

This Report will be made public on 22 July 2020



Report Number **AuG/20/01**

To: Audit and Governance Committee
Date: 30 July 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 May 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/20/01.**
- 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 May 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 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: one was providing substantial assurance, one reasonable assurance, one was split assurance substantial to limited and one was limited. Summaries of the report findings are detailed within Annex 1 to this report.

- 3.2 In addition, four 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 May 2020 48.99 chargeable days were delivered against the planned target of 344.23 days, (including 29.23 days carried over from 2019/20 which equates to achievement of 14% of the planned number of days.

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 May 2020.

2. SUMMARY OF REPORTS

Service / Topic		Assurance level	No of recs	
2.1	East Kent Housing - Rent Collection	Substantial	C H M L	0 0 2 0
2.2	Housing Allocations	Reasonable	C H M L	0 1 4 3
2.3	Est Kent Housing - Repairs, Maintenance & Voids Property Management	Substantial / Reasonable / Limited	C H M L	0 6 2 2
2.4	East Kent Housing - Employee Health & Safety	Limited	C H M L	0 3 6 2

2.1 East Kent Housing – Rent Collection - Substantial Assurance

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the rent accounting, collection and recovery functions are carried out efficiently and effectively.

2.1.2 Summary of Findings

East Kent Housing collects rent on behalf of the four East Kent authorities and is also responsible for the collection of current and former tenant arrears. The figures below highlight the values for these key areas at 31 March 2019:

- The total current residential arrears for all four authorities at 31 March 2019 was £2,445,864 (3.51% of the annual debit) compared to £745,221 in 2016/17 (1.03% of the annual debit). This rise is due to the impact of tenants transitioning to Universal Credit (UC);
- The total former tenant arrears for all four authorities at 31 March 2019 was £1,104,404, and;
- A total of 30 evictions took place due to rent arrears at 31 March 2019.

The Income team is centrally based at Garrity House, Aylesham. Rent accounts for all four authorities are held in the Northgate Single System and apart from rent refunds and some cash posting routines, processes are harmonised on behalf of the four councils.

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

- Clear and up to date rent management policies are in place and available to all staff;
- Review of 41 tenant accounts across the four local authorities, with both rent arrears and court costs attached, were 100% satisfactory in terms of monitoring and managing recovery of both rent arrears and courts costs;
- Court costs and tenant issues were suitably recorded in 100% of the 41 accounts reviewed;
- Rent refunds are only paid once all checks confirm there are no outstanding arrears on any other accounts e.g. council tax, HB, former tenancies;
- A variety of payment methods are available to tenants and tenants should soon be able to view their accounts online;
- Performance information is provided to the four authorities to the level, detail and timescales required.

Scope for improvement was however identified in the following areas:

- Attempts should be made to bring Canterbury district cash posting processes in line with the three other local authorities.
- There is potential to streamline and harmonise the rent refund process; issuing rent refunds electronically/directly from the Northgate system could be explored.
- Historically, statements were issued quarterly however this has stopped since the Single System was recently introduced. The Income team are currently awaiting an upgrade to the Single System which will allow tenants to view their accounts and latest balances online. Statements should still be issued to those without online access, both currently and in the future.

2.2 Housing Allocations - Reasonable Assurance

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the allocation of Council housing to applicants is fair, prompt and equitable and complies with all relevant Council housing policies and legislative requirements.

2.2.2 Summary of Findings

Part 6 of the Housing Act 1996 regulates the allocation of social rented housing by local authorities. Part 6 was amended by the Homelessness Act 2002 and, with effect from 18 June 2012, by the Localism Act 2011.

The Localism Act afforded new freedoms that gives the Council greater power to decide which categories of person they will allocate social housing to in the district. More recent guidance however, continues to set out which applicants should receive priority for social housing known as reasonable preference categories.

The Council utilises a choice based lettings scheme through Kent Home Choice in partnership with the other eleven Local Authorities in Kent and Medway Council together with twenty four Housing Association Partner (Allocation Policy 2017, ref 2). This has helped to ensure that the allocations process for affordable homes in the district is much more transparent and open for households seeking accommodation.

There are currently approximately 1,285 households registered on the Folkestone & Hythe housing list; and for the period 1 April 2019 to 31 December 2019 184 lettings were made to social housing in the district.

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

- The Council has an approved Housing Allocations Policy which is written in accordance with legislation and Government guidance.
- Housing applications are submitted online and assessed for eligibility in accordance with the policy; however changes need to be made to the ID verification process to improve the prevention and detection of fraudulent applications.
- Advertisements are accessible and up to date and allocations are made in accordance with the policy
- There is a full management trail of allocation decisions made; although nominations sign off for sensitive and direct lets are not always documented at present.

Scope for improvement was however identified in the following areas:

- Original ID documents are not being verified and checked to ensure fake or doctored documents are not accepted increasing the risk of fraudulent applications.

- Developing the appeals process for choice based letting application assessment/ banding, so that the number and outcome of appeals can be monitored, may be useful for demonstrating accurate assessment or highlighting any improvements.
- Document retention periods for personal and sensitive personal data and supporting documentation held should be determined and implemented in line with the requirements under GDPR and Data Protection legislation.

2.3 East Kent Housing – Repairs, Maintenance & Void Management – Substantial / Reasonable / Limited

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Councils' housing stock is well maintained, proving a good level of service to Council tenants (which demonstrates value for money and tenant participation), in partnership with the Councils' contractors and in accordance with Council policy and procedures.

2.3.2 Summary of Findings

East Kent Housing (EKH) is responsible for managing the repairs and maintenance of the Housing stock for Canterbury, Dover, Folkestone and Hythe and Thanet councils. This also includes the voids processes and expenditure when properties have been vacated and they are returned to the councils so that they can be prepared for the next tenants to move into. This audit and the subsequent conclusions have been carried out based on the information provided by East Kent Housing and Mears, who are the contractor for day to day repairs. It should also be noted that during the course of this audit the day to day working practices have been revised and the use of a new application on the officer's mobile phones has enhanced the processes that are in place.

Management can place the following assurances on the system of internal controls in operation.

- Budget Monitoring - Substantial Assurance;
- Repairs and Maintenance - Limited Assurance - there is evidence of non-compliance with some key controls not operating as intended resulting in a risk to the achievement of the system objectives, in particular supporting data for post inspection of works by EKH, and analysis of tenant satisfaction surveys; and
- Voids - Reasonable Assurance

The positive findings giving rise to the above assurance opinions are as follows:

Budget Monitoring

- Extensive budget monitoring is carried out to monitor over 100 budgets for repairs and voids across the four authorities. This includes meetings being held with Client Officers and Senior Management within EKH.

Repairs

- There are established processes that are well advertised, in place for tenants to report day to day issues that require attention.
- Contracts are in place with Mears for day to day repairs. (Although it should be noted that Canterbury City Council did not sign the 2015 extension to the contract).
- Mears are providing monthly information on the number of post inspections for Canterbury, Dover and Folkestone and Hythe (Thanet have decided that they no longer require this information) that have been carried out along with the number of failures as part of the performance information that they provide. However, it should be noted that they are not always meeting their monthly 10% target for post inspections.
- Regular meetings are held with the contractor but there are no formal minutes from these meetings to support actions that are agreed and put in place along with the subsequent outcomes from these actions.

Voids

- The day to day responsibilities for voids is being reasonably managed by the inspectors and extensive ongoing budget monitoring is in place.
- Concerns have been raised over the costs of the void works being carried out by Canterbury City Council, however when reviewing the expenditure for 2018/19 there is an underspend of approximately £103,000. However, it should be noted that with an aging housing stock when properties are returned then the major work requirements are likely to continue to increase so that legislation is complied with.

Scope for improvement was identified in the following areas:

Repairs

For each month, as part of the contract monitoring procedures, the Maintenance Inspectors should be completing post inspections on 10% of the completed jobs that have been raised by the contractor. As part of the improvement plan (for 2019/20) monthly post inspection figures are being reported for each authority. In order to validate these figures and select a sample for audit testing several requests have been made for the supporting background data. However, to date the only information that has been provided is in respect of Thanet inspections. Therefore, the Auditor has been unable to carry out any testing and is unable to form an assurance opinion regarding whether the inspections and the payments to the contractor are correct and are in accordance with the contracts that are in place. This concern over post inspections has also been raised as part of previous internal audits in this area.

2.4 East Kent Housing – Employee Health & Safety – Limited Assurance

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the policies and procedures established to protect staff in relation to various health and safety

issues, such as fire safety, lone working and home working, whilst also taking into account the legislative requirements placed upon the Council as their employer.

2.4.2 Summary of Findings

Employers must protect the 'health, safety and welfare' at work of all their employees, as well as others on their premises, including temps, casual workers, the self-employed, clients, visitors and the general public. However, these duties are qualified with the words 'so far as is reasonably practicable'. For the purposes of this review the focus has been on employees.

EKHR are the safety advisors for East Kent Housing (EKH). Each of the four authorities (that EKH manage the Council stock for) has its own employee health and safety process, and as East Kent Housing Ltd are a separate legal entity, they must establish their own processes and procedures. There is an up to date Health and Safety Policy and associated procedures in place which have been made available to staff via the intranet.

It should be noted that during the review there was a changeover in computer software and systems as well as changes to the board/management which may affect the current assigned responsibilities within the policy which may need to be reviewed and updated as a matter of urgency.

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

- The statement of intent needs to be revised to ensure it reflects the updated policy;
- Staff training needs to be more robustly managed and monitored;
- Overall, a more robust record keeping and monitoring process is required.
- Evidence of the meetings and actions from the Health and Safety Committee meetings need to be made available;
- Ensure the First Aider and Fire Warden information is and remains current.
- Evidence of the Annual Report being made for 2018 and 2019 could not be sourced, this could result in the non-implementation of the annual plan agreed by the board.

Effective control was however evidenced in the following areas:

- There is an up to date policy in place;
- Procedures are in place and available for staff to access via the intranet but do require a review and update to ensure they remain compliant with legislation and best practice;
- Adequate training courses have been identified and highlighted within the webpages;
- There are reporting lines/methods in place, however record keeping was found to be inconsistent.
- Risk and COSHH assessments are being carried out and are up to date.

It should be noted that this Audit was carried out when the future of East Kent Housing was uncertain. It has now been established that the four authorities will be bringing the management of their housing stock back in house later this year. This has had an impact on the audit reporting process and as such the Action Plan has neglected to be completed by management of East Kent Housing. The only way to progress this audit was to report the findings and recommendations to each authorities s151 Officer and Client-Side Officer for their perusal, consideration and files. This was done on 16 March 2020.

In accordance with standard audit procedures, a short follow-up review should be undertaken later in the year to provide management with assurance that the recommendations contained within the report had been implemented. However, as East Kent Housing will no longer be in operation and therefore no management actions to follow-up on, it is recommended that the report be distributed to the Health and Safety Advisors of the four councils for their consideration when bringing staff back into their respective authorities.

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
Industrial Estates	Reasonable	Substantial	C 0 H 0 M 0 L 2	C 0 H 0 M 0 L 0
Safeguarding	Reasonable	Reasonable	C 0 H 4 M 3 L 2	C 0 H 2 M 0 L 0
Civic Centre Security	Reasonable	Reasonable	C 0 H 2 M 5 L 3	C 0 H 1 M 1 L 0
East Kent Housing – Tenant Health & Safety (Lifts)	No	No	C 2 H 1 M 0 L 0	C 2 H 1 M 0 L 0

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

The purpose of escalating 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.

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 (Lifts):

The main issue that needed to be addressed was around the rectification of faults identified on Lift Examinations and the management of the lift maintenance contractor to ensure that lifts are well maintained and examinations are not halted due to safety or access issues.

Of the 3 recommendations that were originally agreed, all three recommendations are considered to be only partially implemented as a result of the progress recently being made since the appointment of a Lift Compliance Manager.

One additional recommendation categorised as Critical has been made (see below) as a result of a weakness identified during testing at the time of follow up.

The appointment in November 2019 of a dedicated Compliance Manager with responsibility for lifts has resulted in improvements in procedures around the actioning of faults identified on lift examination reports. Similarly, improvements are becoming evident around the monitoring of the contractors for the maintenance of lifts. While the new procedures are showing improvements, they are not yet considered embedded. Similarly, there remains a large amount of faults still outstanding on lifts which is likely to take a number of months yet to get to the point where all outstanding faults have been addressed.

At the time of the audit, 3 lifts which are still being used, did not have a current LOLER examination in place, and therefore should not be in service. (These lifts are not within the Folkestone & Hythe district).

NEW RECOMMENDATION - Immediate action should be taken by the EKH Chief Executive to recede the instruction to Zurich to keep lifts in service where faults are being identified at examination which should require the lift to be taken out of service until the work has been completed.

At the time of the initial audit we concluded that Management could have No Assurance in this area.

Following completion of this follow-up review, we recognise the significant improvements which have been made since the appointment of the Lift Compliance Manager, however, our opinion has been kept at No Assurance for the following reasons:

- 3 lifts in use at the time of the do not have a current LOLER certificate.
- 1 lift was kept in service for nearly 12 months with faults identified on the lift which meant that it should have been taken out of service.
(These lifts are not within the Folkestone & Hythe district).

(Update – July 2020 – The Director of Corporate Services has advised that a written directive was issued to Zurich to adhere to the legal requirements to take lifts out of service should they (Zurich) deem it required following the initial recommendations from EKAP. It is also advised that since the audit several lifts with identified defects have been decommissioned).

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: Otterpool Park Governance; Waste management; Licensing, Engineers, Dog Enforcement, Oportunitas Governance, EKH Performance Management;

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 4th 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 has been commissioned or undertaken throughout April and May, leading to a total of 247 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, with few days allocated up

to the end of May. It is therefore intended to work with the s.151 Officers to agree a revised plan based on 9 month's work not 12 which will be presented at the September meeting. The second reason for delaying setting out the revised plan is to accommodate the new Housing audits which will commence after 1st October once the former EKH Ltd responsibilities have transferred back to the four councils. Except for follow up, no new EKH Ltd audits will commence before the end of September.

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 May 2020, 46.27 chargeable days were delivered against the planned target of 344.23 days, (including 29.23 days that were carried over from the previous year) which equates to achievement of 13% of the original planned number of days.
- 7.2 The financial performance of the EKAP for 2020/21 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 May 2020 against the agreed 2020/21 Audit plan.
- Appendix 4 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.
Safeguarding		
A monitoring regime should be set up to ensure contracts assessed as a Level 1 and Level 2 type requiring a clause for safeguarding and training be checked	<p>Procurement to address</p> <p>Proposed Completion Date Dec 2018</p> <p>Responsibility Head of HR</p>	<p>The situation will be clarified with Procurement and amended where required.</p> <p>(Update position July 2020 - The Procurement Team do assess procurements for safeguarding requirements. This will be for the procurement projects that the team are asked to assist with.</p> <p>The majority of procurements do not have safeguarding requirements (e.g. goods, consultancy services). It is normally clear from the services contracted when safeguarding is required. Where this is required a safeguarding requirement will be included in the contract specification (i.e. DBS checks) and a ‘safeguarding’ clause included within the final contract. We have pro forma contracts with safeguarding clauses available).</p> <p>Outstanding at time of follow up – now completed.</p>
Consideration be given and discussion had with Legal Services/ SIRO for the scanning and storing of any notes taken by staff at the time of initial contact made with the groups identified under the safeguarding policy	<p>GDPR training on safeguarding needed</p> <p>Proposed Completion Date Dec 2018</p> <p>Responsibility Legal / ICT</p>	<p>Whilst ICT have provided training more work is needed on this.</p> <p>Partially 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.
Civic Centre Security		
The Assistant Director - Governance, Law & Regulatory Services should ensure that the ‘Customers of Concern Procedures’ are immediately reviewed, in consultation with the sections on which it is likely impact, to ensure they remain fit for purpose and are manageable. The necessary controls must then be implemented and records maintained to ensure that they remain current, accurate and cases are regularly reviewed.	The Assistant Director - Governance, Law & Regulatory Services will review the current process being followed and will make the required changes. Proposed Completion Date 31 st December 2019 Responsibility Assistant Director - Governance, Law & Regulatory Services	Due to other priorities no action has been taken to date. The Assistant Director – Governance, Law & Regulatory Services proposed to complete the review of the Customers of Concern Policy and implementation by 31 st March 2020. Outstanding with intention to fully action.
East Kent Housing – Tenant Health & Safety (Lifts)		
1. Senior Management should ensure that the 2 most recent LOLER reports for all passenger carrying lifts across all 4 areas are reviewed and that outstanding defects listed on reports are rectified as soon as possible.	All LOLER reports have been checked and any outstanding repairs have been ordered where appropriate. There were no category A repairs on the LOLER reports. Proposed Completion Date Completed immediately Responsibility Interim Operations Manager (Repairs & Compliance)	Since the appointment of a new Lifts Compliance Manager in November 2019, significant improvements are evident. However, testing identified that prior to that appointment, very little action had been taken to implement the recommendations. At the time of the audit, 3 lifts were being used without having a LOLER examination within the last 6 months and therefore should not be in service. From the 19 lifts which had faults recorded in the early 2019 examinations, only two lifts had those faults rectified before the late 2019 examination. The remainder had not had those faults rectified in the six

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.
		<p>months leading up to the late 2019 examination. 13 lifts have had work started or completed to rectify the faults since November.</p> <p>Testing of Invicta House Left Hand lift identified that the examination 09/04/19 reported two defects (Box 8A) which require corrective action to be taken before further use of the lift. The exam certificate of 10/10/19 still reported one fault in Box 8A. Despite this, the lift had been kept in service since April 19. Lift maintenance engineers attended 11/10/19 but were unable to complete the work. No further work was undertaken until mid March 20 where the fault was rectified. This lift was left kept in service between April 2019 & March 20 when the exam certificate explicitly stated it should not be in service until the work was completed.</p> <p>Discussions with the Compliance Manager also established that in the case of Stanner Court and Invicta House, the examiner would normally take the lift out of service as the faults identified during the examination should be rectified before further use of the lift. However it is alleged that Zurich or their examiners have been given an instruction to not take lifts out of service even where the faults identified during the examination require corrective action before further use. It has not been</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.
		possible to establish who gave the instruction to Zurich for this, however that instruction should be withdrawn with immediate effect for all lifts which EKH are responsible for. Further recommendation made, follow-up findings assurance considered to be No Assurance until this instruction has been rescinded. (The lifts in question are not within the Folkestone & Hythe district). Partially implemented
2. Management should implement more robust procedures for ensuring that defects identified on LOLER examination reports are rectified as soon as possible and always before the next examination.	Procedures are now in place to ensure that reports are run on a regular basis and that the Zurich lift examinations take place. Proposed Completion Date Completed immediately Responsibility Interim Operations Manager (Repairs & Compliance)	Testing identified that more robust procedures to address this risk have only recently been put in place, and are not yet considered embedded and therefore only ‘partially implemented’ until they become reliable. Implemented – time needed to embed before the control can be assessed as ‘consistent and effective’.
1. EKH should ensure that robust contract management procedures are implemented to monitor the lift servicing contract.	All EKH staff have had external training in contract management, and a new lift engineer (competent person) is due to start in post on 29 July 2019. A procedure manual is in place for contract management, and this will be covered during his induction period. Proposed Completion Date 31 August 2019	Numerous faults are being identified during lift examinations, some of which are likely to be as a result of poor management of the lift maintenance contractors. Partially Implemented

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.
	Responsibility Interim Operations Manager (Repairs & Compliance)	

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	A pilot anti-fraud scheme is being undertaken in conjunction with Ashford BC.
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 2020/21

Review	Original Planned Days	Revised Planned Days	Actual To 30/05/2020	Status and Assurance level
FINANCIAL SYSTEMS				
Bank Reconciliation	10	10	0	Quarter 3
Business Rates	10	10	0	Quarter 2
Customer Services	10	10	0	Quarter 4
Debtors	10	10	0	Quarter 3
Insurance	10	10	0	Quarter 1
Housing Benefits Quality	10	10	0	Quarter 2
HOUSING SYSTEMS				
Homelessness	15	15	0	Quarter 1
ICT SYSTEMS				
ICT review	10	10	0	Quarter 4
HUMAN RESOURCES SYSTEMS				
Payroll	10	10	0	Quarter 3
GOVERNANCE RELATED				
Members Code of Conduct & Standards	10	10	0.09	Work in progress
Whistleblowing & Anti Money Laundering	9	9	2.62	Work in progress
Fraud Resilience	10	10	0	Quarter 4
Performance Management	10	10	0.39	Work in progress
SERVICE LEVEL				
Contract Monitoring	10	10	0	Quarter 3
Contract Standing Orders	10	10	0	Quarter 2
Community Safety Partnership	10	10	0	Quarter 3
Emergency Planning & Business Continuity	10	10	0	Quarter 2
E-Procurement & Purchase Cards	10	10	0	Quarter 4
Folkestone Community Works Grant	10	10	0	Quarter 1
Garden Waste Recycling	10	10	0	Quarter 2
Grounds Maintenance	10	10	0	Quarter 4
Land Charges	10	10	0	Quarter 3
Lifeline	10	10	0	Quarter 3
Planning S106s & CIL	10	10	0	Quarter 4
Special Projects 2019/20	10	10	0	Quarter 1
OTHER				
Committee reports & meetings	10	10	1.14	Ongoing
S151 meetings & support	12	12	0.37	Ongoing

Review	Original Planned Days	Revised Planned Days	Actual To 30/05/2020	Status and Assurance level
Corporate advice / CMT	3	3	0.14	Ongoing
Liaison with External Audit	1	1	0	Ongoing
Audit plan prep & meetings	10	10	2.16	Ongoing
Follow Up Reviews	15	15	2.18	Ongoing
FINALISATION OF 2019-20 AUDITS				
Days under delivered in 19/20		29.23	0	Allocated Below
Dog Enforcement	10	0	0	Draft report
Engineers		0	0	Work in progress
Licensing		0	6.76	Draft report
Oportunitas Governance		0	4.91	Draft report
Otterpool Park Governance		0	0	Draft report
Waste Management		0	0	Draft report
Climate Change		0	2.01	Completed
Creditors Duplicate Testing		0	1.00	Completed
RESPONSIVE WORK				
COVID 19 Assistance	0	0	25.22	As Required
Total	315	344.23	48.99	14.23% at 30/05/2020

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual To 31/05/2020	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Ctte/EA Liaison	4	4	1.03	Work-in-progress throughout 2020-21
Follow-up Reviews	4	4	0.74	Work-in-progress throughout 2020-21
Finalisation of 2019/20 Work-in-Progress:				
Days under delivered in 2019/20		-26.87	0	Allocated
Repairs & Maintenance	0	0	0.05	Finalised - various
Employee Health & Safety	0	0	0.54	Finalised - Limited
Total	140	113.13	2.36	2% as at 31/05/2020

Appendix 4

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.