:** Audit and Governance Committee  
**Date:** 4 March 2021  
**Status:** Non-executive decision  
**Head of Service:** Amandeep Khroud – Assistant Director Governance Law and Regulatory Services

**SUBJECT: ANNUAL REPORT OF THE AUDIT AND GOVERNANCE COMMITTEE**

**SUMMARY:** This report summarises the achievements of the Audit and Governance Committee against the terms of reference for the period 1 April 2020 to 31 March 2021 and details the impact that it has made on the overall system of internal control in operation.

**REASONS FOR RECOMMENDATION:**

The Audit and Governance Committee is asked to agree the recommendation below to ensure that the Audit and Governance Committee is fulfilling its duties and performing effectively. This report sets out the steps it has taken to ensure the effectiveness of its work. This report will then be presented to Full Council for their information.

**RECOMMENDATIONS:**

1. To receive and note report AuG/20/14.

## **1. INTRODUCTION**

- 1.1 The purposes of the Council's Audit and Governance Committee are outlined in the constitution.
- 1.2 Listed below are the terms of reference for the Audit part of the Committee:
- a) Review and approve the financial statements, external auditor's opinion and reports to members, and monitor management action in response to the issues raised by external audit.
  - b) To consider the Head of Internal Audit's annual report and opinion on the Council's corporate governance arrangements.
  - c) To conduct reviews of the effectiveness of the Council's system of internal audit.
  - d) Be satisfied that the authority's assurance statement, including the annual governance statement, properly reflects the risk environment and any actions required to improve it.
  - e) Approve (but not direct) internal audit's strategy, plan and monitor performance.
  - f) Review summary internal audit reports and the main issues arising, and seek assurance that action has been taken, where necessary.
  - g) Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements, and seek assurance that action is being taken to mitigate those risks identified.
  - h) To make recommendations to Council on Contract Standing Orders.
  - i) To make recommendations to Council on the Financial Procedure Rules.
  - j) To maintain an overview of the Council's Whistle-blowing Policy.
- 1.3 The Audit and Governance Committee seeks to ensure it has effective communication with the authority, which includes the Executive, the Council's statutory officers, the Head of Internal Audit, the external auditor and other stakeholders. This is mainly achieved through the work of the Committee, but is further enhanced by the submission of this annual report to the Council's annual meeting.

## **2. ANNUAL REPORT**

- 2.1 This report summarises the work of the Audit and Governance Committee over the past year and concludes that it has received clear, concise and relevant information, has received appropriate training on topics specific to the business of the Committee, and has done all that it can to meet the aims and objectives for the Committee.
- 2.2 The Committee has a well-established forward plan which is agreed by the Committee at the start of each year. This plan is reviewed at each meeting to ensure the responsibilities and audit needs are addressed.
- 2.3 Members of the Audit and Governance Committee seek to robustly challenge any weaknesses in the reports from auditors and officers. In particular we will continue to ask senior officers to attend meetings to

outline and identify risks within their service areas; how they are mitigating those risks; and meeting their responsibilities.

- 2.4 The Audit and Governance Committee is assured on the integrity of data held in the financial statements. It receives clear, concise reports and actions are dealt with in an appropriate timescale. The members of the Committee receive specific training which gives them the skills required to carry out these functions effectively.
- 2.5 The work of the Internal and External Audit provides detailed assurance on the reliability and integrity of the information held in the financial statements.
- 2.6 The Director - Corporate Services, external audit and internal audit together support the Committee in forming their opinion of the financial statements, enabling the Committee to agree to sign them off in accordance with regulations.
- 2.7 The Committee receives a regular report on agreed actions from the annual governance assurance process. The Committee is able to request senior officers and, where necessary, the relevant Cabinet member to attend the Committee to give an update on progress against agreed actions to reduce risk and/or improve governance.
- 2.8 The Committee considers the effectiveness of internal audit by reviewing the annual assessment of the Director – Corporate Services, the view of external audit and the quality of reports, actions and follow up through the quarterly reports submitted throughout the year to Committee.
- 2.9 During the year the committee has considered a large number of reports including:
  - Regular detailed updates from the East Kent Audit Partnership (EKAP), the Council’s internal auditors
  - Regular detailed updates from Grant Thornton, the Council’s external auditors
  - The annual Statement of Accounts
  - Annual Governance Statement
  - Corporate Risk Register
  - Appointment of temporary Councillor for Brenzett Parish Council
  - Audit Findings for Folkestone and Hythe District Council
  - Appointment of Independent Persons – as set out in 2.10 of the report.
- 2.10 On 24 November 2020 the Audit and Governance Committee appointed Mr Andy Vanburen as the Independent Member for the committee.
- 2.10.1 An independent member would not be able to vote on matters where the committee makes a decision but will where it makes recommendations. Consequently where a recommendation is being made to council then the independent member would have a vote. This would include also non –

audit functions e.g. some standards matters and as presently constituted recommendations on the Council's constitution.

2.10.2 The general power in section 102 of the Local Government Act 1972 to appoint a Committee includes the power to appoint persons to that committee who are not members of the Council. However, by virtue of section 13 of the Local Government and Housing Act 1989 co-opted members are treated as non-voting members unless the committee is acting in an advisory capacity.

### **3. GOVERNANCE**

3.1 Listed below are the terms of reference for the Governance part of the Committee:

- a) To promote and maintain high standards of conduct by members and co-opted members of Folkestone and Hythe District Council and to make recommendations to Council on improving standards.
- b) To advise and assist parish/town councils, and parish/town councillors, to maintain high standards of conduct and to make recommendations to parish/town councils on improving standards.
- c) To advise the District Council on the adoption of, or revisions to, its Code of Conduct.
- d) To advise, train, or arrange to train, district members, co-opted members and parish/town councillors on matters relating to the Code of Conduct.
- e) To assist the district councillors, co-opted members and parish/town councillors to observe their respective Codes of Conduct.
- f) To monitor and assess the operation and effectiveness for dealing with the Code of Conduct and to review and manage the arrangements for dealing with Code of Conduct complaints.
- g) To advise on local ethical governance protocols and procedures.
- h) To maintain oversight of the District Council's arrangements for dealing with Code of Conduct complaints.
- i) To act as an advisory body in respect of any ethical governance matter.
- j) To monitor and review the procedures for the Register of Members' Interests and declaring gifts and hospitality.
- k) To receive quarterly reports (or less frequently, if there are no complaints to report), from the Monitoring Officer, on the number and nature of complaints received, and action taken, as a result, in consultation with the Independent Person.
- l) To receive an annual report on the District Council's ethical governance arrangements.
- m) To make recommendations to Council on the appointment of an Independent Person(s) under S28 of the Localism Act 2011.
- n) To grant dispensations pursuant to Section 33(2) of the Localism Act 2011 and paragraph 8 of the adopted Code of Conduct where:
  - so many members of the decision-making body have Disclosable Pecuniary Interests in a matter, that it would impede the transaction of the business; or
  - without a dispensation, no member of the executive would be

- able to participate on a particular item of business;
- without a dispensation, the representation of different political groups, on the body transacting the business, would be so upset as to alter the outcome of any voting on the matter;
- that the authority considers that the dispensation is in the interests of persons living in the area; or
- where the committee considers that it is otherwise appropriate to grant a dispensation.

#### **4. COMPLAINTS**

- 4.1 During the financial year 20/21, 17 'code of conduct' complaints were received relating to district and parish Councillors.

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

##### **5.1 Legal officer's comments (AK)**

There are no legal issues arising out of this report.

##### **5.2 Finance officer's Comments**

There are no financial issues directly arising out of this report.

##### **5.3 Diversities and equalities implications (AK)**

This report does not directly have any diversity and equality implications.

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

Councillors with any questions arising out of this report should contact the following officer prior to the meeting:

Amandeep Khroud  
Tel: 01303 853253  
E-mail: [Amandeep.khroud@folkestone-hythe.gov.uk](mailto:Amandeep.khroud@folkestone-hythe.gov.uk)

The following background documents have been relied upon in the preparation of this report: None

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This Report will be made public on 24 February 2021



Report Number **AuG/20/15**

**To: Audit and Governance Committee**  
**Date: 4 March 2021**  
**Status: Non-Executive Decision**  
**Corporate Director: Charlotte Spendley – Director – Corporate 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 31<sup>st</sup> December 2020.

**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/20/15.**
- 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 31<sup>st</sup> December 2020.

## **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 three 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 six audit reports completed during the period. These have been allocated assurance levels as follows: two was providing substantial, two were reasonable assurance, one was limited and one was not applicable for an assurance. Summaries of the report findings are detailed within Annex 1 to this report.

- 3.2 In addition, five 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 31<sup>st</sup> December 2020 226.87 chargeable days were delivered against the planned target of 374.23 days, which equates to achievement of 60.62% of the planned number of days.
- 3.4 Due to the Covid19 virus the EKAP team were redirected to community work on behalf of the partner councils early in the 2020/21 year. This has impacted upon the amount of internal audit work that can be completed within the year resulting in a revision to the audit plan in appendix 3. At the same time East Kent Housing Limited was taken back in house by the partner councils on 1<sup>st</sup> October 2020, therefore the plan was further adjusted to bring back in 30 days for 2020/21 and then 35 days from 2021/22 in respect of housing reviews.

#### 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 Director – Corporate Services (s.151). 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@folkestone-hythe.gov.uk](mailto:Christine.parker@folkestone-hythe.gov.uk)

Charlotte Spendley Director – Corporate Services (S151)  
Telephone: 01303 853420 Email: [Charlotte.spendley@folkestone-hythe.gov.uk](mailto:Charlotte.spendley@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 31<sup>st</sup> December 2020.

**2. SUMMARY OF REPORTS**

Service / Topic		Assurance level	No of recs	
2.1	Housing Benefit Quality	Substantial	C	0
			H	0
			M	0
			L	0
2.2	Insurance	Substantial	C	0
			H	0
			M	0
			L	1
2.3	Performance Management	Reasonable	C	0
			H	0
			M	0
			L	4
2.4	Debtors	Reasonable	C	0
			H	1
			M	0
			L	2
2.5	Housing Compliance Direction of Travel	Limited	C	1
			H	14
			M	2
			L	0
2.6	COVID-19 Business Grant Fraud Data Match	Not applicable	C	0
			H	0
			M	0
			L	0

## **2.1 Housing Benefit Quality – Substantial Assurance**

### **2.1.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established in respect of the quality control over data input and quality assessment of claims processing regarding Housing Benefits and Council Tax Benefit.

### **2.1.2 Summary of Findings**

The Compliance and Development team is responsible for sample checking the work of all benefit and council tax assessors. In doing so they provide quality assurance, help to identify any training and development needs and provide performance data for continuous improvement.

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

- The Compliance and Development team has access to procedure manuals and guidance and is kept up to date with legislation changes
- The Compliance and Development team has good controls and processes in place to carry out quality testing
- Testing is used to monitor performance and identify any training and development needs
- Exception reports are regularly run to identify certain types of anomalies in claims data
- The Northgate system contains an audit trail of all officer actions

## **2.2 Insurance – Substantial Assurance**

### **2.2.1 Audit Scope**

To provide assurance on the procedures and controls established to ensure that sufficient insurance coverage is in place for the Council to limit the significant risks that face the authority in carrying out its many and varied functions.

### **2.2.2 Summary of Findings**

Insurance is one of the mitigating actions to control risk by transferring it fully or partially to a third party, in this case an insurance provider to share the risk exposure.

This being achieved by Council Officers taking into consideration the risks within their own service areas and where these can be mitigated by insurance coverage and advising the Council's Insurance Officer to enable them to either put in place appropriate insurance coverage or recommend alternatives to reduce the risk to the authority.

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

- The council's insurance risk profile is understood.

- Officers are aware of the need to inform the Insurance & Risk Specialist of all insurable risks.
- All identified liabilities are insured.
- Liabilities and assets insured are reviewed at least annually to ensure that cover remains adequate.

Scope for improvement was however identified in the following area:

- Grounds maintenance must ensure the Insurance & Risk Specialist is promptly notified of all vehicle disposals.

## **2.3 Performance Management – Reasonable Assurance**

### 2.3.1 Audit Scope

The Council is committed to raising the profile of performance management to ensure progress and improvement is maintained. Therefore this review is to provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council adopts best practices in the identification, evaluation and monitoring of its performance management data.

### 2.3.2 Summary of Findings

Performance management is essentially about setting goals and using information and data to check that you are working towards your targets. The Corporate Plan sets out the Council's overall strategic direction. The Corporate Plan, together with the individual service plans contains priorities, outcomes and measures of success. The performance indicators and actions outlined in the measures of success will assist the Council in assessing whether the desired outcomes have been achieved. It is key to note that performance management is a continuous process.

The current Corporate Plan was due to end in March 2020 however it has been extended to cover the current year. The new corporate plan was initially due to be adopted in the summer of 2020, however work on this was delayed due to the current pandemic. Work towards a new Corporate Plan recommenced in June 2020, however the Council has to prioritise the Post COVID Recovery Plan and how the emerging priorities from this can be dovetailed with the longer term priorities of the new corporate plan. The Council has appointed an external consultant to progress this work; with a revised due date of January 2021.

The progression of service planning and key performance indicator (KPI) reporting for 2020/21 was also delayed; with service plans now being agreed and reporting restarting in October/November 2020.

There are currently 242 active performance indicators (PIs), 80 of which are Key Performance Indicators (KPIs) set up under the Corporate Plan 2017-2020. Whilst the new corporate plan is developed 226 PIs, including 72 KPIs have been proposed for reporting in 2020/21. The PIs are managed through the Pentana System, and KPIs are monitored and reported to CLT, Cabinet and the Overview and Scrutiny Committee.

Management can place Reasonable Assurance on the system of internal controls in operation. It is anticipated that the level of assurance will increase at follow up once the new Corporate Plan, strategic priorities and revised KPIs and PIs are embedded.

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

- The Council was producing well documented regular KPI reports in respect of the targets set out in the Corporate Plan. Reporting was briefly delayed due to COVID19 and is about to restart.
- Work on a new Corporate Plan and strategic priorities is progressing well since being delayed due to COVID-19 and it is anticipated that the revised completion date of January 2021 will be met.
- The KPIs are being reviewed and will be realigned to the post COVID Recovery Plan and new Corporate Plan once agreed.
- Corporate objectives and service objectives are well documented and communicated through service plans; which are produced annually.

Scope for improvement was however identified in the following areas:

- Senior Officers and Members should continue to review KPIs focusing on the key priorities to prevent collation of excessive performance indicators which are of limited benefit to driving improvements to services.
- There is a current lack of evidence demonstrating the link between personal performance reviews to service and strategic priorities. However, management are aware and are committed to a review of the current PPR policy taking into account the new behavioural assessments, due to be completed by the end of 2020, as part of the current transformation project.
- KPI performance against targets could be more visual within the quarterly reports, making poor performance easily identifiable.

## **2.4 Debtors – Reasonable Assurance**

### **2.4.1 Audit Scope**

To provide assurance on the procedures and controls established to ensure that all debtor information is accurately recorded, correct payment is received within set timeframes and non-payment and arrears of debtor accounts are pursued on a timely basis to ensure all monies due are properly received by the Council.

### **2.4.2 Summary of Findings**

The Council has a duty to ensure that all revenue due to it is collected efficiently and effectively for the benefit of residents and taxpayers. It is essential that a consistent debt management system is in place for both financial stewardship and audit purposes. As part of this audit the write off figures have been looked at for the last five financial years figures based on the corporate debt reports produced on 1<sup>st</sup> April each year that have been produced by the Business Rates & Corporate Debt Senior Specialist.



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

- Procedure notes and supporting policies are in place to assist officers in the debtor processes.
- A quarterly Debt Management report is produced to monitor the various types of debts however the reporting of this could be further enhanced.

Scope for improvement was however identified in the following areas:

- As part of good governance practices, consideration should be given to providing members via a suitable committee with Debt Management reports either on a quarterly basis or a summary report should be presented annually.

## 2.5 Housing Compliance Direction of Travel – Limited Assurance

### 2.5.1 Audit Scope

To provide assurance on the data integrity, procedures and controls established to ensure that the all of the landlord mandatory and good practice health and safety compliance functions are operating as intended and that this is sufficient to meet the Housing Regulator’s requirements placed upon the Council and there is a clear direction of travel.

### 2.5.2 Summary of Findings

The Council took back responsibility for the management of its housing stock and residents on 1<sup>st</sup> October 2020. Since then a large amount of work has been undertaken by officers to make improvements in the service to tenants and more importantly the safety of those tenants. Significant improvements have already been made and continue to be made each week. However there remains a significant amount of work still to do to bring levels of compliance up to where the Council and officers want it to be. The level of commitment by officers and management is clearly evident and acknowledged by this report. For that officers should be commended.’

Assurance levels for each area tested are as follows:

Area	Assurance
Data Management/Performance reporting	Reasonable
Policies	Limited
Gas Safety	Substantial
Fire safety	Limited
Electrical Safety	Reasonable
Lifts	Reasonable
Legionella	Reasonable
Asbestos	Reasonable
Housekeeping	No assurance
Tenant Engagement	Reasonable
<b>Overall</b>	<b>Limited</b>

While no areas of significant concern were identified during the audit, several issues were identified which affect the overall safety of tenants. Those issues have already been raised with the relevant officers so that work can be started to ensure safety of residents. It is the following findings which result in an overall conclusion of Limited Assurance for this audit.

- Policies which are in place make some reference to EKH and therefore should be updated to remove those references.
- Some non-statutory policies were found to be absent such as a Scooter storage and PAT testing policy.
- Fire Risk Assessments (FRA's) list EKH staff as the Responsible Person. Those persons do not work for The Council.
- No checks are undertaken on the contractor responsible for weekly testing of emergency lighting and fire alarms.
- Fire drills have not been undertaken for up to 18 months in some cases.
- Gaps in fire alarm and emergency lighting testing are not being identified and raised with the relevant contractor.
- Emergency lighting annual testing may not be completed in accordance with the relevant regulations due to contractors completing excessive tests on certain days.
- Weaknesses around the supervision of the lift maintenance contractor.
- Weekly inspections by ILM's are not identifying risks to residents or not being reported.

Significant improvements can be seen around Lifts, with all passenger lifts now passing the 6 monthly examination with few or no issues being raised on the examination report. However, there is little evidence in place to show that the lift maintenance contractor is undertaking monthly servicing of lifts in accordance with the relevant contract. Poor supervision of the contractor is likely to result in lifts beginning to start failing 6 monthly examinations, and having to be taken out of service until the necessary remedial work is completed.

Good arrangements appear to be in place to liaise with the contractor responsible for the management of legionella, while a small number of Legionella Risk assessments were found to have expired at the time of the audit, plans were in place for the necessary checks to be completed by the contractor.

Weekly checks and inspections of sheltered schemes is not only important in ensuring the safety of tenants, but also ensuring that general repairs needed to the building are reported and in turn rectified. Numerous instances of a poor inspection process were evidenced while undertaking visits to various buildings during the audit such as:

- External fire escape doors not closing properly causing a security risk to the building and residents in it.
- Fire doors not closing properly not being identified.
- Window restrictors not being fitted to large windows with large openings on upper floors not being identified.
- Fire doors which don't close not being identified.

- Keys missing for external doors not being reported.
- Tenants with access to storage cupboard not being known.
- No keys to rooms which are locked.
- Equipment which failed PAT testing in 2017 still being in place and available for use.
- Fire doors to laundry rooms or communal kitchens being held open by door wedges.

### **Management Comment –**

East Kent Audit Partnership were commissioned to report on the current effectiveness of the housing landlord compliance service, providing a datum and action plan for ongoing improvement. The auditor focused on a sample of 6 of the authorities sheltered housing schemes. Following the audit all sheltered schemes and blocks have been surveyed for similar issues and remedial work is being undertaken along with changes to management processes and reporting.

Of the 10 areas audited one provided substantial assurance, 6 were considered to provide reasonable assurance, 2 areas were rated as limited and one rated as having no assurance. Overall, given the infancy of the service and the legacy from EKH this is a reasonable position to be in while recognising there remains a significant amount of work still do. Improvements in the area of House Keeping (which received no assurance) will automatically improve the area of fire safety which received limited assurance. The other limited assurance category of policies has been addressed.

The headline results of the audit have been shared with the Regulator of Social Housing who noted the auditors comments that *'since taking over the stock on 1 October significant improvements have been made and continue to be made each week. However there remains a significant amount of work still do to bring levels of compliance up to where the Council and officers want to be. The level of commitment by officers and management is clearly evident and the very reason for this audit taking place. For that officers should be commended.'*

Depending on the progress to complete remedial work and embed new systems to prevent their re occurrence a second direction of travel audit will be commissioned in the next 2-3 months.

(Assistant Director Housing)

## **2.6 COVID-19 Business Grant Fraud Data Match – Not applicable for assurance**

### **2.6.1 Audit Scope**

To provide assurance that none of the business rate grants paid out by the Council were made to known fraudulent bank accounts as notified by the National Anti-Fraud Network (NAFN).

### **2.6.2 Summary of Findings**

The Council made various grant payments to eligible business rate payers on behalf of the Government in the early part of the pandemic. The payment of the grants was required to be made swiftly to provide financial assistance to the local companies in the district who qualified for assistance.

The payment of the grants was processed as per the Government's instructions and this did not include in depth application checks at that time.

Since then it has become known that fraudulent applications had been made across the country by criminals to extract monies from this grant scheme.

As a result NAFN has been coordinating information concerning fraudulent attempts at obtaining funds from the scheme from councils across the country.

NAFN has circulated details of known bank accounts where fraud has been established. Therefore a data matching exercise was undertaken by EKAP to ascertain whether any of the payments made by the Council, have been made to any of these identified bank accounts.

Using specialist interrogation software an exercise was undertaken to check that no funds had been paid to any of these accounts. The result being that there were no instances of this being found, 100% assurance can be placed that no payments have been made to notified accounts were it is known that fraud has taken place.

## **FOLLOW UP OF AUDIT REPORT ACTION PLANS**

### **3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS**

- 3.1 As part of the period's work five 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
HRA Business Plan	Substantial	Substantial	C 0 H 1 M 0 L 1	C 0 H 0 M 0 L 0
Asset Management	Substantial	Substantial	C 0 H 0 M 1 L 0	C 0 H 0 M 0 L 0
Land Charges	Reasonable / Limited	Substantial / Reasonable	C 0 H 4 M 2 L 1	C 0 H 0 M 0 L 0
Sports Income	Reasonable	Reasonable	C 0 H 0 M 5 L 1	C 0 H 0 M 2 L 0
Emergency Out of Hours	Reasonable	Reasonable	C 0 H 1 M 4 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.

The purpose of escalating outstanding 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: Complaints Monitoring, Officers' Code of Conduct, Contract Standing Orders, CIL & S106s; Equality & Diversity; Grounds Maintenance and Community Safety Partnership.

#### 5.0 CHANGES TO THE AGREED AUDIT PLAN

5.1 The 2020/21 audit plan was agreed by Members at the meeting of the Audit & Governance Committee on 4<sup>th</sup> March 2020.

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.

5.3 There has of course been an impact on the work of the internal audit team as a result of the C19 Crisis. The Audit Plan for 2020-21 was prepared as usual throughout February and agreed with the s.151 Officer and CLT and was presented to the March meeting. Following this, the team was re-deployed to assist with C19 response work in the community. As a consequence, no new internal audit work was commissioned or undertaken throughout April to June, leading to a total of 154 audit days being lost (over the partnership). The plan that was approved at the March meeting is set out in the table in Appendix 3, showing the days allocated up to the end of December. It has therefore been necessary to work with the s.151 Officer to agree a revised plan based on 9 month's work not 12, the reviews that are deferred within the overall five-year strategic audit plan are also shown. Additionally, the revised plan also accommodates the new Housing audits which have transferred back to the four councils from 1<sup>st</sup> October. Except for follow up, no new EKH Ltd audits commenced before the end of September, and therefore the revised EKH Plan is also shown in Appendix 3.

## **6.0 FRAUD AND CORRUPTION**

There are currently no reported incidents of fraud or corruption being investigated by EKAP on behalf of Folkestone-Hythe District Council.

## **7.0 INTERNAL AUDIT PERFORMANCE**

7.1 For the period ended 31<sup>st</sup> December 2020, 226.87 chargeable days were delivered against the planned target of 374.22 days, which equates to achievement of 60.62% of the original planned number of days.

7.2 The financial performance of the EKAP for 2020/21 is on target.

### **Attachments**

- Appendix 1 Summary of high priority recommendations outstanding or in progress after follow up
- Appendix 2 Summary of services with limited / no assurances yet to be followed up.
- Appendix 3 Progress to 31<sup>st</sup> December 2020 against the revised 2020/21 Audit plan.
- Appendix 4 Balanced Scorecard to 31<sup>st</sup> December 2020
- Appendix 5 Assurance Definitions.

<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>		
1.		

<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>
Licensing	September 2020	Reasonable / Limited	Quarter 4
Tenancy & Right to Buy Fraud	March 2019	Limited	The pilot Counter Fraud scheme being undertaken in conjunction with Ashford Borough Council has been delayed due to C19
Waste Management	December 2020	Reasonable / Limited	Quarter 1



## PROGRESS AGAINST THE F&amp;HDC AUDIT PLAN 2020/21

Review	Original Planned Days	Revised Planned Days	Actual To 31/12/2020	Status and Assurance level
<b>FINANCIAL SYSTEMS</b>				
Bank Reconciliation	10	10	3.57	Work in progress
Business Rates	10	0	0.24	Replaced
Debtors	10	10	6.25	Finalised -Reasonable
Insurance	10	10	11.36	Finalised - Substantial
Housing Benefits Quality	10	10	8.85	Finalised - Substantial
<b>HOUSING SYSTEMS</b>				
Homelessness	15	15	0.03	Quarter 4
Tenant Health & Safety Compliance	0	20	6.84	Quarter 4
Housing Compliance Direction of Travel	0	10	7.54	Finalised - Limited
<b>ICT SYSTEMS</b>				
ICT review	10	10	0.28	Quarter 4
<b>HUMAN RESOURCES SYSTEMS</b>				
Payroll	10	10	0.81	Work in progress
<b>GOVERNANCE RELATED</b>				
Members Code of Conduct & Standards	10	7	6.55	Finalised - Substantial
Whistleblowing & Anti Money Laundering	9	10	10.20	Finalised - Reasonable
Fraud Resilience	10	0	0	Deferred
Performance Management	10	12	11.60	Finalised - Reasonable
<b>SERVICE LEVEL</b>				
Contract Monitoring	10	0	0	Merged with CSOs
Contract Standing Orders	10	21	22.06	Draft report
Community Safety Partnership	10	10	7.47	Work in progress
Customer Services	10	0	0	Deferred
Emergency Planning & Business Continuity	10	0	0	Deferred
E-Procurement & Purchase Cards	10	0	0.04	Deferred
Folkestone Community Works Grant	10	10	0.11	Quarter 4
Garden Waste Recycling	10	10	0.29	Quarter 4
Grounds Maintenance	10	10	2.06	Work in progress
Land Charges	10	10	9.53	Finalised –Reasonable/Limited

Review	Original Planned Days	Revised Planned Days	Actual To 31/12/2020	Status and Assurance level
Lifeline	10	10	1.54	Quarter 4
Planning S106s & CIL	10	10	4.65	Work in progress
Special Projects	10	0	0	Replaced
Complaints monitoring		10	0.24	Work in progress
Officers Code of Conduct		10	0.28	Work in progress
<b>OTHER</b>				
Committee reports & meetings	10	10	11.24	Ongoing
S151 meetings & support	12	12	6.05	Ongoing
Corporate advice / CMT	3	3	2.34	Ongoing
Liaison with External Audit	1	1	0.11	Ongoing
Audit plan prep & meetings	10	10	9.75	Ongoing
Follow Up Reviews	15	19	15.35	Ongoing
<b>FINALISATION OF 2019-20 AUDITS</b>				
Days under delivered in 19/20		29.23	0	Allocated Below
Dog Enforcement	10	1	0.07	Finalised - Substantial
Engineers		1	0.88	Deferred
Licensing		8	7.85	Finalised Reasonable / Limited
Oportunitas Governance		6	5.45	Finalised - Reasonable
Otterpool Park Governance		1	0.71	Finalised - Substantial
Waste Management		2	1.55	Finalised –Reasonable/Limited
Climate Change		2	2.01	Completed – N/A
Creditors Duplicate Testing		1	1.00	Completed – N/A
<b>RESPONSIVE WORK</b>				
COVID 19 Assistance	0	40	38.53	Completed
<b>Total</b>	<b>315</b>	<b>374.23</b>	<b>226.87</b>	<b>60.62% at 31/12/2020</b>
Note - 30 days have been added to the revised planned days from the former East Kent Housing audit plan from 1 <sup>st</sup> October 2020.				

**REVISED EAST KENT HOUSING LIMITED PLAN:**

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual To 31/12/2020</b>	<b>Status and Assurance Level</b>
<b>Planned Work:</b>				
CMT/Audit Sub Ctte/EA Liaison	4	4	3.09	Finalised
Follow-up Reviews	15	0	0	Finalised
Tenants' Health & Safety	0	7	8.14	Finalised - Various
<b>Finalisation of 2019/20 Work-in-Progress:</b>				
Days over delivered in 2019/20		-7.37	0	Allocated
Welfare Reform	0	1	0.40	Finalised - Substantial
Employee Health & Safety	1	0.63	1.00	Finalised - Limited
<b>Total</b>	<b>20</b>	<b>12.63</b>	<b>12.63</b>	<b>100% as at 31/12/2020</b>

BALANCED SCORECARD

Appendix 4

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2020-21 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2020-21 Actual</u>	<u>Original Budget</u>
	Quarter 3		Reported Annually		
Chargeable as % of available days	90%	80%	• Cost per Audit Day	£	£339.14
Chargeable days as % of planned days			• Direct Costs	£	£437,130
CCC	84.39%	75%	• + Indirect Costs (Recharges from Host)	£	£10,530
DDC	65.76%	75%	• - 'Unplanned Income'	£	Zero
F&HDC	60.65%	75%			
TDC	69.19%	75%			
EKS	50.82%	75%			
EKH	100.00%	75%			
<i>Plus, C19 Redeployment Days 154.14</i>			• = Net EKAP cost (all Partners)		£447,660
<b>Overall</b>	66%	75%			
Follow up/ Progress Reviews;					
• Issued	26	-			
• Not yet due	22	-			
• Now due for Follow Up	30	-			
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>2020-21 Actual</u></b>	<b><u>Target</u></b>	<b><u>INNOVATION &amp; LEARNING PERSPECTIVE:</u></b>	<b>Actual</b>	<b>Target</b>
	<b>Quarter 3</b>		<b>Quarter 3</b>		
<b>Number of Satisfaction Questionnaires Issued;</b>	<b>38</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>17</b>		<b>Percentage of staff holding a relevant higher level qualification</b>	<b>39%</b>	<b>39%</b>
	<b>= 45%</b>		<b>Percentage of staff studying for a relevant professional qualification</b>	<b>15%</b>	<b>N/A</b>
<b>Percentage of Customers who felt that;</b>			<b>Number of days technical training per FTE</b>	<b>2.42</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>39%</b>	<b>39%</b>
	<b>100%</b>	<b>90%</b>			
	<b>95%</b>	<b>100%</b>			

### Definition of Audit Assurance Statements & Recommendation Priorities

#### CiPFA Recommended Assurance Statement Definitions:

**Substantial assurance** - A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

**Reasonable assurance** - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

**Limited assurance** - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

**No assurance** - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

#### EKAP Priority of Recommendations Definitions:

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

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

**Medium** – A finding where the Council is in (actual or potential) breach of - or where there is a weakness within - its own policies, procedures or internal control measures, but which does not directly impact upon a strategic risk, key priority, or the operational service objective of the area under review. Medium priority recommendations are likely to require remedial action within three to six months and are actions which the Council should take.

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

This Report will be made public on 24 February 2021



Report Number **AuG/20/16**

**To:** Audit and Governance Committee  
**Date:** 4 March 2021  
**Status:** Non-Executive Decision  
**Corporate Director:** Charlotte Spendley – Director – Corporate Services (S151)

**SUBJECT: DRAFT INTERNAL AUDIT PLAN 2021-22**

**SUMMARY:** This report includes the draft plan of work for the forthcoming 12 months for approval.

**REASONS FOR RECOMMENDATION:**

The Committee is asked to agree the recommendations set out below because: In order to comply with best practice, the Audit & 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/20/16.**
- 2. That Members approve (but not direct) the Council's Internal Audit Plan for 2021/22.**

## 1. **Introduction and Background.**

- 1.1 The purpose of the Council's Audit and 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.
- 1.2 In accordance with current best practice, the Audit & Governance Committee should "review and assess the annual internal audit work plan". The purpose of this report is to help the Committee assess whether the East Kent Audit Partnership has the necessary resources and access to information to enable it to fulfil its mandate and is equipped to perform in accordance with the professional standards for Internal Auditors.

## 2.0 **2021/22 Risk Based Internal Audit Plan.**

- 2.1 The Audit Plan for the year 2021 to 2022 is attached as Annex A and has the main components to support the approved Audit Charter. The plan is produced in accordance with professional guidance, including the Public Sector Internal Audit Standards (PSIAS). A draft risk based plan is produced from an audit software database (APACE) maintained by the EKAP which records our risk assessments on each service area based upon previous audit experience, criticality, financial risk, risk of fraud and corruption etc. Amendments have been made following discussions with senior management, taking account of any changes within the Council over the last 12 months, and foreseen changes over the next.
- 2.2 The plan has then been further modified to reflect emerging risks and opportunities identified by the Head of Paid Service, Directors, and Heads of Service and links to the Council's Corporate Plan and Corporate Risk Register. This methodology ensures that audit resources are targeted to the areas where the work of Internal Audit will be most effective in improving internal controls, the efficiency of service delivery and to facilitate the effective management of identified risks.
- 2.3 Furthermore, wider risks are considered, by keeping abreast of national issues and advice from the auditing profession / firms. Over the last year, incidents of money laundering, sexual misconduct at the workplace, fraud, cyberattacks, and data privacy scandals grabbed news headlines, and provided a reminder of why effective governance, risk management, and compliance are so important. For this year we have considered the inclusion of the top ten Institute of Internal Audit identified risks;



- 1 **Information Security in the Expanded Work Environment** - 2020 brought with it a unique cyber and data security challenge. In addition to known risks surrounding data management, the GDPR data protection regulations and wider information governance, cyber-attacks continued to develop, new risks emerged resulting from the rapid widespread shift to homeworking amid national lockdowns. Lacking personal interaction, staff can be more susceptible to social engineering ploys as they cannot immediately sense-check emails with nearby co-workers. Given that remote and flexible working arrangements are likely to be in place going forward, it is more important than ever that cyber defences are robust and adaptable and that the information security culture is promoted throughout every level of the Council to raise awareness and ensure the integrity of staff behaviour. We have some ICT reviews built into the audit plan to support the network and digital environment, and Information Governance reviews or consultancy work is also planned.
- 2 **Regulatory Risk** – The risk regarding the impact recent operational disruptions have had on the work of compliance and the ability of the Council operations to remain compliant or, the extent to which the Council has been capable of maintaining acceptable standards of compliance amid the shake-up of operations and control systems during the pandemic. This also applies to the reorganisation of the business as staff return to the office and working arrangements are adjusted to whatever “new normal” the Council will determine best suits it and its workforce. It is not an EKAP function to ensure compliance, but it is considered as part of each review in the plan. ‘New legislation’ is a risk factor we consider for each area within the audit plan, and thus a separate ‘cross cutting’ review has not been proposed for 21/22. We have considered Brexit risk and determined not to include anything specific for EKAP relating to Brexit in the 21/22 audit plan, also considering all the collective work the Council has been undertaking with its partners to date.
- 3 **Digital Transformation Risk** – the Council is undertaking various development and digital projects, in considering this risk, it has been agreed that provision for EKAP to become involved at key stages of projects will be agreed on a case by case basis. The events of 2020 have magnified the digital imperative, making such transformations a more pressing priority by driving home the value of digital products and services and the flexibility Councils can achieve by digitalising their operations. Yet the pandemic also may have frustrated digital progress, innovation and transformation initiatives by making them more complex and challenging. Key areas to keep abreast of are ‘big data’, data mining and cloud computing.
- 4 **Financial, Capital and Sustainability Risk** - Even companies with strong balance sheets (i.e. high levels of cash versus low liabilities) will have to consider their financial sustainability in a potentially challenging trading environment through 2021. The world may be facing the deepest recession in living memory and the recovery may take a long time. Therefore, there is pressure on Councils to use

cash wisely and cut costs where necessary. The longer-term impact of these risks is recognised in the Corporate Risk Register and through its financial modelling and MTPF.

- 5 **Workforce Risk** – The Council through its HR function also faces the challenge of creating safe working environments and ensuring the wellbeing of workers in the face of potential coronavirus resurgences and the psychological impact months of isolation may have had. Diversity is another key human capital risk that organisations need to be conscious of. The Black Lives Matter movement has put social equality at the centre of public debate and organisations will need to ensure that their hiring and pay policies are fair, representative and do not unintentionally or unconsciously bias against particular demographics.
- 6 **Disaster & Crisis Management Risks** - One of the biggest lessons to take from 2020 is the importance of crisis preparedness including the resilience and adaptability of the Council. Whilst there are business continuity plans (BCPs) in place, these are more likely to have accounted for short-lived events like power or network outages, earthquakes and data breaches. The pandemic has set a new precedent in crisis management by showing the extensive and simultaneous impact that global events can have. BCPs must address operational resiliency by identifying and stress testing key processes and assets including the availability of employees and continuity of supply chains to deliver services. Emergency Planning & Business Continuity are in the plan.
- 7 **Third Party Risk** – the non-performance of contractors and suppliers is always a risk to the Council, just about everything we do today has some level of third-party involvement, whether we are aware of it or not. The Council should be aware of weaknesses, pressure points and potential bottlenecks in its supply chains, and be able to evidence that supplier/ contractor insolvency risk is being sufficiently managed. We have also considered risks of third parties gaining access to sensitive data, we are proposing reviews of Contract Management in the 21-22 plan.
- 8 **Fraud, Bribery and Financial Crime Risk**– Exploitation of operational and economic disruption is an ongoing risk assessed in every area of activity that the Council undertakes. There is an increased risk in ploys to capitalise on the pandemic including grant fraud and money laundering. Additionally, the effectiveness of the control environment may have been weakened by the transition to remote working and reduced or limited access to parts of the business and its resources. We have given due consideration in assessing the Counter Fraud Framework within which the Council operates, there is a cross cutting review of Counter Fraud proposed, and there is consideration within each planned review.
- 9 **Climate Change Risk**- organisations are facing a broad range of risks, based in a rapidly changing and evolving area it has been identified as potentially being the next Global Crisis; new rules and legislation are to be anticipated, weaving climate change elements into relevant key risk areas and this is included in the 21/22 plan.

10 **Conduct & Culture Risks** – this risk is an emerging area for assurance, only 30% of bodies have audited this despite honesty and personal conduct being behind several big national (sector wide) headlines. Reviews that we have typically carried out in this area include Gifts and Hospitality, Anti-fraud & Corruption, Whistleblowing, Ethics and compliance with Codes of Conduct. We will keep a watching brief on developments for future consideration, noting that all of our work contributes to the assurances given in the Annual Governance Statement.

2.4 There are insufficient audit resources to review all areas of activity each year. Consequently, the plan is based upon a formal risk assessment that seeks to ensure that all areas of the Council's operations are reviewed within a strategic cycle of audits. In order to provide Members with assurance that internal audit resources are sufficient to give effective coverage across all areas of the Authority's operations, a strategic plan has been included.

2.5 To comply with the best practice, the agreed audit plan should cover a fixed period of no more than one year. Members are therefore being asked to approve the 2021/22 plan at the present time, and the future years are shown as indicative plans only, to provide Members with assurance that internal audit resources are sufficient to provide effective coverage across all areas of the Authority's operations within a rolling cycle.

2.6 The plan has been prepared in consultation with the Directors and the Council's statutory s.151 Officer. The plan is also designed to meet the requirements expected by the External Auditors for ensuring key controls are in place for its fundamental systems. This Committee is also part of the consultation process, and its views on the plan of work for 2021/22 are sought to ensure that the Council has an effective internal audit of its activities and Members receive the level of assurance they require to be able to place assurance on the annual governance statement.

2.7 The risk assessment and consultation to date has resulted in;

- 83% Core Assurance Projects- the main Audit Programme
  - 3% Fraud Work – fraud awareness, reactive work and investigating potential irregularities
  - 0% Corporate Risk – testing the robustness of corporate risk mitigating action
  - 14% Other Productive Work – Corporate meetings, follow up, general advice, liaison
- Total number of audits 29.

For 2021/22 the days available for audit is 350 days. When compared to the resources available and working on the basis that the highest risk

areas should be reviewed as a priority, the EKAP has sufficient resources to review all of the high risk areas and all of the medium risk areas this equates to 29 audits.

**3.0 Benchmarking the level of Internal Audit Provision.**

3.1 Members should have regard to how audit resources within the Council compare to other similar organisations when considering the adequacy and effectiveness of the internal audit plan. The results of benchmarking show that the average number of internal audit days provided by district councils within Kent is circa 400 days annum. The audit plan of Folkestone & Hythe District Council of 350 days. The Folkestone & Hythe plan is therefore 12.5% less well-resourced than the Kent average.

**4.0 Head of Internal Audit Opinion of the 2021/22 Internal Audit Plan.**

4.1 This report is presented to Members by the Council's Director (Corporate Resources) whose s.151 responsibility it is to maintain an effective internal audit plan. In the interests of openness and transparency and in order to enable Members to make an informed decision on the internal audit plan presented for their approval consideration should also be given to the opinion of the Head of Internal Audit on the effectiveness of the plan.

4.2 It is the professional opinion of the Head of the East Kent Audit Partnership that the draft 2021/22 internal plan presented for Members consideration will allow for an opinion to be given on the Council's key risk areas and systems. This should be sufficient coverage to inform the Annual Governance Statement. The Head of the East Kent Audit Partnership recommends that Members approve the 2021/22 internal audit plan as drafted.

**5. RISK MANAGEMENT ISSUES**

5.1 A summary of the perceived risks follows:

<b>Perceived risk</b>	<b>Seriousness</b>	<b>Likelihood</b>	<b>Preventative action</b>
Non completion of the audit plan	Medium	Low	Review of the audit plan on a regular basis
Non implementation of agreed audit recommendations	Medium	Medium	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.
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## 6. LEGAL, FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

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

No legal officer comments are required for this report.

### 6.2 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.

### 6.3 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 comments detailed in the report are the East Kent Audit Partnership's own, except where shown as being management comments.

### 6.4 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.

## 7. CONTACT OFFICERS AND BACKGROUND DOCUMENTS

### 7.1 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@folkestone-hythe.gov.uk](mailto:Christine.parker@folkestone-hythe.gov.uk)

Charlotte Spendley Director – Corporate Services (S151)  
 Telephone: 01303 853420 Email: [Charlotte.spendley@folkestone-hythe.gov.uk](mailto:Charlotte.spendley@folkestone-hythe.gov.uk)

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

Internal Audit Annual Plan 2020/21 - Previously presented to and approved at Audit & Governance Committee meetings.  
Internal Audit working papers - Held by the East Kent Audit Partnership.  
Previous audit strategies – previously presented and approved at Audit & Governance meetings

**Attachments**

Annex A Folkestone & Hythe District Council draft 2021/22 Internal Audit Plan

Plan Area	Risk register / Corporate Plan / Service	Year last audited	Previous assurance level	Follow up assurance	2021-22 Planned days	2022-23 Planned days	2023-24 Planned days	2024-25 Planned days
<b>Financial Governance:</b>								
Treasury Management	C4	2019-20	Substantial	Substantial			10	
Car Parking & Enforcement	C4	2018-19	Reasonable	Reasonable		10		
Bank Reconciliation	C4	2020-21	Reasonable					10
Creditors & CIS	C4	2018-19	Substantial	Substantial		10		
Miscellaneous Income	C4	2016-17	Reasonable	Reasonable		10		
Insurance	C4	2020-21	Substantial					10
VAT	C4	2018-19	Reasonable	Reasonable			10	
Budgetary Control	C4	2018-19	Substantial	Substantial			10	
Housing Benefits – Overpayments	CP	2017-18	Substantial	Substantial	10			
Housing Benefits – Admin & Assessment	CP	2018-19	Substantial	Substantial		10		
Housing Benefits - Quality	CP	2020-21	Substantial					10
Housing Benefits - DHP	CP	2017-18	Substantial	Substantial	10			
Housing Benefits Subsidy	CP	2016-17	Substantial	Substantial	10			
Council Tax	CP	2018-19	Substantial	Substantial		10		10
Council Tax Reduction Scheme	CP	2019-20	Substantial	Substantial			10	
Business Rates	CP	2013-14	Substantial	Substantial	10		10	
Business rates relief	CP	2018-19	Substantial	Substantial				10
Debtors	C4	2020-21	Reasonable					10
<b>Technology / Cyber:</b>								
ICT reviews	C8	2017-18 (2020)	Reasonable	Reasonable	10		10	
<b>Capital:</b>								
Capital	C4	2018-19	Reasonable	Reasonable		10		
<b>Housing Systems:</b>								
Rent Setting, Accounting, Collection and Debt Management	C13	New			10			
Tenancy & Estate Management	C13	New					10	
Responsive Repairs & Maintenance including contract variations	C13	New				15		10
Resident Engagement	C13	New			10			

Plan Area	Risk register / Corporate Plan / Service	Year last audited	Previous assurance level	Follow up assurance	2021-22 Planned days	2022-23 Planned days	2023-24 Planned days	2024-25 Planned days
Void Property Management	C13	New			10			
Leasehold Services	C13	New				10		
Tenants' Health and Safety (Gas, Fire, Electric, Lifts, Legionella, Asbestos)	C13	New			10	5	10	5
Tenancy Fraud	C13	New						10
Contract Letting / Procurement Process/ Specification of Works	C13	New					10	
Contract Management	C13	New			10			
Sheltered & Supported Housing (Inc Hostels)	C13	New				10		
Pumping Stations	C13	New						5
Handyman Services	C13	New						5
Data Integrity Post Handover	C13	New			10			
Capital Programme, Planned Maintenance	C13	New				10		
Rechargeable Works / Service charges	C13	New					10	
Garage Deposits / Management	C13	New			10			
Cash Incentive Grants	C13	New					10	
New Build Capital Programme	C13	New				10		
Carbon Reduction, Fuel Poverty & Energy efficiency Programmes	C13	New					10	
Improvement Plan \Housing Regulator	C13	New			10			
Private Sector Housing, HMOs	C13	New						10
Improvement Grants/DFG	CP	2017-18	Substantial	Substantial		10		
Anti-Social Behaviour	C13	New					10	
Homelessness inc rent deposit	CP	2013-14(2020)	Reasonable	Substantial	-			15
Housing Allocations	CP	2019-20	Reasonable	Substantial				10
Right to Buy	CP	2016-17	Reasonable	Substantial	10			-
HRA Business Plan	Service	2018-19	Substantial	Substantial		10		
Partnership working	C13	New					10	
White paper	C13	New				10		
New Single IT system	C13	New					10	



Plan Area	Risk register / Corporate Plan / Service	Year last audited	Previous assurance level	Follow up assurance	2021-22 Planned days	2022-23 Planned days	2023-24 Planned days	2024-25 Planned days
<b>Information Governance:</b>								
Data Protection/FOI/Information Management	Service	2018-19	Limited		10		10	
<b>Corporate Governance:</b>								
Members' Code of Conduct and Standards Arrangement	C1	2020-21	Substantial					10
Officers' Code of Conduct	C1	2015-16	Reasonable	Reasonable				10
Whistleblowing / Anti Money arrangements	C1	2020-21	Reasonable					9
Local Code of Corporate Governance	C1	2017-18	Substantial	Substantial		10		
Complaints Monitoring	C11	2016-17	Substantial	Substantial				10
Oportunitas Governance	C1	2019-20	Substantial	Substantial			10	
Otterpool Governance	C3	2019-20	Reasonable	-	10			
Scheme of Officer Delegations	C1	2016-17	Reasonable	Substantial				10
Corporate/Governance and Audit Committee			N/A	N/A	35	35	35	35
Financial Procedure Rules	C4	2019-20	Reasonable	Substantial			10	
Transformation Governance	C8	2019	Reasonable				10	
Constitution	CP	2019-20	Substantial	Substantial				10
<b>Performance Management:</b>								
Performance Management	C11	2020-21	Reasonable	Reasonable				10
<b>Fraud</b>								
Fraud assurance	C4	2018	N/A	N/A			10	
Fraud Arrangements Review	C4	2016-17	Reasonable	Reasonable	10			
<b>Risk Management</b>								
Risk Management	C1	2017-18	Substantial	Substantial		10		
<b>Other:</b>								
Liaison with External Auditor			N/A	N/A	1	1	1	1
Previous Year Work in Progress b/fwd			N/A	N/A	10	10	10	10
Follow-up			N/A	N/A	14	14	14	15
<b>Procurement &amp; Contracts:</b>								
Contract Standing Orders	C8	2020-21	Reasonable	-				10
E-Procurement inc corporate purchase cards	C8	2015-16	Substantial	Substantial	10			

Plan Area	Risk register / Corporate Plan / Service	Year last audited	Previous assurance level	Follow up assurance	2021-22 Planned days	2022-23 Planned days	2023-24 Planned days	2024-25 Planned days
<b>Asset management:</b>								
Asset Management	Service	2018-19	Substantial	Substantial			10	
<b>Service Level:</b>								
Cemeteries and Crematorium	C11	2017-18	Reasonable	Reasonable		10		
Child Protection - Safeguarding	C11	2017-18	Reasonable	Reasonable	10			
Climate Change	C15	New	New		10			
Community Safety Partnership	C11	2014-15 (2020)	Reasonable	Reasonable				10
Coast Protection / Engineers	Service	2015-16	Reasonable	Reasonable	10			
Corporate Responsive Repairs	Service	2019-20	Reasonable	Reasonable			10	
Dog Warden Enforcement	C11	2019-20	Substantial	Substantial			10	
Electoral Finance	C1	2017-18	Reasonable	Reasonable		10		
Environmental Health - Food Safety / H&S	C11	2016-17	Reasonable	Substantial		10		
Environmental Protection - Pollution / Noise	C11	2017-18	Reasonable	Reasonable		10		
Environmental Health – Public Health Burials	C11	2018-19	Substantial	Substantial			10	
Folkestone Community Works Programme	C12	New			10			
Emergency Out of Hours service	C11	2018-19	Reasonable	Reasonable		10		
Emergency Planning / Business Continuity	C11	2016-17	Substantial	Substantial	10			
Employee Health, Safety and Welfare	Service	2017-18	Reasonable	Reasonable		10		
Equality and Diversity	Service	2017-18	Reasonable	Reasonable				10
Events Management	Service	2018-19	Substantial	Substantial		10		
Grounds Maintenance	Service	2015/16 (2020)	Reasonable	Reasonable				10
Folkestone Parks & Pleasure Grounds Charity	Service	New			10			
Land Charges	CP	2020-21	Reasonable /Ltd	Substantial / Reasonable				10
Licensing	C4	2019-20	Reasonable /Ltd	Reasonable			10	
Lifeline	Service	2015-16	Reasonable	Reasonable	10			
Members Allowances and Expenses	C1	2018-19	Reasonable	Reasonable		10		
Planning Income	C4	2016-17	Reasonable	Reasonable	10			

Plan Area	Risk register / Corporate Plan / Service	Year last audited	Previous assurance level	Follow up assurance	2021-22 Planned days	2022-23 Planned days	2023-24 Planned days	2024-25 Planned days
Planning Section 106s / CILS	C4	S 106s 2013-14 (2020)	Limited	Reasonable				10
Building Control Income	Service	2018-19	Reasonable	Reasonable		10		
Property Charges - Industrial Estates	C4	2019-20	Reasonable	Substantial			10	
Security of the civic building	Service	2019-20	Reasonable	Reasonable				10
Sports Income	C4	2019-20	Reasonable	Reasonable			10	
Hythe Swimming Pool	Service	2017-18	Reasonable	Reasonable		10		
Taxis	Service	2019-20	Reasonable / Ltd	Reasonable			10	
Waste Management	C8	2019-20	Reasonable /Ltd	Reasonable		10		
Waste Recycling	C8	2016-17	Reasonable /Ltd	Reasonable	10			
Councillor Grants	C4	2017-18	Reasonable	Reasonable	10			
<b>People Management:</b>								
Recruitment/Leavers	C1	2018-19	Reasonable	Substantial			10	
Flexi / Sick Leave / Annual leave	C1	2016-17	Reasonable	Reasonable	10			
Payroll, SMP and SSP	C1	2018-19 (2020)	Substantial	Substantial				10
Employee Allowances and Expenses	C1	2019-20	Substantial	Substantial				10
Employee benefits-in-kind	C1	2017-18	Substantial	Substantial		10		
<b>Total Planned Days</b>					<b>350</b>	<b>350</b>	<b>350</b>	<b>350</b>

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