

This Report will be made public on 30 November 2021



Report Number **AuG/21/16**

To: Audit and Governance Committee
Date: 8 December 2021
Status: Non-Executive Decision
Corporate Director: Charlotte Spendley – Director – Corporate Services (S151)

SUBJECT: QUARTERLTY INTERNAL AUDIT UPDATE REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP

SUMMARY: This report includes the summary of the work of the East Kent Audit Partnership (EKAP) since the last Audit and Governance Committee meeting together with details of the performance of the EKAP to the 30th September 2021.

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/21/16.**
- 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 meeting.

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 no reviews with such a level of assurance as shown in appendix 2 of the EKAP report.
- 2.5 The purpose of the Council's Audit and Governance Committee is to provide independent assurance of the adequacy of the risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and to seek assurance that action is being taken to mitigate those risks identified.
- 2.6 To assist the Committee in meeting its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.

3. SUMMARY OF WORK

- 3.1. There have been six audit reports completed during the period. These have been allocated assurance levels as follows: two was providing substantial, three were reasonable and one was not applicable. Summaries of the report findings are detailed within Annex 1 to this report.
- 3.2 In addition, two follow up reviews have been completed during the period. The follow up reviews are detailed within section 3 of the update report.

3.3 For the period to 30th September 2021 172 chargeable days were delivered against the planned target of 350 days, which equates to achievement of 49% 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 (s.151). The internal audit service helps provide assurance as to the adequacy of the arrangements in place. It is important that the recommendations accepted by Heads of Service are implemented and that audit follow-up to report on progress.

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

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

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

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

6. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

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

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

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 – Quarterly Update Report from the Head of the East Kent Audit Partnership.

INTERNAL AUDIT UPDATE REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP

1. INTRODUCTION AND BACKGROUND

1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Audit and Governance Committee meeting, together with details of the performance of the EKAP to the 30th September 2021.

2. SUMMARY OF REPORTS

Service / Topic		Assurance level	No of recs	
2.1	Housing Benefit Discretionary Housing Payments	Substantial	C H M L	0 0 0 0
2.2	Housing Benefit Overpayments	Substantial	C H M L	0 0 0 0
2.3	Safeguarding	Reasonable	C H M L	0 1 0 0
2.4	Councillors Grants	Reasonable	C H M L	0 2 2 0
2.5	Housing Garage Management	Reasonable	C H M L	0 3 7 1
2.6	Princes Parade Project Arrangements	Not applicable	C H M L	N/A

2.1 Housing Benefits Discretionary Housing Payments – Substantial Assurance

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to provide additional financial assistance to claimants who are already receiving Housing Benefit, and who are experiencing particular financial hardship with regard to paying the shortfall of housing rent by the evaluation of, and then approval or rejection of applications.

2.1.2 Summary of Findings

Discretionary Housing Payments (DHPs) are an emergency fund to be used to alleviate hardship to allow Housing Benefit claimants time to find alternative solutions to their shortfall in income. Whilst the majority of DHP awards will provide short term support recent welfare reform changes mean that there are some exceptional cases where DHP will be required in the longer term. The main features of the scheme are:

- The scheme is purely discretionary and a claimant does not have a statutory right to a payment.
- Every year the Government allocate an amount that can be paid out by each local authority in any financial year. Folkestone & Hythe District Council is able to pay additional money but this must be funded from its own finances. Folkestone & Hythe District Council will endeavour to ensure this amount will not exceed the budget that has been agreed by the Council.

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

- Established processes are in place for processing discretionary housing payments and any subsequent appeals within a reasonable timeframe.
- Budget monitoring routines are in place to ensure discretionary housing payments are accounted for correctly.
- The supporting Discretionary Housing Payment policy is reviewed on a regular basis to ensure that it complies with legislation and is readily available on the website.

2.2 Housing Benefits Overpayments – Substantial Assurance

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the controls established to ensure that the procedures in place are effective and efficient at keeping the number of overpayments to a minimum by making the necessary changes to benefits paid as soon as known and that all avenues of recovery are pursued to obtain any benefit overpaid.

2.2.2 Summary of Findings

Housing benefit overpayments are created when a change affecting housing benefit entitlement is not reported or actioned at the time of the change. The majority of overpayments are classified as claimant error and some as local authority error.

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

- Established processes are in place for calculating, processing and recovering housing benefit overpayments.
- Policies, procedures and guidance are well documented and available to staff.
- Housing benefit overpayments are managed in accordance with regulations.
- The automated interaction between the housing benefit system and e-financials / debtors is working effectively.
- Write offs are actioned and authorised in accordance with the write off policy.

2.3 Safeguarding – Reasonable Assurance

2.3.1 Audit Scope

To review the approved Safeguarding policy to ensure that it fulfils the Council's responsibility to comply with legal requirements concerning children and vulnerable adults. Regarding children these are to make arrangements to safeguard and promote the welfare of children under section 11 of the Children Act 2004. This guidance came into force on 1 October 2005 and sets out what is expected of district councils.

2.3.2 Summary of Findings

Under section 11 of the Children Act 2004, local authorities together with partner organisations and agencies, have specific duties to safeguard and promote the welfare of all children in their area. Similar obligations apply to vulnerable adults under part 1 of the Care Act 2014. The Council has an overarching policy which covers the safeguarding of children, young people and vulnerable adults. This, and its associated procedures, are designed to comply with relevant legislation.

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

- The Council has an overarching safeguarding policy which is reviewed every two years.
- The policy accords with relevant legislation, which includes a statement on the Council's commitment to safeguarding as well as highlighting roles and responsibilities.
- Various safeguarding information is available on the staff intranet, including who to contact about a concern.
- Job posts are categorised according to the level of likely contact with children/vulnerable people and each is assigned the appropriate DBS level requirement.
- DBS checks are obtained and recorded centrally by HR and expiry dates are regularly monitored; staff are reminded to renew their DBS certifications.
- Working with multi-agencies as well as internal departments is fully integrated into the day-to-day roles of staff with safeguarding responsibilities.

Scope for improvement was however identified in the following area:

- Staff should be reminded to complete the online child safeguarding course as only 32% of staff are currently certified. This should also be recorded and monitored since child safeguarding is the responsibility of all (as per 5.3, 5.4 and 5.6 of the Council's safeguarding policy).

2.4 Councillors Grants – Reasonable Assurance

2.4.1 Audit Scope

To review the procedures in place to effectively administer the Ward Budgets (Councillors Grants) process and ensure that this is in compliance with approved policy.

2.4.2 Summary

Each Councillor has a ward budget for issuing grants to the community. There are 30 Councillors each with a budget of £3,000. The grants awarded to the community projects must meet a number of conditions which are set out in the grant application form and supporting guidance. Up to 200 grants are awarded annually.

In 2020/21 Councillor grant allocation was:

- Budget £90,000
- Expenditure £89,974

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

- The Councillor grant scheme is set out in the terms and conditions of grant and funding is promoted using a variety of methods.
- All grant application forms reviewed for this audit were completed correctly.
- Applicants are notified of award of grant funding.
- Budgets are monitored and grant expenditure and availability is publicly available within each Councillors' webpage.

Scope for improvement was however identified in the following areas:

- A well-designed end-to-end online process is needed for efficient use of time, customer satisfaction and to enable evaluation/monitoring of project completion/progress.
- The terms and conditions should be reviewed to ensure they are fit for purpose and feasibly enforceable.
- Where invoices are accepted as indicative of future costs, this should be recorded.
- Councillors may benefit from some guidance to assist in the approval of complex projects or those which exceed one year to deliver (see again review of terms and conditions).

2.5 Housing Garage Management – Reasonable

2.5.1 Audit Scope

To provide assurance on the processes and procedures that are in place to effectively manage the Council's stock of garages and ensure that they are kept in a good state of repair and the rental payments are properly received and accounted for.

2.5.2 Summary of Findings

The Council has a stock of garages that can be rented out to both Council tenants and the public. If all of the garages were let this would bring in an income of approximately £500,000 a year to the Council. However currently 45% of the garages are currently void (empty) due to not being fit for purpose.

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

- A considerable amount of work has been carried out on the garages since responsibility has come back in house from East Kent Housing. This includes ensuring signed tenancy agreements are in place, garage keys are accounted for with a sign in sign out process put in place, a data cleansing exercise on the waiting list for garages (The waiting list now stands at 600) and utilising Neighbourhood Officers (within the Housing Team) as they have also been carrying out visual inspections on the garages including taking pictures.
- A consistent application process is carried out and now that staff are back in the offices and can access the garage keys the team responsible for the garages are now able to release 71 garages out for rent. Supporting procedure notes are in place to assist officers in processing both applications and returns.
- A project is about to commence to ensure that the garage housing stock is improved, maintained, and kept to a standard expected by tenants and relevant legislation. A consultant has undertaken a survey of all garage sites. Using their survey and information regarding occupancy and potential development the aim is to generate a programme of garage refurbishment.
- Insurance cover is in place for the garages.

Scope for improvement was however identified in the following areas:

- Consideration should be given to putting in place a strategy in respect of garages to support the current processes for garage management (i.e. insurance, repairs) and the garage licence agreement.
- Some garages (approximately 60) are being used as storage facilities for evicted tenant's possessions and some have been used in this way for up to 10 years. A different approach could make these available for letting again.
- A reconciliation between the Surveyor's database and the garage rent system would ensure all of the garages are accounted for correctly and the agreed number of garages should be reported to the Insurance Officer to support the Council's insurance policy.
- Processes should be put in place to ensure that when a right to buy has been completed that where the former council tenant rents a garage that the weekly rental figure is revised to reflect them no longer being a council tenant.

2.5 Princes Parade Project Arrangements – an assurance opinion is Not Applicable

2.5.1 Audit Scope

To review the arrangements in place to deliver the Princes Parade project and to make recommendations to ensure that there is appropriate governance and sufficient expertise in place to deliver the project successfully.

2.5.2 Summary of Findings

The Council identified one of its key priorities as replacing the Swimming Pool situated in South Road Hythe. The operational asset of the pool is rapidly reaching its 'end of useful life' and consequently the repairs required to keep it functioning and open to the public are becoming excessive.

The Princes Parade project first began in 2012 and over time has progressed through feasibility studies and project developments to currently having received planning permission for the new development on Princes Parade; which includes a new pool complex and new housing units, together with new play areas and enhanced public open space.

A business plan and masterplan have been produced and the project is starting to move forward towards a construction phase next year.

The Corporate Leadership Team requested a review to look at the project management controls and arrangements and to evaluate that the governance arrangements in place are sufficiently robust to ensure successful delivery.

The direction of travel for the management of the system of internal controls in operation is appropriate, this is with the caveat that the introduced governance controls need to become embedded and established.

The primary findings arising from this review are as follows:

- The Council acting in the capacity as the developer, has been progressing through the various planning requirements to seek planning approval for the scheme.
- The Council has employed a number of external experienced consultants to work on the development of the project.
- The Council has set up a Project Board to oversee the project after having received delegated permission from Cabinet.
- The Project Board is responsible for project management controls designed to deliver the scheme on time and to budget.
- A draft protocol separating the roles of officers and members working on either the Local Planning Authority or the developer side of the project is agreed.
- Governance processes are in place and have been recently strengthened.
- Regular updates are provided to the Leader and relevant portfolio holders.

No recommendations have been made within this report as the areas for improvement have been identified and are in the process of being embedded. In accordance with standard audit procedures, a short follow-up review will be undertaken later in the year to provide independent assurance that the controls have become embedded and are working effectively.

FOLLOW UP OF AUDIT REPORT ACTION PLANS

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS

3.1 As part of the period's work two 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
Whistleblowing & Anti Money Laundering	Reasonable	Reasonable	C 0 H 3 M 4 L 1	C 0 H 0 M 0 L 0
Officers' Code of Conduct	Reasonable	Reasonable	C 0 H 0 M 3 L 3	C 0 H 0 M 1 L 2

3.3 Details of any individual critical or high priority recommendations outstanding after follow-up are included at Annex 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now being escalated for the attention of the s.151 Officer and Members of the Audit & Governance Committee (none this quarter).

The purpose of escalating outstanding high-priority recommendations which have not been implemented is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

4.0 WORK IN PROGRESS

4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings: Covid Grants, Coast Protection / Engineers; Housing Rent Collection; Folkestone Community Works Programme, E-Procurement including corporate cards and Climate Change

5.0 CHANGES TO THE AGREED AUDIT PLAN

- 5.1 The 2021/22 audit plan was agreed by Members at the meeting of the Audit & Governance Committee on 4th March 2021.
- 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 on behalf of Folkestone-Hythe District Council.

7.0 INTERNAL AUDIT PERFORMANCE

- 7.1 For the period ended 30th September 2021 172 chargeable days were delivered against the planned target of 350 which equates to achievement of 49% of the original planned number of days.
- 7.2 The financial performance of the EKAP for 2021/22 is on target.

Attachments

- Appendix 1 Summary of high priority recommendations outstanding or in progress after follow up
- Appendix 2 Summary of services with limited / no assurances yet to be followed up.
- Appendix 3 Progress to 30th September 2021 against the 2021/22 Audit plan.
- Appendix 4 Balanced Scorecard to 30th September 2021
- Appendix 5 Assurance Definitions.

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

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Community Infrastructure Levy & S106s	September 2021	Limited	Quarter 4

PROGRESS AGAINST THE F&HDC AUDIT PLAN 2021/22

Review	Original Planned Days	Revised Planned Days	Actual To 30/09/2021	Status and Assurance level
FINANCIAL SYSTEMS				
Business Rates	10	0	-	Deferred
Housing Benefit Overpayments	10	11	11.25	Finalised - Substantial
Housing Benefit DHP	10	8	8.10	Finalised - Substantial
Housing Benefit Subsidy	10	10	-	Quarter 4
HOUSING SYSTEMS				
Homelessness	10	10	0.14	Quarter 4
Rent Setting, Accounting & Collection	10	10	2.22	Work in progress
Resident Engagement	10	8	8.14	Finalised - Reasonable
Voids Management	10	14	14.62	Finalised - Reasonable
Tenants' Health & Safety	10	10	0.03	Quarter 3
Contract Management	10	10	0.16	Quarter 4
Data Integrity	10	10	0.16	Quarter 3
Garage Deposits/ Management	10	12	11.72	Finalised - Reasonable
Housing Regulator	10	5	0.03	Quarter 3
Right to Buy	10	10	0.03	Quarter 4
ICT SYSTEMS				
ICT review	10	12	11.66	Finalised - Substantial
HUMAN RESOURCES SYSTEMS				
Flexi, Leave and Sickness	10	10	-	Quarter 4
GOVERNANCE RELATED				
Freedom of Information	10	10	-	Quarter 3
Fraud Resilience Arrangements	10	0	0.47	Replaced with Grants Review
Otterpool Park Governance	10	10	-	Quarter 4
SERVICE LEVEL				
Business Continuity / Emergency Planning	10	0	-	Quarter 4
Councillor Grants	10	13	13.22	Finalised - Reasonable
Climate Change	10	10	2.89	Work in progress
E-Procurement & Purchase Cards	10	10	-	Quarter 3
Engineers / Coast Management	10	10	3.79	Work in progress
Garden Waste / Recycling Management	10	10	0.27	Quarter 3
Lifeline	10	10	0.10	Quarter 4

Review	Original Planned Days	Revised Planned Days	Actual To 30/09/2021	Status and Assurance level
Folkestone Community Works Programme	10	10	-	Quarter 3
Planning Income	10	0	-	Deferred
Safeguarding	10	10	9.80	Finalised - Reasonable
OTHER				
Committee Reports & Meetings	10	10	6.29	Ongoing
S151 Meetings & Support	10	10	4.02	Ongoing
Corporate Advice / CMT	5	5	1.61	Ongoing
Liaison with External Audit	1	1	0.03	Ongoing
Audit plan prep & Meetings	10	10	2.81	Ongoing
Follow Up Reviews	14	14	12.26	Ongoing
FINALISATION OF 2020-21 AUDITS				
Scheme of Delegations	10	1	1.29	Finalised - Reasonable
Community Safety Partnership		3	3.19	Finalised - Reasonable
Planning CIL & S106		7	7.18	Finalised - Limited
Grounds Maintenance		1	0.68	Finalised - Reasonable
Housing Compliance		7	6.58	Finalised - Substantial
RESPONSIVE WORK				
Election Duties	0	2	1.74	Completed
Princes Parade Project Arrangements	0	12	12.85	Finalised – N/A
COVID Grants	0	10	9.16	Work in progress
Pay Policy	0	4	3.69	Finalised – N/A
Total	350	350	172.18	49.19% at 30/09/2021

BALANCED SCORECARD

Appendix 4

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Original Budget</u>
	Quarter 2		Reported Annually		
Chargeable as % of available days	90%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£356.35
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£459,443
CCC	45.00%	50%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,945
DDC	61.59%	50%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
TDC	43.71%	50%			
F&HDC	49.20%	50%			
EKS	38.89%	50%			
Overall	48.97%	50%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 		£470,388
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	34	-			
<ul style="list-style-type: none"> • Not yet due 	22	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	16	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	Actual	Target
	Quarter 2		Quarter 2		
Number of Satisfaction Questionnaires Issued;	32		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	14		Percentage of staff holding a relevant higher level qualification	39%	39%
	= 44%		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	2.1	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. 	93%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	39%	39%
	100%	90%			
	100%	100%			

Appendix 5

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.