

This Report will be made public on 25 February 2020



Report Number **AuG/19/22**

To: Audit and Governance Committee
Date: 4 March 2020
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 31st December 2019.

REASONS FOR RECOMMENDATION:

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

RECOMMENDATIONS:

1. To receive and note Report AuG/19/22.
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 31st December 2019.

2. AUDIT REPORTING

- 2.1 For each Audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to the relevant Heads of Service, as well as an appropriate manager for the service reviewed.
- 2.2. Follow-up reviews are performed at an appropriate time, according to the status of the recommendation, timescales for implementation of any agreed actions and the risk to the Council.
- 2.3. An assurance statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be substantial, reasonable, limited or no assurance.
- 2.4 Those services with either limited or no assurance are monitored, and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of assurance to either reasonable or substantial. There are currently two reviews with such a level of assurance as shown in appendix 2 of the EKAP report.
- 2.5 The purpose of the Council's Audit and Governance Committee is to provide independent assurance of the adequacy of the risk management arrangements, the control environment and associated anti fraud and anti corruption arrangements and to seek assurance that action is being taken to mitigate those risks identified.
- 2.6 To assist the Committee in meeting its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.

3. SUMMARY OF WORK

- 3.1. There have been four audit reports completed during the period. These have been allocated assurance levels as follows: three were providing substantial assurance, and one reasonable 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 31st December 2019 204.93 chargeable days were delivered against the planned target of 361.38 days, (including 46.38 days carried over from 2018/19) which equates to achievement of 57% of the planned number of days.
- 3.4 Other performance figures for the East Kent Audit Partnership for the period 2019/20 are shown in the balanced scorecard.

4. RISK MANAGEMENT ISSUES

- 4.1 A summary of the perceived risks follows:

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

5. LEGAL, FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

5.1 Legal Officer's comments (DK)

No legal officer comments are required for this report.

5.2 Finance Officer's Comments (TM)

Responsibility for the arrangements of the proper administration of the council's financial affairs lies with the Director – Corporate Services (S151). The internal audit service helps provide assurance as to the adequacy of the arrangements in

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

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

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

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

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

6. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

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

Christine Parker, Head of the Audit Partnership
Telephone: 01304 872160 Email: Christine.parker@dover.gov.uk

Charlotte Spendley Director – Corporate Services (S151)
Telephone: 01303 853420 Email: 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 31st December 2019.

2. SUMMARY OF REPORTS

Service / Topic		Assurance level	No of recs	
2.1	Council Tax Reduction Scheme	Substantial	C	0
			H	0
			M	0
			L	0
2.2	East Kent Housing - Welfare Reform	Substantial	C	0
			H	0
			M	0
			L	3
2.3	Employee Allowances & Expenses	Substantial	C	0
			H	0
			M	1
			L	2
2.4	East Kent Housing – Compliance Indicators Data Quality	Reasonable	C	1
			H	1
			M	0
			L	0

2.1 Council Tax Reduction Scheme - Substantial Assurance

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls regarding the Council's Council Tax Reduction Scheme (CTRS).

2.1.2 Summary of Findings

The Local Government Finance Act 1992 required a local authority to have an approved scheme for the provision of Council Tax Support in 2019/20 by 11th March 2019. Under the Council Tax Reduction provisions, the scheme for

pensioners is determined by Central Government and the scheme for working age applicants is determined by the Council. Pensioners broadly receive the same level of support that was previously available under the Council Tax Benefit scheme. Changes to the scheme for 2019/20 are designed to reduce administration for the Council whilst producing a simpler, more transparent scheme for the customer in response to wider welfare reform.

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

- The current council tax reduction scheme for 2019/20 has had the appropriate consultation exercises carried out and has been approved by Members.
- Established day to day processes are in place to ensure that council tax reduction scheme applications are processed correctly and within set performance time frames.
- Staff have received training on the new council tax reduction scheme and the income calculation processes that have been put in place.

2.2 East Kent Housing – Welfare Reform - Substantial Assurance

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to guard against the potential risks arising from the introduction of Welfare Reform Act in terms of increased caseload, rent arrears and higher debt levels.

2.2.2 Summary of Findings

The Welfare Reform Act 2012 is an Act of Parliament in the United Kingdom which makes changes to the rules concerning a number of benefits offered within the British social security system. It was enacted by the Parliament of the United Kingdom on 8 March 2012.

The Department of Work and Pensions started work on Universal Credit (UC) in 2010 with an original completion date of October 2017. However, the government reset the programme in 2013 after a series of problems with managing the programme and developing the necessary technology. There have been many revised completion dates and in June 2018 it announced a further delay to the completion of the programme to March 2023.

East Kent Housing manages the housing portfolio for Canterbury, Dover, Folkestone & Hythe, and Thanet Councils. This means that they have to manage the expectations of the tenants and as such are one of the main points of contact for tenants who may be affected by changes in the welfare system. As part of the reforms one of the main changes has been the introduction of UC, as part of the new system tenants are now expected to manage their benefits payments and pay their rent direct. In addition to which there is an expectation that the first payments under the new regime will be delayed having a knock-on effect on the tenants'

capability to meet normal household costs, pay their essential bills and their rent. This will all have to be sensitively managed.

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

- There is an up to date Risk Strategy Process in place;
- Up to date Action Plans are in place to detail how the roll out of Universal Credit and its impact is to be managed and reported on;
- Information, advice and assistance relating to the Welfare Changes have been made available to tenants and the general public via the website and staff have been kept up to date via the intranet and staff meetings; and
- Benefit & Money advisors have been put in place to assist tenants during the changeover process.

Scope for improvement was however identified in the following areas:

- Staff procedures relating to the Welfare Reform need to be made more accessible to staff, perhaps via a link on the intranet pages; and
- Training needs of staff involved with the new scheme need to be more comprehensive and customer focused.

2.3 Employee Allowances & Expenses – Substantial

2.3.1 Audit Scope

To ensure that the payments made to employees in relation to allowances and expenses due to them are adequately controlled to ensure that the amounts paid are accurate, authorised and are in-line with Council policies and HMRC guidance.

2.3.2 Summary of Findings

As at January 2020 there were 365 people (including casuals) on the FHDC payroll, equating to 319.15 full time equivalent. Examples of the most common types of expense claims are shown in the following budget headings:

- Professional/ misc. subscriptions
- Public transport and car park expenses
- Essential user lump sum car allowance plus essential and casual user mileage
- Cash Alternative Allowance
- Leased/ cash alternative car mileage
- Subsistence allowances

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

- Allowances and expenses are being paid in line with Council policy and HMRC regulations.
- All allowances paid and expenses claimed are approved in line with Financial Procedure Rules.
- Receipts are provided to support claims for travel and subsistence.

- Where allowances paid exceed HMRC approved rates tax and national insurance is correctly deducted at source via the payroll.
- Appropriate system access controls are in place.
- Payroll and financial system interfacing controls and checks are appropriate and effective.
- Back-up copies of data are taken regularly and stored at a remote location.

Scope for improvement was however identified in the following areas:

- Consideration should be given to reviewing the Reimbursement of Expenditure Policy to ensure that allowances payable and reimbursement limits remain relevant and reflect current practices, processes and takes into account inflation rises.
- The implications of storing payroll data in compliance with GDPR once the data exceeds the seven year retention period must be considered.

2.4 East Kent Housing – Compliance Indicators Data Quality – Reasonable Assurance

2.4.1 Audit Scope

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

2.4.2 Summary of Findings

Following concerns being raised around the integrity of Health & Safety compliance data streams being reported to each of the East Kent Councils, this audit has been undertaken to review systems and processes in place in East Kent Housing (EKH) to produce compliance reports to establish the level of reliance which can be placed on the reports by each Council.

Having reviewed and assessed the methodology, accuracy of collection and measurement of performance indicators relating to tenant health & safety, there is emerging evidence that management can have reasonable assurance in the information being reported to them each week.

It is the following findings which result in a conclusion of Reasonable Assurance.

- EKH is making considerable improvement in the monitoring and reporting of compliance for properties which it is responsible for.
- EKH recognised that it still has some work to do to ensure that the new compliance monitoring and reporting processes become embedded across the organisation.

Audit testing identified the following weaknesses resulting in a marginal level of risk to the achievement of the system objectives.

- Cloned data from a partial stock condition survey means that EKH cannot place full reliance on the data it has and properties it is responsible for compliance on. Until a 100% survey has been undertaken on all properties, this will remain the case.
- Partner Councils have not given EKH any guidance on the format and content of compliance reports, other than to accept the reports EKH are presenting them with. This could mean that there are other areas where weak compliance is not being reported.
- Current reporting arrangements are placing a significant burden on EKH which is not only unsustainable, but also detracting resources away from making improvements in overall compliance performance.
- Some compliance reports contain minor differences in the property populations being reported across different compliance streams from week to week.

A number of errors were identified in compliance figures being reported when comparing the Word-based compliance report to the Scorecard report for the corresponding week. Whilst the differences in the compliance percentage may have changed, none of the differences were to such an extent that the story being told was any different. In some cases tested the difference between the two reports was less than 1%. In most areas of compliance being reported, levels of compliance are so far away from 100% that a 1% or even 5% difference in the two reports means very little.

For example, in one reporting period on Domestic EICR's. The MS Word report reported 65.38% whilst the Scorecard reported compliance at 65.31%. For the purposes of audit testing this was noted as an error. However, both reports give the council the same important information that compliance on Domestic EICR's is a long way from where it needs to be.

A large reason for the changes being made to property population numbers and errors in reports is down to EKH not knowing exactly what they have in each and every property, and that is as a result of a partial stock condition survey, and the differences/ gaps being made up by cloned data.

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS

- 3.1 As part of the period's work four 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
Payroll	Substantial	Substantial	C 0 H 0 M 0 L 2	C 0 H 0 M 0 L 0
Creditors	Substantial	Substantial	C 0 H 1 M 1 L 3	C 0 H 0 M 0 L 1
Recruitment & Leavers	Reasonable	Substantial	C 0 H 1 M 1 L 0	C 0 H 0 M 0 L 0
Capital	Reasonable	Reasonable	C 0 H 1 M 3 L 0	C 0 H 1 M 3 L 0
East Kent Housing – Tenant Health & Safety (Electrical Safety)	No	Limited	C 1* H 1* M 0 L 0	C 0 H 0 M 0 L 0

*Partially implemented at the time of follow-up

- 3.3 Details of any individual Critical and High priority recommendations still to be implemented at the time of follow-up are included at Appendix 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they would be escalated for the attention of the s.151 officer and Members' of the Governance and Audit Committee.

The purpose of escalating 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.

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

a) East Kent Housing – Tenant Health & Safety (Electrical Safety):

There were two main issues identified in the original audit which needed to be addressed. The first being around undertaking action to immediately review and rectify the C1 category faults identified on EICR certificates in Communal blocks and then C2 faults. Discussions with EKH have established that immediate action has been taken to address C1 faults on EICR's held by EKH. Then EKH would be

able to work to address C2 faults on EICR's. This work is still ongoing, and therefore the first recommendation is considered to be partially implemented with a positive direction of travel towards full implementation. It is acknowledged however by EKH that due to the number of potential C2 faults, this work is likely to be ongoing until at least March 2020.

The second recommendation that was originally agreed was around moving to a 5 yearly EICR process. All four Councils have agreed and moved to a 5 yearly process, but in doing so, overall levels of compliant EICR's are lower than desired. Compliance reports in early November reported EICR compliance in domestic properties varying between 66% (Dover) and 27% (Folkestone and Hythe). This means that there is still a significant amount of work required to ensure that EICR compliance reaches an acceptable level. For this reason, the second recommendation is also considered to be only partially implemented with a positive direction of travel. See below for levels of EICR compliance as at early November.

Communal Blocks

	CCC	DDC	F&H	TDC
Compliant	302	132	143	204
Non-Compliant	178	242	3	0
Total props	480	374	146	204
Compliant %	63%	35%	98%	100%

Domestic properties

	CCC	DDC	F&H	TDC
Compliant	2495	2852	930	892
Non-Compliant	2611	1465	2466	2119
Total props	5106	4317	3396	3011
Compliant %	48%	66%	27%	30%

EKH recognised the need for better compliance reporting around EICR's and have purchased software to aid with EICR compliance reporting. Compliance staff have undertaken a significant amount of work to implement the software, but that work is still ongoing, and not likely to be completed until around March 2020. Whilst the software will not improve levels of EICR compliance as that can only be achieved by undertaking work on properties. It will however ensure that EICR compliance is accurately reported more easily and that outstanding remedial work and EICR renewals is better and more efficiently planned.

The controls around the addressing of faults initially raised on EICR certificates have improved significantly, particularly around C1 faults. Analysis undertaken by staff has identified large numbers of non-existent EICR's in both Communal blocks and Domestic properties. While a significant amount of work has already been complete, there remains a significant amount of work still outstanding.

EKH expect that by March 2020, the Corgi software will be fully operational and reporting on EICR compliance, which should have also significantly improved by that point in time.

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: Housing Allocations; Otterpool Park Governance; Waste management; EKH Rents; EKH Performance Management; EKH Repairs & Maintenance.

5.0 CHANGES TO THE AGREED AUDIT PLAN

5.1 The 2019/20 audit plan was agreed by Members at the meeting of the Audit & Governance Committee on 5th March 2019.

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

6.0 FRAUD AND CORRUPTION

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

7.0 INTERNAL AUDIT PERFORMANCE

7.1 For the period ended 31st December 2019, 204.93 chargeable days were delivered against the planned target of 361.38 days, (including 46.38 days that were carried over from the previous year) which equates to achievement of 57% of the original planned number of days.

7.2 The financial performance of the EKAP for 2019/20 is on target for Folkestone & Hythe District Council.

Attachments

- Appendix 1 Summary of high priority recommendations outstanding or in progress after follow up
- Appendix 2 Summary of services with limited / no assurances.

- Appendix 3 Progress to 31st December 2019 against the agreed 2019/20 Audit plan.
- Appendix 4 Balanced Scorecard of performance indicators to 31st December 2019
- Appendix 5 Assurance Statements.

SUMMARY OF CRITICAL /HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1		
Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
Capital		
<p>1 Management should ensure that guidance is available to staff and members on the appraisal methodology for determining and measuring clear demonstrable links between the Council’s objectives/ priorities and aspirations against which capital funding bids should be assessed.</p> <p>To enable this project lead officers must ensure that expected measurable outcomes have been fully identified as this will provide management and members with a clear understanding of the value of the project and enable effective post implementation assessment of the scheme.</p> <p>To ensure that a holistic and formalised approach to capital scheme planning is formulated and put into practice (ensuring that individual scheme linkages between corporate priorities, business needs, financial resources, asset management plan and commercial appetite are identified and documented) Management should consider fully utilising the Asset Management Board.</p>	<p>The development of a clearer appraisal methodology will be developed over the coming year (in liaison with the Asset Management Board).</p> <p>This will be built into the Capital Strategy which will be revised alongside the Medium Term Financial Statement and considered in the Autumn 2019.</p> <p>Proposed Completion Date 31 October 2019</p> <p>Responsibility Group Accountant (LW) & Assistant Director – Finance, Customer & Support Services in liaison with Corporate Leadership Team</p>	<p>Progress on developing the appraisal methodology has been delayed due to other work priorities. The concept was discussed with the Asset Management Board in April 2019 however to date no further progress has been made with developing the methodology to date.</p> <p>New capital schemes coming forward as part of the Budget Strategy for 2020/21 have followed the same appraisal process used in previous years; or new capital schemes coming forward for consideration and approval recently continue to be done so on an individual basis not following a set appraisal methodology at this stage, instead being evaluated on a case by case basis.</p> <p>Deferred and planned to be undertaken in readiness for the 2021/22 budget process.</p> <p>Proposed revised completion date 30 September 2020.</p> <p>Outstanding.</p>

SUMMARY OF CRITICAL /HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
This would require the Council's aspirations to be laid out clearly for officers to ensure that predicated project outcomes are linked to these.		

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
East Kent Housing – Tenancy & Right to Buy Fraud	March 2019	Limited	Quarter 4
East Kent Housing – Tenant’s Health & Safety	September 2019	Limited / No	Work-in-Progress – Part complete
Taxi’s & Private Hire	December 2019	Reasonable / Limited	Quarter 2
General Data Protection Regulations	December 2019	Limited	Quarter 2

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

Review	Original Planned Days	Revised Planned Days	Actual - 31/12/2019	Status and Assurance level
FINANCIAL SYSTEMS				
Bank Reconciliation	10	10		Carry over to 2020/21
Business Rates	10	10		Carry over to 2020/21
Council Tax Reduction Scheme	10	10	9.57	Finalised - Substantial
Insurance	10	0		Deferred to 2020/21
Treasury Management	10	10	10.70	Finalised - Substantial
HOUSING SYSTEMS				
Housing Allocations	10	10	2.20	Work in progress
ICT SYSTEMS				
ICT review	10	10		Quarter 4
HUMAN RESOURCES SYSTEMS				
Employee Allowances & Expenses	10	10	4.79	Finalised - Substantial
GOVERNANCE RELATED				
Financial Procedures Rules	10	10	10.16	Finalised - Reasonable
Constitution	10	10	10.01	Finalised – Substantial
Counter Fraud Arrangements	2	2	0.51	Work in progress
Oportunitas Governance	10	10		Quarter 4
SERVICE LEVEL				
E-Procurement & Purchase Cards	10	10	0.18	Carry over to 2020/21
Corporate Responsive Repairs	10	10	10.54	Finalised - Reasonable
Dog Enforcement	10	10	0.65	Quarter 4
Engineers	10	10		Quarter 4
Grounds Maintenance	10	10		Quarter 4
Industrial Estates	10	10	8.64	Finalised - Reasonable
Land Charges	10	10	0.34	Carry over to 2020/21
Licensing	10	10	1.57	Quarter 4
Lifeline	10	10	0.14	Carry over to 2020/21
Security of the Civic Centre	8	10	10.43	Finalised - Reasonable
Special Projects 2018/19	10	27	29.69	Finalised – N/A
Sports Income	8	10	10.28	Finalised - Reasonable
Taxi's & Private Hire	10	10	10.32	Finalised – Reasonable/Limited

Review	Original Planned Days	Revised Planned Days	Actual - 31/12/2019	Status and Assurance level
Folkestone Community Works Grant	8	10	0.08	Quarter 4
Waste Management	10	10	1.50	Work in progress
OTHER				
Committee reports & meetings	10	10	15.64	Ongoing
S151 meetings & support	11	11	10.22	Ongoing
Corporate advice / CMT	2	3	1.00	Ongoing
Liaison with External Audit	1	1	0.43	Ongoing
Audit plan prep & meetings	10	10	5.82	Ongoing
Follow Up Reviews	15	15	7.65	Ongoing
Election duties		4	6.62	Completed – N/A
FINALISATION OF 2018-19 AUDITS				
Days under delivered in 2018/19	46.38			Allocated as required
Finalise 2018/19 audits				Allocated below
Transformation Governance			3.63	Finalised - Reasonable
GDPR			13.59	Finalised - Limited
Creditors			0.61	Finalised – Substantial / Reasonable
Otterpool Park Governance			7.43	Work in progress
Business Continuity				Carry over to 2020/21
Total	361.38	361.38	204.94	57% complete as at 31/12/2019

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual - 31/12/2019	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Ctte/EA Liaison	4	4	11.11	Work-in-progress throughout 2019-20
Follow-up Reviews	4	4	10.24	Work-in-progress throughout 2019-20
Rent Accounting, Collection & Debt Mngmt.	40	40	32.44	Work in progress
Rechargeable Works	10	10	0	Postponed till future year
Tenants' Health & Safety	15	15	21.89	Finalised – Ltd - No
Customer Contact	12	12	0	Postponed till future year
East Kent Housing Improvement Plan	10	10	0	Postponed till future year
Estate Management Inspection	15	15	0	Postponed till future year
Anti-Social Behaviour	15	15	0	Postponed till future year
Employee Health, Safety & Welfare	15	15	5.02	Work in progress
Finalisation of 2018-19 Work-in-Progress:				
Days under delivered in 2018-19	0	19.50		Allocated
Staff Performance Management			9.12	Work-in-Progress
Welfare Reform			8.23	Finalised - Substantial
Repairs & Maintenance			37.33	Work-in-Progress
Service Level Agreements			0.97	Finalised
Responsive Work				
Data Integrity			4.46	
Total	140	159.50	140.81	88.28% as at 31/12/2019



BALANCED SCORECARD

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Original Budget</u>
	Quarter 3		Reported Annually		
Chargeable as % of available days	85%	80%	• Cost per Audit Day	£	£332.50
Chargeable days as % of planned days			• Direct Costs	£	£428,375
CCC	62.82%	75%	• + Indirect Costs (Recharges from Host)	£	£10,530
DDC	60.72%	75%			
F&HDC	56.71%	75%	• - 'Unplanned Income'	£	Zero
TDC	70.16%	75%			
EKS	56.52%	75%	• = Net EKAP cost (all Partners)	£	£438,905
EKH	88.28%	75%			
Overall	64.55%	75%			
Follow up/ Progress Reviews;					
• Issued	29	-			
• Not yet due	12	-			
• Now due for Follow Up	28	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>
	Quarter 3		Quarter 3		
Number of Satisfaction Questionnaires Issued;	46		Percentage of staff qualified to relevant technician level	74%	75%
Number of completed questionnaires received back;	14		Percentage of staff holding a relevant higher level qualification	38%	36%
	= 30%		Percentage of staff studying for a relevant professional qualification	15%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	4.1	3.5
<ul style="list-style-type: none"> • Interviews were conducted in a professional manner • The audit report was 'Good' or better • That the audit was worthwhile. 	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	36%	36%
	100%	90%			
	100%	100%			

Definition of Audit Assurance Statements & Recommendation Priorities

Assurance Statements:

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

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

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

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

Priority of Recommendations Definitions:

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

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

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

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

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