

This Report will be made public on 22 July 2020



Report Number **AuG/20/02**

---

**To:** Audit and Governance Committee  
**Date:** 30 July 2020  
**Status:** Non-Executive Decision  
**Corporate Director:** Charlotte Spendley – Director – Corporate Services (S151)

**SUBJECT: INTERNAL AUDIT ANNUAL REPORT 2019-20**

**SUMMARY:**

This report provides the summary of the impact of the work of the East Kent Audit Partnership for the year to 31<sup>st</sup> March 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 & 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/20/02.**

## 1.0 INTRODUCTION

1.1 The primary objective of Internal Audit is to provide independent assurance to Members, the Head of Paid Service, Directors and the Section 151 Officer on the adequacy and effectiveness of those systems on which the Authority relies for its internal control. The purpose of bringing forward an annual report to members is to:

- Provide an opinion on the overall adequacy and effectiveness of the Council's internal control environment.
- Present a summary of the internal audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies,
- Draw attention to any issues the Head of the Audit Partnership judges particularly relevant to the preparation of the Annual Governance Statement.
- Compare actual audit activity with that planned, and summarise the performance of Internal Audit against its performance criteria.
- Comment on compliance with the Public Sector Internal Audit Standards (PSIAS) and report the results of the Internal Audit quality assurance programme.
- Confirm annually that EKAP is organisationally independent, whether there have been any resource limitations or instances of restricted access.

1.2 The report attached as Annex A therefore summarises the performance of the East Kent Audit Partnership (EKAP) and the work it has performed over the financial year 2019-20 for Folkestone & Hythe District Council, and provides an overall assurance on the system for governance and internal control based on the audit work undertaken throughout the year, in accordance with best practice. In providing this opinion, this report supports the Annual Governance Statement.

1.3 The internal audit team is proactive in providing guidance on procedures where particular issues are identified during audit reviews. The aim is to minimise the risk of loss to the Authority by securing adequate internal controls. Partnership working for the service has added the opportunity for the EKAP to share best practice across the four sites within the East Kent Cluster to help drive forward continuous service improvement.

1.4 During 2019-20 the EKAP delivered 88% of the agreed audit plan days, with 46.38 days under delivered to be adjusted for in 2019-20. The performance figures for the East Kent Audit Partnership as a whole for the year show good performance against targets.

## 2.0 RISK MANAGEMENT ISSUES

2.1 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 & 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.
--	--------	--------	---

### **3.0 LEGAL, FINANCIAL AND OTHER CONTROLS/POLICY MATTERS**

#### **3.1 Legal Officer's comments –**

There are no legal issues arising out of this report.

#### **3.2 Finance Officer's Comments –**

Responsibility for the arrangements of the proper administration of the Council's financial affairs lies with the Chief Finance Officer. The internal audit service helps provide assurance as to the adequacy of the arrangements in place. It is very reassuring that EKAP have given positive feedback on their overall assessment of the Council's system of internal controls for 2019-20, stating that there were "no major areas of concern".

#### **3.3 Head of the East Kent Audit Partnership comments –**

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

#### **3.4 Diversities and Equalities Implications**

This report does not directly have any specific diversity and equality implications however it does include reviews of services which may have implications.

### **4.0 CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

#### **4.1** 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)

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

Internal Audit Annual Plan 2019-20 - Previously presented to and approved at the March 2019 Audit & Governance Committee meeting.

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

Previous Audit Charter – previously presented and approved at former Audit & Governance meetings

#### **Attachments**

Annex A – East Kent Audit Partnership Annual Report 2019-20

## Annual Internal Audit Report for Folkestone & Hythe District Council 2019-20

### 1. Introduction

The Public Sector Internal Audit Standard (PSIAS) defines internal audit as:

*"Internal Audit is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes."*

A more detailed explanation, of the role and responsibilities of internal audit, is set out in the approved Audit Charter. The East Kent Audit Partnership (EKAP) aims to comply with the PSIAS, and to this end has produced evidence to the s.151 and Monitoring Officers to assist the Council's review of the system of internal control in operation throughout the year.

This report is a summary of the year, a snapshot of the areas at the time they were reviewed and the results of follow up reviews to reflect the actions taken by management to address the control issues identified. The process that the EKAP adopts regarding following up the agreed recommendations will bring any outstanding high-risk areas to the attention of members via the regular reports, and through this annual report if there are any issues outstanding at the year-end.

### 2. Objectives

The majority of reviews undertaken by Internal Audit are designed to provide assurance on the operation of the Council's internal control environment. At the end of an audit we provide recommendations and agree actions with management that will, if implemented, further enhance the environment of the controls in practice. Other work undertaken, includes the provision of specific advice and support to management to enhance the economy, efficiency and effectiveness of the services for which they are responsible. The annual audit plan is informed by special investigations and anti-fraud work carried out as well as the risk management framework of the Council.

A key aim of the EKAP is to deliver a professional, cost effective, efficient, internal audit function to the partner organisations. The EKAP aims to have an enabling role in raising the standards of services across the partners through its unique position in assessing the relative standards of services across the partners. The EKAP is also a key element of each councils' anti fraud and corruption system by acting as a deterrent to would be internal perpetrators.

The four partners are all committed to the principles and benefits of a shared internal audit service and have agreed a formal legal document setting out detailed arrangements. The statutory officers from each partner site (the s.151 Officer) together form the Client Officer Group and govern the partnership through annual meetings. The shared arrangement for EKAP also secures organisational independence, which in turn assists EKAP in making conclusions about any resource limitations or ensuring there are no instances of restricted access.

### 3. Internal Audit Performance Against Targets

#### 3.1 EKAP Resources

The EKAP has provided the service to the partners based on a FTE of 6.88. Additional audit days have been provided via audit contractors in order to meet the planned workloads.

### **3.2 Performance against Targets**

The EKAP is committed to continuous improvement and has various measures to ensure the service can strive to improve. The performance measures and indicators for the year are shown in the balanced scorecard of performance measures at Appendix 4. The measures themselves were reviewed by the Client Officer Group at their annual meeting and no changes were made.

### **3.3 Internal Quality Assurance and Performance Management.**

All internal audit reports are subject to review, either by the relevant EKAP Deputy Head of Audit or Head of the Audit Partnership; all of who are Chartered Internal Auditors. In each case this includes a detailed examination of the working papers, action and review points, at each stage of report. The review process is recorded and evidenced within the working paper index and in a table at the end of each audit report. Detailed work instructions are documented within the Audit Manual. The Head of Audit Partnership collates performance data monthly and, together with the monitoring of the delivery of the agreed audit plan carried out by the relevant Deputy Head of Audit, regular meetings are held with the s.151 Officer. The minutes to these meetings provide additional evidence to the strategic management of the EKAP performance.

### **3.4 External Quality Assurance**

The external auditors, Grant Thornton, conducted a review in February 2020 of the Internal Audit arrangements. They concluded that, where possible, they can place reliance on the work of the EKAP. See also 3.6.1 below.

### **3.5 Liaison between Internal Audit and External Audit**

Liaison with the audit managers from Grant Thornton for the partner authorities and the EKAP is undertaken largely via email to ensure adequate audit coverage, to agree any complementary work and to avoid any duplication of effort. The EKAP has not met with any other review body during the year in its role as the Internal Auditor to Folkestone & Hythe District Council. Consequently, the assurance, which follows is based on EKAP reviews of the Council's services.

### **3.6 Compliance with Professional Standards**

- 3.6.1 The EKAP self-assessment of the level of compliance against the Public Sector Internal Audit Standards shows that some actions are required to achieve full compliance which EKAP will continue to work towards. There is however, no appetite with the Client Officer Group to pay for an External Quality Assessment of the EKAP's level of compliance, relying on a review by the s.151 officers of the self-assessment. Consequently, the EKAP can only say that it partially conforms with PSIAS and this risk is noted in the AGS.
- 3.6.2 The internal audit activity adds value to the organisation (and its stakeholders) when it provides objective and relevant assurance, and contributes to the effectiveness and efficiency of governance, risk management and control processes.
- 3.6.3 In 2019-20 EKAP as required by the standards has demonstrated that it achieved the Core Principles in three key ways. Firstly, by fulfilling the definition of Internal Auditing which is the statement of fundamental purpose, nature and scope of internal auditing. The definition is authoritative guidance for the internal audit profession (and is shown at paragraph 1 above). Secondly by demonstrating that it has been effective in achieving its mission showing that it;-

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organization.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

And thirdly by complying with The Code of Ethics, which is a statement of principles and expectations governing behaviour of individuals and organisations in the conduct of internal auditing. The Rules of Conduct describe behaviour norms expected of internal auditors. These rules are an aid to interpreting the Core Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

### 3.7 Financial Performance

Expenditure and recharges for year 2019-20 are all in line with the Internal Audit cost centre hosted by Dover District Council. The EKAP was formed to provide a resilient, professional service and therefore achieving financial savings was not the main driver, despite this, considerable efficiencies have been gained through forming the partnership.

### 4. Overview of Work Done

The original audit plan for 2019-20 included a total of 27 projects. We have communicated closely with the s.151 Officer, CMT and this Committee to ensure the projects actually undertaken continue to represent the best use of resources. As a result of this liaison, and due to management request to push back some planned reviews, some changes to the plan were agreed during the year. A few projects (9) have therefore been pushed back in the overall strategic plan, to permit some higher risk projects (2) to come forward in the plan. The total number of projects undertaken in 2019-20 was 19, with one being WIP at the year-end to be finalised in April. In addition, 4 projects were finalised from the 2018-19 plan. The deferred projects and 75.58 days owed have been rolled forward into 2020-21 and future plans.

## Review of the Internal Control Environment

### 4.1 Risks

During 2019-20, 120 recommendations were made in the agreed final audit reports to Folkestone & Hythe District Council. These are analysed as being Critical, High, Medium or Low risk in the following table:

Risk Criticality	No. of Recommendations	Percentage
Critical	0	0%
High	26	22%
Medium	58	48%
Low	36	30%
<b>TOTAL</b>	<b>120</b>	<b>100%</b>

Naturally, more emphasis is placed on recommendations for improvement regarding high risks. Any high priority recommendations where management has not made progress in implementing the agreed system improvement are brought to management and members' attention through Internal Audit's regular update reports. During 2019-20 the EKAP has

raised 120 recommendations, and whilst 70% were in the High or Medium Risk categories, none are so significant that they need to be escalated at this time.

## 4.2 Assurances

Internal Audit applies one of four ‘assurance opinions’ to each review, please see Appendix 1 for the definitions. This provides a level of reliance that management can place on the system of internal control to deliver the goals and objectives covered in that particular review. The conclusions drawn are described as being “a snapshot in time” and the purpose of allocating an assurance level is so that risk is managed effectively, and control improvements can be planned. Consequently, where the assurance level is either ‘no’ or ‘limited’, or where high priority recommendations have been identified, a follow up progress review is undertaken and, where appropriate, the assurance level is revised.

The summary of Assurance Levels issued on the twenty three pieces of work completed for Folkestone & Hythe District Council together with the finalisation of the four 2018-19 audits over the course of the year is as follows:

*NB: the percentages shown are calculated on finalised reports with an assurance level*

<b>Assurance</b>	<b>No.</b>	<b>Percentage of Completed Reviews</b>
Substantial	5	26%
Reasonable	10	53%
Limited	4	21%
No	0	0%
Work in Progress at Year-End	1	-
Not Applicable	4	-

*NB: ‘Not Applicable’ is shown against special investigations or work commissioned by management that did not result in an assurance level.*

Taken together 79% of the reviews account for substantial or reasonable assurance, whilst 21% of reviews placed a (partial) limited assurance to management on the system of internal control in operation at the time of the review. There were no reviews assessed as having no assurance.

There were eleven reviews completed on behalf of East Kent Housing Ltd. and the assurances for these audits were - 2 Substantial, 3 Reasonable, 3 Limited, 1 No Assurance 2 Not Applicable and 0 work in progress at the year-end. Information is provided in Appendix 3.

For each recommendation, an implementation date is agreed with the Manager responsible for implementing it. Understandably, the follow up review is then timed to allow the service manager sufficient time to make progress in implementing the agreed actions against the agreed timescales. The results of any follow up reviews yet to be undertaken will therefore be reported to the committee at the appropriate time.

## 4.3 Progress Reports

In agreeing the final Internal Audit Report, management accepts responsibility to take action to resolve all the risks highlighted in that final report. The EKAP carries out a follow up/progress review at an appropriate time after finalising an agreed report to test whether agreed action has in fact taken place and whether it has been effective in reducing risk.

As part of the follow up action, the recommendations under review are either:

- “closed” as they are successfully implemented, or
- “closed” as the recommendation is yet to be implemented but is on target, or
- (for medium or low risks only) “closed” as management has decided to tolerate the risk, or the circumstances have since changed, or
- (for critical or high risks only) escalated to the audit committee.

At the conclusion of the follow up review the overall assurance level is re-assessed.

The results for the follow up activity for 2019-20 are set out below.

<b>Total Follow Ups undertaken 12</b>	<b>No Assurance</b>	<b>Limited Assurance</b>	<b>Reasonable Assurance</b>	<b>Substantial Assurance</b>
<b>Original Opinion</b>	0	0	7	5
<b>Revised Opinion</b>	0	0	5	7

East Kent Housing received five follow up reviews for which the revised assurance levels remained at No or partially Limited assurance after follow up, these concerns have been escalated to the EKH Board.

Consequently, there are no further fundamental issues of note arising from the audits and follow up undertaken in 2019-20. There are no Folkestone & Hythe reviews showing a limited assurance after follow up.

#### **4.4 Special Investigations and Fraud Related Work**

The prevention and detection of fraud and corruption is ultimately the responsibility of management however, the EKAP is aware of its own responsibility in this area and is alert to the risk of fraud and corruption. Consequently, the EKAP structures its work in such a way as to maximise the probability of detecting any instances of fraud. The EKAP will immediately report to the relevant officer any detected fraud or corruption identified during the course of its work; or any areas where such risks exist.

The EKAP is, from time to time, required to carry out special investigations, including suspected fraud and irregularity investigations and other special projects. Whilst some responsive work was carried out during the year at the request of management, there were no fraud investigations conducted by the EKAP on behalf of Folkestone & Hythe District Council in 2019-20.

#### **4.5 Completion of Strategic Audit Plan**

Appendix 2 shows the planned time for reviews undertaken, against actual time taken, follow up reviews and unplanned reviews resulting from any special investigations or management requests. 285.77 audit days were completed for Folkestone & Hythe District Council during 2019-20. Including the 46.38 days carried forward this adjusts to the budgeted 315 days to 361.38, therefore 79.08% plan completion. The 75.58 days behind at the year end, will be carried over to 2020-21. The EKAP was formed in October 2007; it completes a rolling programme of work to cover a defined number of days each year. As at the 31<sup>st</sup> March each year there is undoubtedly some “work in progress” at each of the partner sites; some naturally being slightly ahead and some being slightly behind in any given year. However, the progress in ensuring adequate coverage against the agreed audit plan of work since 2007-08 concludes that EKAP is 75.58 days behind schedule as we commence 2020-21, as shown in the table below.



Year	Plan Days	Plus B/Fwd	Adjusted Requirement from EKAP	Days Delivered	Percentage Completed	Days Carried Forward (Days Planned – Days Delivered)
2008-09	350	0	350.00	353.76	101.07%	+3.76
2009-10	350	-3.76	346.24	345.82	99.88%	-4.18
2010-11	350	-0.42	349.58	358.68	102.36%	+8.68
2011-12	335	-8.26	326.74	333.68	102.12%	-1.32
2012-13	330	-6.94	323.06	277.25	85.82%	-52.75
2013-14	330	45.81	375.81	371.92	98.96%	+41.92
2014-15	330	3.89	333.89	334.93	100.31%	+4.93
2015-16	330	1.04	328.96	324.74	98.72%	-5.26
2016-17	330	-4.22	334.22	317.11	94.82%	-12.89
2017-18	315	-17.11	332.11	267.32	80.49%	-47.68
2018-19	315	-64.79	379.79	333.44	87.80%	+18.44
2019-20	315	-46.35	361.35	285.77	79.08%	-29.23
<b>Total</b>	<b>3980</b>			<b>3904.42</b>	<b>98.10%</b>	<b>-75.58</b>

Appendix 3 shows the planned time for reviews undertaken, against actual time taken, follow up reviews and unplanned reviews resulting from any special investigations for East Kent Housing Ltd. This council contributed 25 days from its original plan in 2011-12 and 20 days since 2012-13 as its share in this four-way arrangement. From 2017-18 an additional 15 days has been contributed to the EKH Plan from each partner taking their total plan to 140 days. The EKH Annual Report in its full format will be presented to the EKH to the EKH Board on 17<sup>th</sup> June 2020.

## 5. Overall assessment of the System of Internal Controls 2019-20

Based on the work of the EKAP on behalf of Folkestone & Hythe District Council during 2019-20, the overall opinion is:

There are no major areas of concern, which would give rise to a qualified audit statement regarding the systems of internal control concerning either the main financial systems or overall systems of corporate governance. The Council can have very good level of assurance in respect of all of its main financial systems and a good level of assurance in respect of the majority of its Governance arrangements.

Whilst a number of reviews have been postponed at management request, there were no reviews attracting a 'Limited or No' assurance opinion given in the year.

## 6. Significant issues arising in 2019-20

From the work undertaken during 2019-20, there were no instances of unsatisfactory responses to key control issues raised in internal audit reports by the end of the year. There are occasions when audit recommendations are not accepted for operational reasons such as a manager's opinion that costs outweigh the risk, but none of these are significant and require reporting or escalation at this time.

The EKAP has been commissioned to perform only one follow up, there were no reviews that remained a Limited Assurance after follow up, however, one recommendation that was originally assessed as high risk, which remained a high priority and outstanding after follow up was escalated to the Audit & Governance Committee during the year (regarding the Equality and Diversity audit).

Reviews previously assessed as providing a Limited Assurance or partial No Assurance that are yet to be followed up are shown in the table below. The progress reports for these will be reported to the Committee at the meeting following completion of the follow up.

<b>Area Under Review</b>	<b>Original Assurance (Date to Committee)</b>	<b>Progress Report Due</b>
Taxis and Private Hire	Reasonable /Limited December 2019	Quarter 2 2020-21
GDPR	Limited December 2019	Quarter 2 2020-21
Waste Management *	Reasonable /Limited Sept 2020	Quarter 4 2020-21
Licensing *	Reasonable Limited September 2020	Quarter 4 2020-21

*NB \* Draft Report being finalised as at 31.03.20*

And for East Kent Housing Contract Management remained at partially Limited assurance after follow up, and three recommendations that were originally assessed as high risk, which remained a high priority and outstanding after follow up were escalated to the Governance and Audit Committee at the year end. Additionally, the Tenant's Health and Safety review resulted in Limited/No Assurance across five key areas. Four of these have been followed up and Fire Safety is awaiting follow up, this currently sits at No assurance. There are three new reviews with partially limited assurance where the follow up is not yet due.

The findings in respect of Contract Management reinforce the concerns in the overall environment of asset management. Several audits have also identified a common theme of the lack of continuity through the use of interim staff which has a potential detrimental impact upon the implementation of agreed audit recommendations. Overall, the impact of the findings within the Tenant's Health and Safety Review have been far reaching. Having self-referred to the Housing Regulator, the four councils have requested that the Internal Audit follow up work continues to be an important source of independent assurance. However, it is slow progress with a need to test the systems control changes to ensure they have become embedded before revising the opinion. And, (particularly the case for Fire Safety) awaiting EKH to inform Internal Audit that they have made sufficient progress for the progress report to be undertaken. Tolerating these critical risks for such a long period of time is unacceptable. We would usually aim to see improvement within 3 months. The original Tenant's H&S audit was reported to Committee in September 2019. The overall Opinion in the 2019-20 Annual Report for EKH is Limited Assurance.

Members of this Committee should be aware of this risk as it impacts upon the risk management and internal control framework of the organisation.

EKH Ltd. is in the process of being wound up, and operational responsibility is transferring back to the four councils. Therefore, the 2020-21 Audit Plan will need to be re-designed and the number of days per partner will transfer back to each council

(35 days). It will be for the s.151 Officer at each council to agree the Internal Audit resources they require on housing areas in future years.

## **7. Overall Conclusion**

The Internal Audit function provided by the EKAP has performed well against its targets for the year. Clearly there have been some adjustments to the original audit plan for the year 2019-20, however, this was largely in response to management request to postpone some planned reviews; as this work has been carried forward, there are no further matters of concern to be raised at this time.

The EKAP assesses the overall system of internal control in operation throughout 2019-20 as providing reasonable assurance. No system of control can provide absolute assurance, nor can Internal Audit give that assurance. This statement is intended to provide reasonable assurance that there is an ongoing process for identifying, evaluating and managing the key risks.

## 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.

**Performance against the Agreed 2019-20  
Folkestone & Hythe District Council Audit Plan**

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual - 31/03/2020</b>	<b>Status and Assurance level</b>
<b>FINANCIAL SYSTEMS</b>				
Bank Reconciliation	10	10	0.00	Deferred
Business Rates	10	0	0.00	Deferred
Council Tax Reduction Scheme	10	10	9.57	Finalised - Substantial
Insurance	10	0	0.00	Deferred
Treasury Management	10	10	10.70	Finalised - Substantial
<b>HOUSING SYSTEMS</b>				
Housing Allocations	10	10	11.22	Finalised - Reasonable
<b>ICT SYSTEMS</b>				
ICT review	10	10	0.00	Deferred
<b>HUMAN RESOURCES SYSTEMS</b>				
Employee Allowances & Expenses	10	10	10.24	Finalised - Substantial
<b>GOVERNANCE RELATED</b>				
Financial Procedures Rules	10	10	10.16	Finalised - Reasonable
Constitution	10	10	10.01	Finalised – Substantial
Counter Fraud Arrangements	2	2	0.51	Finalised - N/A
Oportunitas Governance	10	10	5.13	Draft Report - Reasonable
<b>SERVICE LEVEL</b>				
E-Procurement & Purchase Cards	10	10	0.18	Deferred
Corporate Responsive Repairs	10	10	10.54	Finalised - Reasonable
Dog Enforcement	10	10	10.81	Finalised - Substantial
Engineers	10	10	4.79	Work in Progress
Grounds Maintenance	10	10	0.00	Deferred
Industrial Estates	10	10	8.64	Finalised - Reasonable
Land Charges	10	10	0.47	Deferred
Licensing	10	10	4.70	Draft Report– Reasonable / Limited
Lifeline	10	10	0.14	Deferred
Security of the Civic Centre	8	10	10.43	Finalised - Reasonable
Special Projects 2018/19	10	29	29.69	Finalised – N/A
Sports Income	8	10	10.28	Finalised - Reasonable
Taxi's & Private Hire	10	10	10.32	Finalised – Reasonable/Limited
Folkestone Community Works Grant	8	8	0.08	Deferred
Waste Management	10	10	12.38	Draft Report – Reasonable /Limited
<b>OTHER</b>				
Committee reports & meetings	10	10	21.18	Completed
S151 meetings & support	11	11	11.83	Completed
Corporate advice / CMT	2	3	2.67	Completed
Liaison with External Audit	1	1	0.60	Completed
Audit plan prep & meetings	10	11	15.55	Completed
Follow Up Reviews	15	12	11.72	Completed
<b>FINALISATION OF 2018-19 AUDITS</b>				

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual - 31/03/2020</b>	<b>Status and Assurance level</b>
Days under delivered in 2018/19	46.38			Allocated
Transformation Governance	10	3	3.63	Finalised - Reasonable
GDPR		14	13.59	Finalised - Limited
Creditors		1.38	0.61	Finalised – Substantial / Reasonable
Otterpool Park Governance		10	9.43	Draft Report-Reasonable
Business Continuity		10	0.00	Deferred
<b>RESPONSIVE WORK</b>				
Election Duties	0	6	6.62	Completed – N/A
Climate Change	0	10	7.36	Draft Report – N/A
<b>Total</b>	<b>315</b>	<b>361.38</b>	<b>285.78</b>	<b>79%</b>

**Performance against the Agreed 2019-20  
East Kent Housing Audit Plan**

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual days to 31-03-20</b>	<b>Status and Assurance Level</b>
<b>Planned Work:</b>				
MT/Audit Sub Ctte/EA Liaison	4	13	13.30	Finalised
Follow-up Reviews	4	13	13.90	Finalised
Rent Accounting, Collection & Debt Management.	40	40	40.44	Finalised - Substantial
Rechargeable Works	10	0	0	Postponed
Employee Health, Safety & Welfare	15	15	9.34	Finalised - Limited
Customer Contact	12	0	0	Postponed
East Kent Housing Improvement Plan	10	0	0	Postponed
Estate Management Inspection	15	0	0	Postponed
Anti-Social Behaviour	15	0	0	Postponed
Tenants' Health & Safety Split in to 5 areas - Gas	15	20	21.97	Finalised – Limited
Fire Safety				Finalised – No
Lifts				Finalised – No
Electrical Testing				Finalised – No
Legionella				Finalised – No
<b>Finalisation of 2018-19 Work-in-Progress:</b>				
Days under delivered in 2018-19	0	19.50	0	Allocated Below
Staff Performance Management	0	10	10.34	Finalised - Limited
Welfare Reform	0	0	8.23	Finalised - Reasonable
Repairs & Maintenance split into 3 areas – Budget Control	0	20	40.22	Finalised – Substantial
Voids				Finalised - Reasonable
Repairs & Maintenance				Finalised -Limited
Service Level Agreements	0	0	0.97	Finalised - N/A
<b>Responsive Work:</b>				
Data Integrity	0	5	4.46	Finalised - Reasonable
Planned Maintenance Contracts	0	4	3.70	Finalised - N/A
<b>Total</b>	<b>140</b>	<b>159.50</b>	<b>166.87</b>	<b>104.62%</b>

EKAP Balanced Scorecard – 2019-20

<b><u>INTERNAL PROCESSES PERSPECTIVE:</u></b>	<b><u>2019-20 Actual</u></b>	<b><u>Target</u></b>	<b><u>FINANCIAL PERSPECTIVE:</u></b>	<b><u>2019-20 Actual</u></b>	<b><u>Original Budget</u></b>
	<b>Quarter 4</b>		<b>Reported Annually</b>		
<b>Chargeable as % of available days</b>	<b>86%</b>	<b>80%</b>	<ul style="list-style-type: none"> <li><b>Cost per Audit Day</b></li> </ul>	<b>£324.66</b>	<b>£332.50</b>
<b>Chargeable days as % of planned days</b>			<ul style="list-style-type: none"> <li><b>Direct Costs</b></li> </ul>	<b>£419,910</b>	<b>£428,375</b>
<b>CCC</b>	<b>95%</b>	<b>100%</b>	<ul style="list-style-type: none"> <li><b>+ Indirect Costs (Recharges from Host)</b></li> </ul>	<b>£10,530</b>	<b>£10,530</b>
<b>DDC</b>	<b>91%</b>	<b>100%</b>	<ul style="list-style-type: none"> <li><b>- 'Unplanned Income'</b></li> </ul>	<b>-£1,886</b>	<b>Zero</b>
<b>F&amp;HDC</b>	<b>79%</b>	<b>100%</b>	<ul style="list-style-type: none"> <li><b>= Net EKAP cost (all Partners)</b></li> </ul>	<b>£428,554</b>	<b>£438,905</b>
<b>TDC</b>	<b>89%</b>	<b>100%</b>			
<b>EKS</b>	<b>69%</b>	<b>100%</b>			
<b>EKH</b>	<b>105%</b>	<b>100%</b>			
<b>Overall</b>	<b>87%</b>	<b>100%</b>			
<b>Follow up/ Progress Reviews;</b>					
<ul style="list-style-type: none"> <li><b>Issued</b></li> </ul>	<b>28</b>	<b>-</b>			
<ul style="list-style-type: none"> <li><b>Not yet due</b></li> </ul>	<b>12</b>	<b>-</b>			
<ul style="list-style-type: none"> <li><b>Now due for Follow Up</b></li> </ul>	<b>37</b>	<b>-</b>			
<b>Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)</b>	<b>Partial</b>	<b>Full</b>		<b>(£10,351 reduction due to resource changes - credit rolled over to 2020-21)</b>	



<b><u>CUSTOMER PERSPECTIVE:</u></b>	<b><u>2019-20 Actual</u></b>	<b><u>Target</u></b>	<b><u>INNOVATION &amp; LEARNING PERSPECTIVE:</u></b>	<b><u>2019-20 Actual</u></b>	<b><u>Target</u></b>
	<b>Quarter 4</b>		<b>Quarter 4</b>		
<b>Number of Satisfaction Questionnaires Issued;</b>	<b>56</b>		<b>Percentage of staff qualified to relevant technician level</b>	<b>74%</b>	<b>75%</b>
<b>Number of completed questionnaires received back;</b>	<b>19</b>		<b>Percentage of staff holding a relevant higher level qualification</b>	<b>38%</b>	<b>38%</b>
	<b>= 33%</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>4.1</b>	<b>3.5</b>
• Interviews were conducted in a professional manner	<b>100%</b>	<b>100%</b>	<b>Percentage of staff meeting formal CPD requirements (post qualification)</b>	<b>38%</b>	<b>38%</b>
• The audit report was 'Good' or better	<b>100%</b>	<b>90%</b>			
• That the audit was worthwhile.	<b>100%</b>	<b>100%</b>			