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Date: **26 February 2024**
Our Ref: **Governance & Audit Committee/Agenda**
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GOVERNANCE & AUDIT COMMITTEE

6 MARCH 2024

A meeting of the Governance & Audit Committee will be held at **7.00 pm on Wednesday, 6 March 2024** in the Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Membership:

Councillor W Scobie (Chair); Councillors: Bright (Vice-Chair), Braidwood, Britcher, d'Abbro, Davis, Donaldson, Farooki, Garner, Manners, Munns, Nichols, Packman, Pope and Towing

AGENDA

Item
No

Subject

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST** (Pages 3 - 4)
To receive any declarations of interest. Members are advised to consider the advice contained within the Declaration of Interest advice attached to this Agenda. If a Member declares an interest, they should complete the [Declaration of Interest Form](#).
3. **MINUTES OF PREVIOUS MEETING** (Pages 5 - 12)
To approve the Minutes of the Governance and Audit Committee meeting held on 29 November 2023, copy attached.
4. **QUARTER 3 REVIEW 2023/24: TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY** (Pages 13 - 22)
5. **CORPORATE RISK REPORT** (Pages 23 - 46)
6. **QUARTERLY INTERNAL AUDIT UPDATE REPORT** (Pages 47 - 76)
7. **DRAFT INTERNAL AUDIT PLAN 2024-25** (Pages 77 - 90)
8. **EXCLUSION OF PUBLIC AND PRESS** (Pages 91 - 94)
9. **QUARTERLY INTERNAL AUDIT UPDATE REPORT** (Pages 95 - 104)

Item
No

Subject



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Do I have a Disclosable Pecuniary Interest and if so what action should I take?

Your Disclosable Pecuniary Interests (DPI) are those interests that are, or should be, listed on your Register of Interest Form.

If you are at a meeting and the subject relating to one of your DPIs is to be discussed, in so far as you are aware of the DPI, you **must** declare the existence **and** explain the nature of the DPI during the declarations of interest agenda item, at the commencement of the item under discussion, or when the interest has become apparent

Once you have declared that you have a DPI (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must**:-

1. Not speak or vote on the matter;
2. Withdraw from the meeting room during the consideration of the matter;
3. Not seek to improperly influence the decision on the matter.

Do I have a significant interest and if so what action should I take?

A significant interest is an interest (other than a DPI or an interest in an Authority Function) which:

1. Affects the financial position of yourself and/or an associated person; or
Relates to the determination of your application for any approval, consent, licence, permission or registration made by, or on your behalf of, you and/or an associated person;
2. And which, in either case, a member of the public with knowledge of the relevant facts would reasonably regard as being so significant that it is likely to prejudice your judgment of the public interest.

An associated person is defined as:

- A family member or any other person with whom you have a close association, including your spouse, civil partner, or somebody with whom you are living as a husband or wife, or as if you are civil partners; or
- Any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors; or
- Any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000;
- Any body of which you are in a position of general control or management and to which you are appointed or nominated by the Authority; or
- any body in respect of which you are in a position of general control or management and which:
 - exercises functions of a public nature; or
 - is directed to charitable purposes; or
 - has as its principal purpose or one of its principal purposes the influence of public opinion or policy (including any political party or trade union)

An Authority Function is defined as: -

- Housing - where you are a tenant of the Council provided that those functions do not relate particularly to your tenancy or lease; or
- Any allowance, payment or indemnity given to members of the Council;
- Any ceremonial honour given to members of the Council
- Setting the Council Tax or a precept under the Local Government Finance Act 1992

If you are at a meeting and you think that you have a significant interest then you **must** declare the existence **and** nature of the significant interest at the commencement of the matter, or when the interest has become apparent, or the declarations of interest agenda item.

Once you have declared that you have a significant interest (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must**:-

1. Not speak or vote (unless the public have speaking rights, or you are present to make representations, answer questions or to give evidence relating to the business being discussed in which case you can speak only)
2. Withdraw from the meeting during consideration of the matter or immediately after speaking.
3. Not seek to improperly influence the decision.

Gifts, Benefits and Hospitality

Councillors must declare at meetings any gift, benefit or hospitality with an estimated value (or cumulative value if a series of gifts etc.) of £25 or more. You **must**, at the commencement of the meeting or when the interest becomes apparent, disclose the existence and nature of the gift, benefit or hospitality, the identity of the donor and how the business under consideration relates to that person or body. However you can stay in the meeting unless it constitutes a significant interest, in which case it should be declared as outlined above.

What if I am unsure?

If you are in any doubt, Members are strongly advised to seek advice from the Monitoring Officer or the Committee Services Manager well in advance of the meeting.

If you need to declare an interest then please complete the declaration of [interest form](#).

GOVERNANCE & AUDIT COMMITTEE

Minutes of the meeting held on 29 November 2023 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

Present: Councillor William Scobie (Chair); Councillors Bright, d'Abbro, Donaldson, Farooki, Garner, Manners, Munns, Packman, Pope and Towning

1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Braidwood, Nichols and Barlow (who was substituted by Councillor Davis).

2. DECLARATIONS OF INTEREST

There were no declarations of interest.

3. MINUTES OF PREVIOUS MEETING

At the Governance and Audit Committee meeting 27 September 2023, the Chair highlighted amendments to the minutes of the Committee meeting on 26 July 2023 which were as follows:

- Item 8: Annual Governance Statement 2022/23, it was stated that of the 27 complaints received by the Ombudsman, 1 of the complaints was upheld. The correct number of upheld complaints was 12 as detailed in the report for that meeting;
- Item 6: Corporate Risk Management - Quarterly Update; it was stated that "Members requested the Head of Property to attend a future Governance and Audit Committee to discuss the process of generating income with the Council's leasehold housing stock". However, this was supposed to read "Members requested the Head of Property to attend a future Governance and Audit Committee to discuss the process of generating income with the Council's portfolio of properties".

Subject to the above amendments, the Chair proposed, Councillor Packman seconded and Members agreed that the minutes of the meeting held on 27 September 2023 be approved as a correct record.

4. TREASURY MANAGEMENT STRATEGY STATEMENT, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2024/25

Matt Sanham, Head of Finance and Procurement introduced the report and made the following points:

- The report and annexes contained the proposed Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement, Annual Investment Strategy, Capital Strategy and Non-Treasury Investments Report for 2024-25;
- Capital expenditure was at £134 million forecast over three years, over the period of 2024-25 to 2026-27 which would require borrowing of £34.5 million;
- The Minimum Revenue Provision Policy remained unchanged.

Councillor Donaldson proposed, Councillor Britcher seconded and Members AGREED to:

1. Note the report and annexes, including each of the key elements listed below:
 - The Capital Plans, Prudential Indicators and Limits for 2024/25 to 2026/27, including the Authorised Limit Prudential Indicator;
 - The Minimum Revenue Provision (MRP) Policy;
 - The Treasury Management Strategy for 2024/25 to 2026/27 and the Treasury Indicators;
 - The Investment Strategy for 2024/25 contained in the Treasury Management Strategy, including the detailed criteria;
 - The Capital Strategy for 2024/25;
 - The Non-Treasury Investments Report for 2024/25.
2. Recommend the report and annexes, including each of the key elements listed above, to council for approval.

5. MID YEAR REVIEW 2023/24: TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY

Matt Sanham, introduced the report and made the following points:

- This report summarised the treasury management activity and potential treasury indicators for the first half of 2023-24;
- Capital expenditure on long term assets was £5.9 million, compared to the mid-year review of 2022-23 where expenditure was £6.3 million against a full budget of £60 million. This underspend was due to general funds projects, such as the Housing Assistance Policy, office accommodation and Broadstairs flood protection as well as additional allocation for HRA schemes involving acquisitions and new build programs;
- The Council's borrowing position was at £19.7 million as of 30 September 2023, compared to £20 million as of 30 September 2022;
- The Council's need to borrow in order to finance capital expenditure was estimated to be £78.3 million as of 31 March 2024, compared to the £52.2 million from 31 March 2023, which was due to the HRA;
- Thanet District Council had complied with the requirement to not exceed its authorised borrowing limit of £81 million;
- As of 30 September 2023, the Council's investments balances were £55.4 million;
- It was being requested that the operational boundary and authorised limit for borrowing in 2023-24 be increased by £20 million to reflect the increase in the 2022-24 HRA capital programme.

Members asked what rates the Council were currently paying, regarding the borrowing of funds. Officers replied by saying that it depended on factors such as the length of the borrowing, however the Council got preferential rates through the Public Works Loan Board, which meant it was slightly lower than normal market rates.

Councillor Packman proposed, Councillor Donaldson seconded and Members AGREED to:

1. Note the report and annexes;
2. Recommend the report and annexes (including the prudential and treasury indicators that are shown and the proposed changes to the 2023/24 Treasury Management Strategy Statement) to Council for approval.

6. CONTRACT STANDING ORDER WAIVERS

Chris Blundell, Director of Corporate Services and Section 151 Officer, introduced the report and made the following points:

- Members were informed that for any requests above £178,000, the Council would have to follow normal procurement rules as laid out by legislation;
- There were 12 instances in between July and 9 November 2023 where usual procurement rules were not followed, however 11 of those instances were relatively low value contracts below the £100,00 threshold;
- During that same period, there were 7 waivers proposed by officers, but the requests were rejected. These included instances of seeking consultants regarding structural jobs to the Council's properties, but they were turned down as it was decided the bidding could continue on the market;
- Another rejected waiver highlighted was one regarding the Marine Toilet Pod, which was presented with an urgency to fore-go the usual market engagement. It was rejected as it was not deemed worth the risk to the Council's reputation.

Committee discussion raised the following points:

- They were concerned with regards to the Levelling Up funded projects at Ramsgate Harbour as an additional payment of £15,000 was made to architects as well as delays to Berth 4 and 5 in getting an environmental impact assessment, costing the Council more money. Officers assured Members that they work towards transparency to all Members as by highlighting the rejected waivers that come to officers as well as the other information provided in the report and annexes;
- Members were also concerned over the notion of officers taking a large contract and breaking it down into smaller instances in order to bypass the Members decision making by going below the key decision threshold. Officers said that they would not allow that to happen as contracts were looked at as a single project and these contracts were progressed through several Council departments, including Procurement and Legal Services for review and authorisation.

Councillor Britcher proposed, Councillor Bright seconded and Members AGREED to note the report.

7. AUDITOR'S ANNUAL REPORT

Sarah Ironmonger of Grant Thornton introduced the report with the following points:

- The report was being presented as an interim report, because of some risks identified in 2020-21 as well as some objections to the accounts;
- She explained to Members that Grant Thornton reported against three criteria: Governance, Improving Economy, Efficiency and Effectiveness; and Financial Sustainability. Members were asked to note how the Council implemented the improvements needed to make progress that could be shown in 2023-24;
- Weaknesses were noted regarding Governance in the previous three years for the Council, however she also noted that the Council had made an action plan moving forward to address these issues. Moving forward, Grant Thornton would like to see these improvements being embedded before they lifted the alert regarding that area of governance;
- In the area of Improving Economy, Efficiency and Effectiveness; Grant Thornton noted that Cabinet did not receive any reports in relation to non-financial performances of the Council in 2021, however improvements had been made in 2022-23;

- For Financial Sustainability, Grant Thornton noted some issues in 2021-22 and 2022-23, as there were no out-turn reports coming to Members and accounts were delayed, however it was noted that since this report was written, the 2021-22 accounts were published with a time table planned for the publication of the 2022-23 accounts;
- Grant Thornton also noted the improvements regarding budget setting.

Committee discussion raised the following points:

- Members raised concerns of the red alerts on the report itself and expressed that in the next year, they would like to see evidence of improvements to change those alerts; especially in the areas of project management, highlighting the overspending of Berths 4 and 5. Officers from Grant Thornton showed optimism for the future of the Council with the Council now in a position of having a full Corporate Management Team;
- Members also raised concerns about not receiving reports regarding projects managed by the Council, through a variety of reasons such as officers not having the time to provide them. Officers from Grant Thornton said that there could be a number of reasons why a project can steer away from the set course, but the main focus should be reporting these issues early so that Members have the opportunity to understand the situation and ask the right questions when they would be presented with the opportunity to do so. Members went on to say that with clear transparency, they would be able to answer questions from their constituents with more information when it came to issues such as delays on certain projects;
- Members went further into accounts for project management and wanted to know how much was paid for said projects. Officers assured Members that when the accounts were published, then they would be able to see the amounts, for the 2021-22 completed accounts and the 2022-23 accounts soon to be completed. Officers also reminded Members that in the area of exit packages, any amounts above £100,000 would need approval from Members first, which also provided transparency.

Councillor Towing proposed, Councillor Davis seconded and Members AGREED that the External Auditor's Annual Report covering Value for Money for the years 2020/21 through to 2022/23 be approved as set out in Annex 1.

8. EXTERNAL AUDIT PLAN 2021/22

Matt Dean, of Grant Thornton introduced the report and explained that this report was the final audit plan for 2021-22, a draft of which was presented to Members at a previous meeting with a few minor changes.

Members noted the report.

9. QUARTERLY INTERNAL AUDIT UPDATE REPORT

Christine Parker, Head of Internal Audit introduced the report with the following points:

- The report summarised the completed and finalised work with management for the last quarter, including three topics: EKS – Housing Benefit Admin & Assessment; EKS – Housing Benefit Testing 2022-23 and Planning Applications, Income and Section 106;
- The assurances for Planning Applications, Income and Section 106 were split between substantial and limited. Management agreed an action plan with progress being made in those areas as of the time of the meeting;

- Internal Audit noted the progress being made in the area of contract management for planned maintenance, with no outstanding recommendations and reasonable assurance awarded;
- Work had been completed on other progress reports, but due to some management delays, they were unable to be included in the agenda and would be considered at the next Governance and Audit Committee meeting;
- The Berth 4 and 5 follow up review was due to be presented to Members in December, however timing the follow up review is important, as there would not be enough evidence to support progress in the follow up as of yet and most likely would not be for the March 2024 meeting either. Members were reminded that in the meantime, they will be tolerating the risk of the actions not being completed.

Members asked about the part of the report regarding Section 106 agreements, accessing those details and determining where funds were going. They said that they looked forward to future reports that contained an audit trail of where the funds were going in greater detail. Officers responded that there was now a new post in place for an officer to manage Section 106 agreements directly.

Councillor Davis proposed, Councillor Garner seconded and Members AGREED that:

1. That the report be received by Members;
2. That any changes to the agreed 2023-24 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of Annex 1 of the attached report be approved.

10. AUDIT COMMITTEE ASSURANCE STATEMENT

Chris Blundell introduced the report and made the following points:

- The purpose of this report was to demonstrate effective communication between the Governance and Audit Committee and external auditors, detailing the areas of general inquiries of management, fraud, laws and regulations; related parties, going concerns and accounting estimates;
- He highlighted a section regarding areas of suspected fraud in Annex 2 relating to 2022-23, where allegations of whistleblowing activity were identified and reported to internal audit in their investigation on Planned Maintenance. This related to external decorations and rendering on properties that did not have render. Money was recovered and the reporting was made to the police where they determined to not take any further action on the matter.

Councillor Packman proposed, Councillor Britcher seconded and Members AGREED that:

1. That the Committee notes and approves the responses to the letter from Grant Thornton as set out in Annex 1 and 2 of this report;
2. That this Committee, delegates future sign off these responses to the Chair of this Group in consultation with the Section 151 Officer.

11. RISK MANAGEMENT

The Chair requested Members to note a change to the report before any discussion of the item. The Chair said that at previous meetings, Members had key risks noted on the report, supported by supplementary documents showing emerging risks. The Chair further said that whilst this information would be brought to the Committee at future meetings, it was important to not lose sight of other risks, such as Cyber Security and the Economic Environment. In the future, the main risk register would be added to the committee agenda. However, the item on future risks will be reported in the Risk Management report twice a year.

Aimee Jackson, Insurance Officer introduced the report and made the following points:

- This report covered a quarterly review of corporate risks that affected the Council as a whole;
- The previous risk policy was in place from 2019, it ran the risk of becoming a “tick box exercise”, contributing little value. Changes were made with the notion of officers and Members becoming more proactive in dealing with these risks before they emerged. This new policy was approved in July 2022;
- The response rate for risk registers went from approximately 10%, to 90-95%, if not 100% showing an improvement in the level of engagement by Members.

Committee discussion raised the following points:

- Members expressed interest in arranging further training around risk management, before the next scheduled meeting in March 2024. Officers were happy to look into providing further training to help improve engagement with Members;
- Members asked about seeing more detail around some of the highlighted risks in the report as concerns were made that the risk of Cyber Attack was not being considered on the same level as other risks and the mitigations regarding it. Officers were happy to take these recommendations into consideration;
- Members pointed out that the risk regarding Governance and Decision Making was not included in the list of key risks in this report and were concerned that the risk was downgraded too quickly. Officers replied that the topic of Governance would have been included in the annex for this report, but as the annex was removed to streamline this item on the agenda.

Members noted the report.

12. THANET LOTTERY UPDATE

Chris Blundell introduced the report and made the following points:

- The Thanet Lottery was audited in 2022 with a no assurance opinion given and 14 recommendations were made. A follow up made in February 2023 showed 4 of those recommendations implemented, with 8 still outstanding;
- A new policy manager was hired by the Council who will be allocated the remaining 4 outstanding recommendations of the Thanet Lottery put forward by audit;
- The process for bidding for the funds would be amalgamated with the Shared Prosperity Fund bidding process, with some further steps needed to be taken;
- A scoring criteria was being proposed in order to eliminate any form of subjectivity to the recommendations being proposed by Members, with full transparency to Members being prioritised;
- Of the 8 outstanding recommendations highlighted in February 2023, the Council has dealt with 4 of them with progress being made on the remaining 4.

Committee discussion raised the following points:

- Members were happy to see an update on this topic and the recommendations that have been implemented which show progress. A concern was made regarding the implementation of a framework which sought to eliminate subjectivity having the side effect of taking full control away from the Members themselves. It was further mentioned that going in this direction ran the risk of low-level organisations being shunned in favour of organisations who can employ bid writers;

- Members also discussed the concerns of greater Member involvement in the allocation of lottery funds to specific organisations, running the risk of being viewed as a process led by Members' opinions rather than the lottery being operated in a more objective way as highlighted by officers and the scoring system being proposed;
- Members went on to show interest in accessibility for organisations in particular for smaller grants to show that they get the same level of support as some bigger organisations. Officers assured Members that when it came to organisations registering their interest in the Thanet Lotto, that there were some basic criteria they needed to meet in order to be considered.

Members noted the report.

13. EXCLUSION OF PUBLIC AND PRESS

This item was not considered as it related to item 14 that was deferred to an extraordinary meeting to be arranged for January 2024.

14. ICT SECURITY UPDATE

This item was deferred to an extraordinary meeting to be arranged for January 2024.

Meeting concluded: 9:36 pm

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Quarter 3 Review 2023/24: Treasury Management and Annual Investment Strategy

Governance & Audit Committee 6 March 2024

Report Author	Chris Blundell, Director of Corporate Services and Section 151 Officer
Portfolio Holder	Councillor Rob Yates, Cabinet Member for Corporate Services
Status	For Decision
Classification	Unrestricted
Previously Considered by	N/A
Ward	Thanet Wide

Executive Summary:

This report summarises treasury management activity and prudential / treasury indicators for the third quarter of 2023/24.

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions;

the effective control of the risks associated with those activities; and

the pursuit of optimum performance consistent with those risks.”

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report is, therefore, important in that respect, as it provides details of the 2023/24 third quarter position for treasury activities.

Key reporting items to consider include:

- 2023/24 nine months capital expenditure on long term assets was £12.0m (2022/23 nine months: £10.5m), against a full-year budget of £60.7m
- The Council’s gross debt, also called the borrowing position, at 31 December 2023 was £19.6m (31 December 2022: £19.9m).
- The Council’s underlying need to borrow to finance its capital expenditure, also called the Capital Financing Requirement (CFR), is estimated to be £78.3m at 31 March 2024 as per the 2024/25 Treasury Management Strategy Statement (TMSS) (31 March 2023: £52.2m).

- The Council has held less gross debt than its CFR and accordingly has complied with the requirement not to exceed its authorised borrowing limit of £101m.
- As at 31 December 2023 the Council's investment balance was £56.8m (30 December 2022: £55.4m).

Recommendation(s):

That the Governance & Audit Committee notes, and makes comments on as appropriate, this report.

Corporate Implications

Financial and Value for Money

The financial implications are highlighted in this report.

Legal

Section 151 of the 1972 Local Government Act requires a suitably qualified named officer to keep control of the Council's finances. For this Council, this is the Director of Corporate Services and Section 151 Officer, and this report is helping to carry out that function.

Risk Management

Risk management is as per the provisions of the annual TMSS, Minimum Revenue Provision Policy Statement and Annual Investment Strategy.

Corporate

Failure to undertake this process will impact on the Council's compliance with the Treasury Management Code of Practice.

Equalities Act 2010 & Public Sector Equality Duty

There are no equity and equalities implications arising directly from this report, but the Council needs to retain a strong focus and understanding on issues of diversity amongst the local community and ensure service delivery matches these.

It is important to be aware of the Council's responsibility under the Public Sector Equality Duty (PSED) and show evidence that due consideration had been given to the equalities impact that may be brought upon communities by the decisions made by Council.

CORPORATE PRIORITIES

This report relates to the following corporate priorities: -

- To keep our district safe and clean
- To deliver the housing we need
- To protect our environment
- To create a thriving place
- To work efficiently for you

1 Background

1.1 Treasury management

CIPFA defines treasury management as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Council’s capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

2 Introduction

2.1 The CIPFA Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (annual, mid-year and quarterly reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

3 Treasury Management Strategy Statement and Annual Investment Strategy Update

3.1 The TMSS for 2023/24, which includes the Annual Investment Strategy, Capital Strategy and Non-Treasury Investment Report, was approved by the Council on 9 February 2023. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council’s investment priorities as being:

- Security of capital
- Liquidity
- Yield

3.2 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council’s risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to

seek out value available in periods up to 12 months with high credit rated financial institutions.

3.3 **Creditworthiness**

There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness, to ensure that only appropriate counterparties are considered for investment purposes.

3.4 **Investment counterparty criteria**

The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.

3.5 **CDS prices**

Credit Default Swaps (CDS) are market indicators of credit risk. For UK banks, there are no underlying negative themes. Prices are not misaligned with other creditworthiness indicators, such as credit ratings. Nevertheless, it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.

3.6 **Investment balances**

The average level of funds available for investment purposes during the quarter was £62.725m. The level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.

3.7 The yield on deposits for the first nine months of the financial year is 4.89% against a benchmark 7 day SONIA compounded rate of 4.88%. The Council's budgeted investment return for 2023/24 is £1.262m (£947k for 9 months) and performance for the first nine months of the financial year is above budget at £2.226m.

3.8 **Approved limits**

Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 31 December 2023.

4 **Borrowing**

4.1 No new external borrowing was undertaken from the PWLB during the quarter ended 31 December 2023.

4.2 **PWLB maturity certainty rates - year to date to 31 December 2023**

Gilt yields and PWLB rates were on a rising trend from April through to October but dropped back significantly in November and December.

The 50 year PWLB Certainty Rate target (provided by the Council's external treasury management advisor Link) for new long-term borrowing started 2023/24 at 3.50% (the lowest forecast rate within a two-year time horizon), increasing to a peak of 4.00% in November. With actual rates elevated across the whole of the curve, Link's advice to the Council during the quarter was to not borrow long-term unless the Council wanted certainty of rate and judged the cost to be affordable.

4.3 Debt rescheduling

Debt rescheduling opportunities have increased significantly in the current quarter where gilt yields, which underpin PWLB rates and market loans, have risen materially. Members will be advised of any rescheduling or part repayment of the debt portfolio.

5 Compliance with Treasury and Prudential Limits

5.1 Prudential and treasury Indicators are shown below

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 31 December 2023, the Council operated within the treasury and prudential indicators set out in the Council's TMSS for 2023/24. The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

5.2 Indicator for Capital Expenditure

The revised GF budget reflects net reprofiling of £6.748m to 2024/25.

The revised HRA budget includes an additional £19.485m for the new build and acquisitions programme.

Capital Expenditure	2023/24 Original Budget £m	Actual spend as at 31/12/23 £m	2023/24 Revised Budget £m
General Fund	32.999	4.381	26.640
HRA	12.453	7.579	34.095
Total	45.452	11.960	60.735

Monitoring information on the capital programme at scheme level, including forecasts to the end of the financial year, is included in the regular Cabinet Budget Monitoring Reports.

5.3 Indicators for Borrowing Activity

5.3.1 A key control over the treasury activity is a prudential indicator to ensure that over the medium term, borrowing will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2023/24 and next two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.

5.3.2 **Operational boundary:** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.

5.3.3 **Authorised Limit:** This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but

is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

	£m
Gross external debt as at 31 December 2023	19.625
CFR as at 31 March 2023	52.234
CFR as at 31 March 2024 (estimate as per 2024/25 TMSS)	78.318
Operational Boundary (debt) 2023/24	96.000
Authorised Limit (debt) 2023/24	101.000

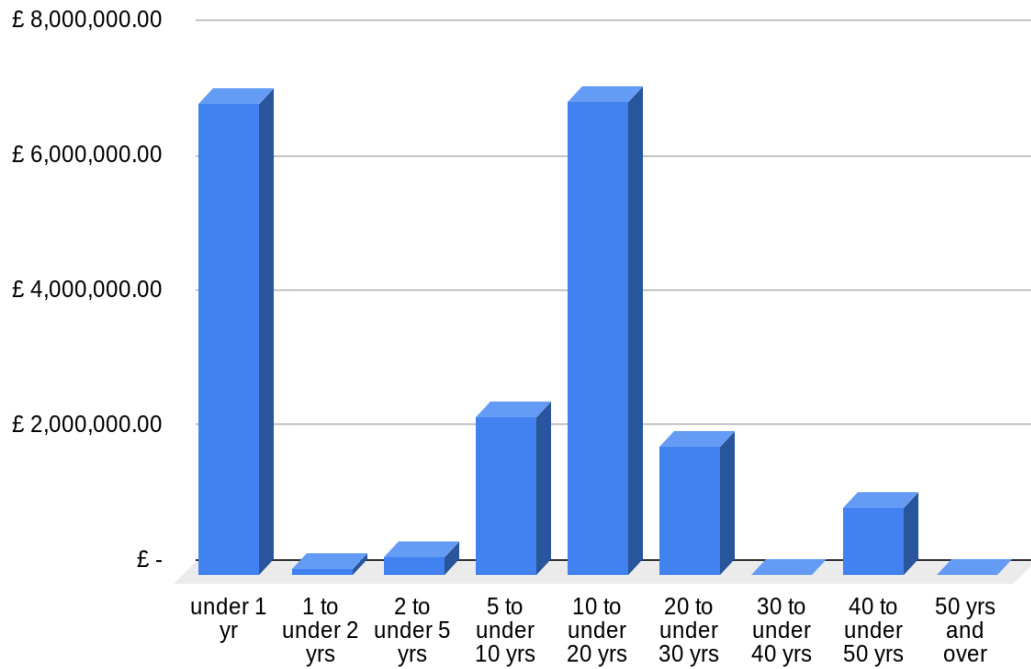
The Section 151 Officer reports that no difficulties are envisaged for the current or future years in complying with these prudential indicators.

- 5.3.4 **Maturity Structures of Borrowing:** These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.

	2023/24 Upper Limit	Current Position – Actual at 31/12/23
Maturity structure of fixed rate borrowing		
Under 12 months	50%	35.6%
1 year to under 2 years	50%	0.5%
2 years to under 5 years	50%	1.3%
5 years to under 10 years	50%	12.0%
10 years to under 20 years	50%	35.7%
20 years to under 30 years	50%	9.8%
30 years to under 40 years	50%	0.0%
40 years to under 50 years	50%	5.1%
50 years and above	50%	0.0%

The current position shows the actual percentage of fixed rate debt the authority has within each maturity span. None of the upper limits have been breached.

The maturity structure of the Council's borrowing as at 31 December 2023 is also shown below in graph format.



5.4 Indicator for Investments

The Council held £56.839m of investments as at 31 December 2023, with maturities all under one year (£55.428m at 31 December 2022). The constituent investments are:

Sector	Total £m
Banks	6.286
Money Market Funds	49.553
Bond Funds	1.000
Total	56.839

6 Options

6.1 The recommended option (to ensure regulatory compliance as set out in section 1 of this report) is that the Governance & Audit Committee notes, and makes comments on as appropriate, this report.

6.2 Alternatively, the Governance & Audit Committee may decide not to do this and advise the reason(s) why.

7 Disclaimer

7.1 This report (including annexes) is a technical document focussing on public sector investments and borrowings and, as such, readers should not use the information contained within the report to inform personal investment or borrowing decisions. Neither Thanet District Council nor any of its officers or employees makes any representation or warranty, express or implied, as to

the accuracy or completeness of the information contained herein (such information being subject to change without notice) and shall not be in any way responsible or liable for the contents hereof and no reliance should be placed on the accuracy, fairness or completeness of the information contained in this document. Any opinions, forecasts or estimates herein constitute a judgement and there can be no assurance that they will be consistent with future results or events. No person accepts any liability whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise in connection therewith.

Contact Officer: Chris Blundell, Director of Corporate Services & Section 151 Officer
Reporting to: Colin Carmichael, Interim Chief Executive

Annex List

Annex 1: Treasury Investments and Debt as at 31 December 2023

Background Papers:

None.

Corporate Consultation Undertaken

Finance: N/A

Legal: Ingrid Brown, Head of Legal and Democracy & Monitoring Officer

ANNEX 1: TREASURY INVESTMENTS AND DEBT AS AT 31 DECEMBER 2023

Investments

As at 31 December 2023 the Council held £56.839m of investments as follows:

Investment Type	Total £m
UK Banks - instant access	0.231
UK Banks - notice accounts	4.055
UK Banks - time deposits (sustainable)*	2.000
Sterling denominated money market funds	49.553
Sterling denominated bond funds	1.000
Total	56.839

*Investments are referenced against the United Nations Sustainable Development Goals including, but not limited to, climate change, health, financial inclusion and education. There is third party verification, with the framework independently reviewed on an annual basis.

Debt

As at 31 December 2023 the Council held £19.625m of debt as follows:

Debt Type	Total £m
PWLB Maturity Loans	14.080
PWLB EIP Loans	1.029
PWLB Annuity Loans	0.016
Market LOBO Loans	4.500
Total	19.625

Loan types:

- Maturity: half-yearly payments of interest only with a single payment of principal at the end of the term.
- Equal Instalments of Principal (EIP): equal half-yearly payments of principal together with interest on the outstanding balance.
- Annuity: fixed half-yearly payments to include principal and interest.
- Lender's option borrower's option (LOBO): if the lender exercises its option to change the interest rate then the borrower has the option to repay the loan.

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CORPORATE RISK MANAGEMENT - QUARTERLY UPDATE

Governance and Audit Committee 6th March 2024

Report Author	Chris Blundell, Director of Corporate Services and Section 151 Officer
Portfolio Holder	Councillor Rob Yates, Portfolio Holder for Corporate Services
Status	For Decision
Classification:	Unrestricted
Key Decision	No
Ward:	All

Executive Summary:

This report provides the Governance & Audit Committee with a quarterly review of corporate risks.

Recommendation(s):

To approve the review of corporate risks and discuss annexed risks.

Corporate Implications

Financial and Value for Money

The way in which the council manages risks has a financial impact on the cost of insurance and self-insurance. The council maintains reserves including a risk reserve, the size of which is commensurate with the financial impact of current and future risks. There are no specific financial implications arising from this report.

It is the role and responsibility of the Section 151 Office to have active involvement in all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered.

Legal

Whilst the corporate risk register includes consideration of legal matters in as far as they relate to risks to the council, there are no legal implications for the recommendation required by this report.

Risk Management

As detailed in the body of this report.

Corporate

Governance & Audit Committee approved the revised Risk Management Strategy on 27 July 2022, which includes a requirement to provide regular corporate risk updates to G&A Committee.

Equalities Act 2010 & Public Sector Equality Duty

There are no equity and equalities implications arising directly from this report, but the council needs to retain a strong focus and understanding on issues of diversity amongst the local community and ensure service delivery matches these.

It is important to be aware of the council's responsibility under the Public Sector Equality Duty (PSED) and show evidence that due consideration has been given to the equalities impact that may be brought upon communities by the decisions made by council

CORPORATE PRIORITIES

This report relates to the following corporate priorities: -

- To keep our district safe and clean
- To deliver the housing we need
- To protect our environment
- To create a thriving place
- To work efficiently for you

1. Introduction

- 1.1. The Council monitors and manages its Corporate Risks through the Corporate Risk Register. The contents of the report highlight the high-priority corporate risks and show the arrangements in place to ensure these risks are monitored and managed appropriately. The Council is dedicated to a proactive methodology on Risk Management and interdepartmental cooperation on Risk Strategy to drive an improved and synergetic risk model and landscape.
- 1.2. This report represents the position as at the end of December and as such is a snapshot, it therefore does not specifically address the recent Cyber Incident. It is worth noting however, that Cyber will be covered in more detail later on this agenda as well as a more comprehensive overview at a later date.

2. Background and Current Progress

- 2.1. The strategy defines corporate risks as *'those which could impact across the whole council'*. Operational risks are identified from the 'bottom up', through service planning for the year ahead and through continuous review during the year. Operational risks may be escalated and considered Corporate level risks, depending on the evaluation of the risk and through engagement with Senior Management and the Corporate Management Team

- 2.2. The strategy prescribes that these risks should be assessed by the Corporate Management Team (CMT) and the Member Risk Management Champion and then reported to the Governance and Audit Committee (G&A) on a regular basis.
- 2.3. The Risk Management Strategy 2022 was approved at the G&A committee on the 27 July 2022. Consequently, the council has now transitioned to operating under the new risk management strategy and our associated new way of monitoring, evaluating and reporting risk. Substantial progress has been made during this risk reporting cycle, with nearly all of the service areas responding, representing a significant improvement on the previous reporting cycles prior to the new strategy being launched.
- 2.4. As such, it is now possible to report our Corporate Risks to the committee in accordance with our updated Risk Management Strategy, This is most notably demonstrated in Annex 1, with the presentation of risks through the lens of Current / Emerging / Future risks from all service areas and their scoring which aligns to the risk matrix. Please note Annex 1 is presented to the committee in Mar and Sept so more to follow at these future meetings - also risk training arranged for members prior to this meeting
- 2.5. Work has been undertaken in subsequent reporting to the committee to apply this framework to the High Scoring Corporate Risks shown at section 4 and also the addition of graphical illustration and tracking of risk scores once this methodology has been established and solidified will be included in future

3. Risk, Risk Management and Responsibilities

- 3.1. **What is risk** - Risk is defined as the uncertainty of outcome, whether positive opportunity or negative threat, of actions and events.
- 3.2. **Risk Management -**

Risk can be a threat (downside) or an opportunity (upside)

- 3.3. **Responsibilities**

A local authority's purpose is generally concerned with the delivery of service or with the delivery of a beneficial outcome in the public interest. The delivery of these objectives is surrounded by uncertainty which both poses threats to success and offers opportunity for increasing success.

- 3.4. **What is risk management** - Risk Management was defined by the Audit Commission as:

*'Risk Management is the process by which risks are **identified, evaluated and controlled**. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements'*

(Audit Commission)

The Government's [Orange Book](#) on risk management also states that:

Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.

Each public sector organisation should establish governance arrangements appropriate to its business, scale and culture
(Source Orange Book - Gov.co.uk)

3.5. Risk Evaluation

3.6. Risks have to be assessed in respect of the combination of the likelihood of something happening, and the impact which arises if it does actually happen. Risk management includes identifying and assessing risks and then responding to them. Risk is unavoidable, and every organisation needs to take action to manage risk in a way which it can justify to a level which is tolerable. The amount of risk which is judged to be tolerable and justifiable is the "risk appetite".

3.7. The likelihood of a risk occurring is evaluated against the following criteria:

3.8. The possible impact on the council should the risk occur is then assessed across a range of categories. The risk score is determined by the highest scoring possible outcome against any of the risk headings

Rating	Score	Likelihood
Very Likely	4	<ul style="list-style-type: none"> • More than 85% chance of occurrence • Regular occurrence • Circumstances frequently encountered
Likely	3	<ul style="list-style-type: none"> • More than 65% chance of occurrence • Likely to occur within next 12 months • Circumstances have been encountered
Unlikely	2	<ul style="list-style-type: none"> • 31%-65% chance of occurrence • Likely to happen within next 2 years • Circumstances occasionally encountered
Rare	1	<ul style="list-style-type: none"> • Less than 30% chance of occurrence • Circumstances rarely encountered or never encountered before

Impact

Headings	Reputation	Strategic	Wellbeing	Service Delivery	Finance	Compliance
4 Severe	Council receives nationally adverse publicity perceived as failing in a significant area of responsibility	Failure to deliver council priorities / services / major corporate project	Significant staff dissatisfaction / long term absence / increased staff turnover including key personnel	Loss of service for a significant period	Financial loss or overspend greater than £500k	Breach of law leading to some sanction Litigation almost certain with some / minimal defence
3 Significant	Significant adverse local publicity	Possible impact on the delivery of council priorities	Declining staff dissatisfaction / loss of staff due to absence or turnover	Reduction in service performance / service disruption for 1 – 2 days	Financial loss or overspend between over £250k	Breach of regulation or responsibility or internal standard Litigation possible
2 Moderate	Minor impact on staff morale/public attitudes	Minor / adverse impact on Council priorities	Possible short-term staff dissatisfaction / likely impact on absence and turnover	Poor service / service disruption up to one day	Financial loss or overspend between £50k - £250k	Breach of internal procedure or policy Complaints likely
1 Minor	Unlikely to cause adverse publicity	No significant impact on the delivery of Council priorities	Loss of staff morale but unlikely to result in absence or turnover of staff	No significant difficulty providing a service or delivery of a project	Financial loss or overspend under £50k	Minor breach of policy or internal procedure Complaints Unlikely

3.9. The overall risk scores are then arrived at by multiplying the “likelihood” score by the “impact” score, where the maximum score for each is four, so the maximum total score is sixteen.

Likelihood	Very Likely (4)	Moderate (4)	High (8)	Extreme (12)	Extreme (16)
	Likely (3)	Low (3)	Moderate (6)	High (9)	Extreme (12)
	Unlikely (2)	Very low (2)	Low (4)	Moderate (6)	High (8)
	Rare (1)	Very low (1)	Very low (2)	Low (3)	Moderate (4)
		Minor (1)	Moderate (2)	Significant (3)	Severe (4)
	Impact				

3.10. **Roles and responsibilities** - The primary member oversight on risk is provided by the Governance and Audit Committee. Cabinet also has a member Risk Champion (the Leader of the Council and Portfolio Holder for Corporate Performance and Risk) who promotes risk management and its benefits throughout the council.

3.11. At staff level, the high-level corporate risk register is regularly considered by the Corporate Management Team (CMT). G&A Committee considers changes to the corporate risk register, the reasons for the changes and the actions being taken to mitigate the likelihood and impact of those risks. A view is also taken regarding the extent to which the risks should be tolerated.

3.12. The Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement on Audit Committees (2018) sets out the key principles for audit committees operating in local government.

3.13. The statement sets out the key responsibilities of the committee to include:

*‘consider the **effectiveness** of the authority’s **risk management arrangements** and the control environment, reviewing the risk profile of the organisation and **assurances that action is being taken** on risk-related issues, including partnerships and collaborations with other organisations’*

3.14. The report seeks to aid the committee to discharge these responsibilities

4. Corporate risk register

4.1. A summary of the highest scoring corporate risks on the register is set out in the table and the following narrative below, together with the comparative scores noted by the Governance & Audit Committee on 27th September 2023

4.2. The scores are arrived at by multiplying the “likelihood” score by the “impact” score, where the maximum score for each is four, so the maximum total score is sixteen.

Description	Nov 23 Score	March 2024 Score	Change
Cyber Attack	16	16	No
Limited Resources	12	12	No
Economic Environment	16	16	No
Homelessness	16	16	No
Berth 4/5	12	12	No
Environmental Act 2021	16	16	No
Net Zero Strategy	16	16	No

4.3. Each corporate risk is the responsibility of a member of CMT and they manage risk mitigation plans with the aim of reducing the likelihood and/or impact of each risk to a manageable level. As time moves on, the external environment changes and this can have an impact on the effectiveness of mitigating actions as well as on the likelihood and impact of a risk: hence the need to maintain vigilance in respect of mitigation plans as well as new and changing risks.

4.4. It is more difficult to take action to reduce the impact of a risk occurring, than it is to take action to reduce its likelihood. Hence in some cases, the scores after mitigation will remain relatively high.

Highest-scoring risks

4.5. **Cyber Attack (Impact 4, Likelihood 4) Future risk**

Reputation, Service Delivery, Strategic and Financial risk score 4

The Council is becoming more and more aware of cyber attacks across the local government sector. Especially with the incident we have experienced recently.

The Council is mitigating the impact of any potential attack by ensuring IT systems are as robust as possible, but as we've seen globally, even the larger international companies are still susceptible to attack.

Officers have been liaising with our risk management partners through our insurers and are exploring risk management solutions with them.

Ransomware is one of the largest digital risks facing the authority and as such it has become increasingly important to protect our data and have readily available access to offline copies. To facilitate this the EKS Head of ICT led a backup replacement project across the partnership, utilising £350,000 funding from the DLUHC to implement the new back up system, which is now in place and live.

The MHCLG made this funding available following post-incident reviews of cyber attacks against local government organisations. During some attacks backups were deleted to prevent their use, making it harder to avoid paying any ransom. Mitigating this change in tactics, for many councils, required a substantial investment in 'Offline' technology. The designed solution will install an identical set of backup appliances in each of three geographic locations.

The security team within EKS ICT continues to monitor vulnerabilities and these are reported regularly to the council. Compliance tickets are raised and monitored to ensure that out of date devices and software are dealt with.

Regular meetings are held with the EKS Security Team and the council to review security risks and to discuss digital projects and preventative measures to be put in place for the authority.

The ITHC (IT Health Check) has been completed by an external company and they tested devices, external firewalls and external websites. The EKS security team is now reviewing the report.

.A security strategy is currently being put in place to highlight where funding would be required to help reduce the risk and put the council in a place where monitoring and detection is in place.

Corporate Risk Lead Officer: Head of ICT (EKS)

4.6. Limited Resources (Impact 4, Likelihood 3) Current/Emerging/Future

Strategic, Financial Risk Score 4

The high score for Limited Resources reflects the fact that it is one of the few risks that could result in the council losing control of its own destiny.

As in prior years this means that the Council is restricted to setting a meaningful budget for only one year and although scenarios can be put forward through the Medium Term Financial Strategy (MTFS), a budget position can not be guaranteed due to the various factors outside of the Council's control.

To mitigate this risk the Council undertakes a rigorous approach to budget setting, exploring a wide range of opportunities to minimise spending pressures and maximise our income streams. For the 2024/25 budget setting process this again included a Star Chamber process, where Service Directors are required to articulate and justify their budgetary requirements to a panel comprising the Leader, the Portfolio Holder for Finance and the Chief Executive and s151 Officer. This process has informed the shape and substance of next year's budget adjustments.

Due to the changing nature and composition of Local Government funding, authorities are becoming increasingly reliant on locally raised sources of funding such as Council Tax and Fees and Charges. Therefore, to mitigate the risk of 'Limited Financial Resources' and enhance our long-term financial sustainability and resilience, it is the view of the section 151 officer that it is essential to optimise these local raised income streams, whilst also considering the affordability constraints of our residents and service users.

In addition, the council has a range of budgetary controls in place to manage spending pressures in-year, including regular reporting of spending forecasts to the Corporate Management Team and Cabinet.

Corporate Risk Lead Officer: Director of Corporate Services & s151 Officer

4.7. Economic Environment (Impact 4, Likelihood 4) Current/Emerging/Future

Service Delivery, Strategic and Financial risk score 4

The UK economy continues to experience inflationary pressures, with the Consumer Price Index at 4.2% as at December 2023, this is an improvement on that which was reported previously (6.3% for August).

This has an impact on all items of goods and services that the council has to purchase and consequently presents a risk of overspending against a number of budget headings. Wherever possible this is being managed within the confines of existing approved budgets, but inflationary pressures has been one of the key budgetary constraints to delivering a balanced budget for 2024/25.

This is particularly prevalent in the construction industry and could lead to a rationalisation of some of our capital projects, to ensure they are delivered within budget, or the potential for significant overspends.

The cost of living crisis is a significant issue for both the Council and all Thanet residents. It is likely to force more households to be homeless (see Homelessness

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risk below), force more into fuel poverty and have a direct impact on jobs in leisure/retail with households having less disposable income. The council continues to provide financial support and advice to residents where it can, for example via the administration of government funding (e.g. Household Support Fund, Council Tax Energy Rebate) or the provision of tools and information regarding [benefit entitlement](#) on our website and information channels.

The cost of living crisis and the impact of rising inflation continues to place pressure on staffing budgets. For 2023/24 the Council needed to reopen pay negotiations in order to consult on a revised offer. This revised offer resulted in the 2024/25 pay offer (5.75%) being brought forward to January, rather than April as is the usual position, adding an additional cost pressure to be accommodated as part of the 24/25 budget setting process.

Furthermore, given the current economic environment, there is a heightened risk of a reduction in supplier base through mergers, business closure/insolvency, which could impact on our services and also make further procurement more difficult through depleted markets and lack of competition. This risk is addressed through the central management of our supplier base by the Procurement team, who scrutinise the rationale for supplier adoption and undertake a company credit check via Creditsafe.

Corporate Risk Lead Officer: Director of Corporate Services & s151 Officer

4.8. **Homelessness (Impact 4, Likelihood 4) Highest scoring mechanism is financial risk at 4 Current**

Service Delivery, Strategic and Financial risk score 4

During 2022, the Council experienced an increased requirement to provide temporary accommodation (TA) for homeless households, and this trend has continued during 2023 and into 2024. Factors that have influenced this include:

- Increasing costs in the private rented sector, leading to more households struggling with their rent costs, whilst at the same time Local Housing allowance rates have continued to be frozen.
- Landlords leaving the market for sale or short-term letting alternatives.
- Increased demand for private renting in the district, leading to a reduction in the number of private sector lets that are affordable to households on low incomes, impacting on the ability of the council to effectively prevent homelessness.

The cost of living crisis has compounding these pressures. Local housing allowances (LHA) have fallen significantly behind average private sector rents as a result of rent inflation, and although LHA is set to increase in April 2024, the rates will still not be keeping up with increases in private sector rents. Cases that were previously delayed as a result of the eviction ban are now progressing through the courts, resulting in additional service and financial pressures.

These pressures have made it much more difficult for the council to prevent homelessness and find suitable, affordable solutions for people facing homelessness in the private rented sector. This has resulted in an increased number of households living in temporary accommodation.

The pressures led to a budget overspend in 2022/23 of around £1.2m and the decision to include budget growth of £800k in the 2023/24 budget. Quarter 2 budget monitoring is currently predicting an overspend of £480k for 2023/24.

The Housing options team has identified further actions over the second half of 2023/24 in order to reduce financial risks linked to homelessness and have produced a detailed action plan, which includes:

- A further push to provide incentives to landlords in order for them to provide accommodation that directly reduces the number who require temporary accommodation. It should be noted however that there are a reduced number of landlords in the sector that may be available to provide these incentives too.
- Considering the potential for other options to encourage private sector landlords to make property available for homeless households.
- Regular review of all households in TA to identify those with potential move-on options.
- A further push to ensure maximum recovery of temporary accommodation charges and housing benefit is achieved.

- Acquiring additional in-house TA provision, utilising the approved capital budget for new TA.
- The on-going delivery of the council's commitment to deliver 400 new affordable rented homes over 4 years.

On 31 October, officers attended an emergency homelessness summit, convened by the District Council Network along with another 157 other councils, all facing pressures on their homelessness services. The issue is of national significance. Following the summit the council was a joint signatory to an open letter to the government seeking urgent support. Key asks included:

- Increases in local housing allowances and discretionary housing payments budget,
- Additional resources for homelessness prevention services, and
- Long term investment in more social housing.

The government has given additional financial support to local authorities in previous years and although nothing further has been formally announced to date, should additional support be provided, the overspend forecast would reduce as a result.

Corporate Risk Lead Officer: Corporate Director of Place

4.9. **Berth 4/5 (Impact 4, Likelihood 3): Current/Emerging/Future**

Reputation, Service Delivery and Financial risk score 4

The project was delayed whilst an environmental impact assessment was developed to inform planning and marine licensing consents. The original berth was taken out of service in November 2020 due to its deteriorated condition.

A Cabinet decision was made in July 2021 to increase budget provision for the project. The EIA was completed in January 2022. The Planning Prior Approval and Marine Licence were both granted in May 2022.

The berth installation works commenced in June 2022 and reached substantial completion at the end of September 2022. Electrical supply and service lighting installation work was completed at the beginning of August 2023.

The berth is ready for service subject to the installation of an aggregates conveyor by Brett Aggregates. The timescale for the installation of the conveyor has not yet been confirmed.

The change in project programme following the notification that an Environmental Impact Assessment was required has resulted in a financial risk to the council due to extended berth outage and associated contractual costs. The final cost of the work element of the scheme has not yet been determined. An outcome was anticipated at the end of 2023 but has been delayed. Further dialogue with the contractor is being arranged and a final position will be reached as soon as is practically possible. It is expected that this will be by the end of April 2024.

Corporate Risk Lead Officer: Director of Environment

4.10. **Environmental Act (Impact 4, Likelihood 4) Current/Emerging/Future**

Reputation, Service Delivery, Strategic and Financial risk score 4

The Environment Act became law on 9 November 2021. This includes fundamental changes in responsibility for waste and recycling, which will have implications for the way we deliver statutory household waste collections.

As a member of the Kent Resource Partnership, TDC responded to Government consultations in 2021 on consistency of household collections, the Extended Producer Responsibility and a Deposit Return Scheme. Changes affecting household waste as a result of the new act were anticipated to start to take effect from this year but in July DEFRA announced that the extended producer responsibility (EPR) scheme has been deferred until October 2025. Whilst the act includes provision for new burdens funding and support to local authorities for the proposed changes, the implications for our vehicle fleet and resourcing including income from recycling and waste diverted from landfill are not yet clear. These provisions are likely to be predicated upon efficiencies of service delivery and provision of recycling services. Failure to meet these expectations could result in up to a 20% deduction in EPR payments that the council could expect to receive. DEFRA's consultation response to collection reforms (now titled "Simpler Recycling") has only recently been published. Further work will be needed in collaboration with other Kent local authorities via the Kent Resource Partnership to see what effect the changes will have on current waste and recycling collection and transfer arrangements.

Corporate Risk Lead Officer: Director of Environment

Corporate Risk Owner: Head of Cleansing

Climate change and Net Zero Strategy (Impact 4 Likelihood 4) Current/Emerging/Future

Service Delivery, Strategic and Financial risk score 4

The global attention on climate change and its impacts has never been more focused. The risk that climate change presents to the council and the wellbeing of its residents is stark and will potentially impact the council right across the risk spectrum; including financially, reputationally, in terms of service provision and the wellbeing of our staff and residents. For example, climate change presents an increased risk of extreme weather, such as the heat waves seen during the summer of 2022, which had consequent implications for service provision and also the wellbeing and welfare of our staff and residents.

The organisation has responded to these risks and challenges by declaring a climate emergency in 2019 and subsequently developing a Net Zero strategy, which was approved by the Cabinet on Thursday 2 March 2023.

The Net Zero Strategy shows how the council will meet its net zero pledge and is split into:

- addressing emissions in Thanet District Council's core carbon footprint to achieve net zero by 2030;
- addressing the wider council emissions that we have partial control over by 2050 at the very latest;
- supporting Kent County Council, government, business, industry and the community to reduce emissions generated across the district by 2050 at the latest

The Net Zero Strategy shows how we will reduce emissions to 2030 and 2050 and will help to avoid the worst impacts of climate change.

As global temperatures have already increased by 1.2oC, some impacts of climate change are already baked in and so we will work with KCC and DEFRA to understand these and the steps we need to take to adapt to those unavoidable impacts.

The progress on the Net Zero Strategy and action plan are currently being evaluated. The risks to achieving our pledge will be set out in the next risk register.

Significant risks to meeting our core pledge currently are the very old gas boilers in Cecil Street and the Kent Innovation Centre (KIC). If these are replaced by further gas boilers, instead of air or ground source heat pumps, we will not reach net zero by 2030. These decarbonisation projects, which are within priority one of the net zero strategy, will need to start as soon as possible and the decision over the future of the Cecil offices is a critical step in this. The Cecil and KIC gas boiler replacement projects have been added as capital bids and may be part funded by the Public Sector Decarbonisation Fund - which the council will apply for.

Corporate Risk Lead Officer: Head of Strategy & Transformation

5. Other risks

- 5.1. G&A meeting members requested to have oversight of all risks as part of the regular reports. This would however substantially increase the size of the report and so all risks scoring 8 or more after mitigation have been included within **Annex 1**. which is presented twice a year in Sept and March

Please note Governance has now been moved to Annex 1 which will be presented at this meeting.

Contact Officer: Chris Blundell (Director of Corporate Services)

Reporting to: Colin Carmichael (Interim Chief Executive)

Annex list - None

Background Papers - None

Corporate Consultation Undertaken

Agenda Item 5

Finance: Matt Sanham (Head of Finance and Procurement)

Legal: Ingrid Brown (Head of Legal and Democracy & Monitoring Officer)

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Annex 1

Summary of risks scoring 8 or 9 after mitigation

1. Current risks

Burial space Total Score (9) Impact 3 Likelihood 3

Capacity at Margate Cemetery is reducing.

The team has immediate mitigating actions in place to support this and the council is also actively searching for and considering options for adding new cemetery capacity in Margate.

Reviewed January 2024 - no change in scoring

Crematorium Building (8) Impact 2 Likelihood 4

A surveyor is required to assess the roof and skylights. Budget proposals to fund this via the capital programme are being explored.

Reviewed January 2024 - no change in scoring

Algae on slipways and tidal pools Total Score (9) Impact 3 Likelihood 3

Algae grows rapidly on smooth surfaces covered by the sea at high tide and exposed at low tide and is slippery when wet.

A contractor is in place to clean the slipways and additional Thermo Plastic signage has been installed on slipways on the 20/06/2023 to warn the public of the dangers. The decision has also been taken to close the Westbrook West Slipway as a precaution. Weekly cleaning during the bathing season is now in force at both the slipways and tidal pools. Enforcement officers are patrolling tidal pools to reduce the likelihood of accidents. RNLI and other patrol staff are using tannoys and loud hailers to warn beach users of the dangers. D-fib training for patrol staff will take place and an extra life ring and defibrillator will be installed within the tidal pool zone. RLSS officers bay inspectors write all courses for training standards and are looking into writing a qualification just for our tidal pools. In February 2024 the current signage was upgraded further for the 2024 season.

Reviewed January 2024 - no change in scoring although some new mitigations in place please see above

Major emergency Total Score (9) Impact 3 Likelihood 3

A major emergency is an event or situation which threatens serious damage to human welfare. Training in this area has reduced as a result of the Brexit and Covid-19 emergencies.

The council has emergency planning preparedness in place through the partnership with the Kent Resilience Team and this area needs to continue to be resourced.

Score changed as a full time Emergency Planning/Business Continuity officer position should be created - Updated Nov 23

Score changed - A new SLA due to start in 2024 will not include part 3 (Link officer) The TDC Emergency Planning Officers responsibilities have increased, therefore reducing the resources afforded for Emergency Planning.

Tenant Health and Safety Total Score (4) Impact 4 Likelihood 1

The occurrence of a significant incident leading to injury or death of a TDC tenant or tenants and the New Fire Safety Legislation and Building Safety Act.

New Health and Safety Policies have been adopted and there is routine monitoring and reporting in place, including quarterly to Cabinet. It's a standing item on the Corporate Health and Safety Committee agenda. There is an experienced, trained and well resourced team in place and Action plan progress is monitored.

DEC 23 review - New BSA & Fire safety legislation in place + new requirements complied with. New role introduced - Building Safety Manager. New High Rise Living Group - resident consultation group talks about safety within their blocks. Capital works are being carried out to replace EWI and fire doors to improve the fire safety in the high rise blocks. New contract to be procured to replace fire doors within low rise flatted blocks

Reviewed January 2024 can be removed from the Annex

Local Plan Review Total Score (12) Impact 4 Likelihood 3

A delay in the process would mean that we do not have a sound plan in place. The current plan has weight in decision making but this will diminish over time, particularly in relation to housing numbers.

There is a Local Plan Cabinet Advisory Group in place to review progress.

Reviewed February 2024 - no change to scoring

Lack of Investment in Infrastructure Total Score (8) Impact 4 Likelihood 2

There is a risk of key infrastructure projects not being prioritised, which could impact on future economic development in the district.

Mitigating actions include:

- Ensuring TDC has high level representation at relevant key meetings.
- Providing regular briefings to partners on requirements, including engagement on Infrastructure Delivery Plan.
- Identification of external funding streams and joined up corporate working on funding bids.
- A proactive approach to finding and retaining strategic partners.
- Take all available opportunities to engage with the Central Government on the need for funding/investment or changes to infrastructure.

Reviewed February 2024 - no change to scoring

Slow delivery of housing Total Score (9) Impact 3 Likelihood 3

There is a risk to the achievement of the required delivery of housing in the district, as determined by the Housing Delivery test. This affects the supply of new housing, plus undermining plan housing targets, meaning the weight given to the plan is diminished and increases the threat of development in inappropriate locations. Plus impact of slow housing market due to interest rate rises.

This is mitigated by:

- Complete annual development monitoring and monitoring of implementation of Infrastructure Delivery Plan.
- Close working with developers to build understanding of barriers to development.
- Seek funding as appropriate.
- Housing Delivery Test Action Plan published.
- New Housing Strategy adopted and published.

Reviewed February 2024 - no change to scoring

Building safety legislation Total Score (8) Impact 4 Likelihood 2

Ability to meet the new legislation (employing the right people, improving data integrity and obtaining data needed on buildings).

Building Safety Policy to be adopted, team roles and responsibilities to be clarified including training for key staff and legislation to be kept under review.

Dec 23 review - Building Safety Manager in place. an active High Rise Living resident group being consulted with. Monthly newsletters that include safety articles to educate residents

Reviewed January 2024 - no change to scoring

Temporary Agency Staff Provision Total Score (9) Impact 3 Likelihood 3

Difficult to identify and retain temporary staff in Operational Services.

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A gap analysis is being reviewed, to consider service changes and capacity required and an agency tender is to be awarded again in February 2023 - This should be going out to tender late 2023 for implementation in the new financial April 2024

Reviewed January 2024 - no change to scoring

Anti social behaviour (ASB) 'hotspots within the district Total score (9) Impact 3 Likelihood 3

Each year Thanet sees an increase in anti-social behaviour, this increase tends to be linked with the summer months and predominantly on the local beaches. The council received funding to commission a service to help alleviate the impact of ASB, unfortunately this funding is no longer available. The council recognised enforcement officers were required to support the reduction of ASB on the beaches, these were put in place late June. The enforcement officers will patrol the foreshores and have the power to issue fixed penalty notices. Throughout the year there is a multi-agency approach to tackling ASB, the number of agencies increasing over the summer months due to the increase of negative behaviour. **16/01/2024** This issue tends to be a seasonal one., but with the current planning of Op Island and projects put in place by TCSP we expect multi agency responses to be immediate.

Reviewed January 2024 - no change to score but update above

Flap Gate Hydraulic RAM failures Total score (8) Impact 4 Likelihood 2

At Ramsgate Harbour there are two 'dock gate' systems which control the water level in the Inner Basin, these are known as the Flap Gate and the Mitre Gates. The gates are all located in a formed channel through the Crosswall between the Inner and Outer Basins which affords vessel access.

Either the Flap Gate or the Mitre Gates may be used to control and retain water in the Inner Basin over a low tide cycle and together the gate systems offer a high level of system resilience.

In March 2023 a fault on the hydraulic system of the Flap Gate was identified which required on site repairs and off site fabrication works. The specified work was completed in October 2023. Further preventative works were commissioned in October 2023 and are anticipated to be completed early in March 2024..

Although this issue reduces the overall resilience of this important infrastructure at Ramsgate Harbour, the Mitre Gates will continue to be operated on each tide to control the water level in the Inner Basin until the Flap Gate is returned to service.

Reviewed January 2024 - no change in score - update above on progress

The Council Chamber camera system now only has one functioning camera. If this fails then streaming of Council meetings will need to cease. Total score (9) Impact 3 Likelihood 3

There is no identified budget to replace the current system and as such there is no mitigation

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possible. The cameras are now 25 years old and considered "end of life" by the company servicing them. In addition the microphone system is also based on software that is also out of support. It would not be possible to only replace the cameras. The situation is further complicated by the ongoing situation with the offices and whether we remain or relocate as this will have a significant impact on any potential replacement equipment.

Risk reviewed February 2024 - no change to scoring

Winter Gardens Total Score (9) Impact 3 Likelihood 3

Continuing deterioration inside the building, increasing costs of any internal repairs and remediation. Increased public concern as building is high profile, loss of credibility in council action. Suspect boarding found in backstage areas, during air sampling tests, possible asbestos containing material. If additional funding is not identified the building is at risk. In addition to this the recent changes for Insurance Underwriter poses a risk that the new insurer may have different requirements for vacant property security. The longer the asset remains unoccupied, the more this risk increases.

Risk reviewed January 2024 - no change to scoring

Vehicle Reliability total score (9) Impact 3 Likelihood 3

Majority of HGV fleet replaced in 2021. Everything else now on a 7 year replacement programme. However there are still some vehicles in daily use which need to be replaced as they are over the 7 years. Cleansing vehicles scheduled to be replaced next year are coming to the end of their working life.

4 x 12 tonne vehicles delivered and 1 x 26 tonne, new head of cleansing appointed 26/01/24

Reviewed January 2024 - no change to scoring

Governance total score (8) Impact 4 Likelihood 2

Statutory Recommendations were received from the external auditors, Grant Thornton, in relation to governance matters and an extraordinary Council meeting agreed the recommendations.

Following the appointment of an Independent Monitoring Officer in December 2021 to address Grant Thornton's concerns, his recommendations were approved at the May 2022 Council meeting.

A new interim Chief Executive was subsequently appointed on 14 July 2022, whose remit it is to review and implement the recommendations of the Independent Monitoring Officer.

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A timetable for delivery of those actions has been drawn up and progress has been made against a number of those actions. Therefore, the risk to Governance has been reduced accordingly.

Reviewed Ingrid Brown (Head of Legal and Democracy & Monitoring Officer) February 2024 - agreed

New risk

Very vulnerable residents in secure tenancies Total Score (8) Impact 4 Likelihood 2

Many clients from the housing registers have complex needs, including mental health, addiction and disability related needs. Often chaotic lifestyles will lead to increased instances of ASB/DV/rent arrears/hoarding. This affects the quality of the tenant and the lives of others in the neighbourhood and requires expert resources that are not available through 3rd sector or other support agencies

Look to employ officers that have the time and skill to address some of the complex needs we are experiencing. Look to find a budget through expansion of the team or restructure.

Risk reviewed January 2024

New Risk

Margate Museum and Tudor House Total score (9) Impact 3 Likelihood 3

Margate Museum and Tudor House are owned by TDC but managed by the Margate Museums Trust.

The council has previously negotiated an agreement with the Margate Museum Trust to cover the day-to-day management of the buildings and the safeguarding of the artefacts. This agreement has never been completed and has no formal status. As a result, TDC has inadequate control mechanisms in place to manage risks relating to the security of the artefacts or the health and safety of trustees, volunteers or visitors. In addition, both buildings are listed and have significant heritage value. They are in need of repair and will further deteriorate if repairs are not completed.

The council has commissioned a review of the governance arrangements and management opportunities for its Museums, including Margate Museum and Tudor House. A condition survey of the buildings has also been completed. This will help inform decision making.

To reduce the level of risk the Tudor House has been closed to the public, however trustees and volunteers currently still have access.

Risk reviewed February 2024

2. Emerging risks

Clock House total score (9) Impact 3 likelihood 2

Ending the lease arrangements with the Clock House is still being negotiated
There is significant damage to the building.

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Delays in ending the lease arrangements will impact on the National Lottery Heritage Fund application

There is continued clear negotiation through the leaseholders legal team.

Continued engagement with National Lottery Heritage Fund on the current Position. Surrender of the lease for the Clock House in Ramsgate Royal Harbour will soon be concluded and they will be in the Council's possession

Reviewed Nov 23 no change as yet but due to lease coming back into TDC possession this may change in next cycle -

Update Jan 2024 - the lease has now been surrendered back to TDC - this is now back in the possession of TDC and the risk has dropped so this will be removed from the Annex

NEC M3 Desupport Total score (8) Impact 4 likelihood 2

A project is ongoing to renew and upgrade one of the council's back office systems 'M3' used by a number of different council departments. The existing system is supported up until the end of the financial year so there is pressure to prioritise this activity. The Digital team is working with the relevant departments to scope out the specification for the new system and a procurement exercise is expected to start shortly.

Reviewed February 2024 - no change to scoring

New online forms package not compatible with M3 Total Score (9) Impact 3 Likelihood 3

One of the council's internal corporate systems M3 (used by a number of frontline services) is due to be decommissioned and a new system will be rolled out. Until the new system is in place, the old M3 system will not be compatible with the council's new online forms package. This means that teams who still rely on M3 will need to manually input data collated from given web forms until a new system is in place.

CMT has signed off next steps to move this project and the PIF has now been signed off by Finance. This is being prioritised and planning to award a contract by August 2023 in order to replace the M3 system at the earliest opportunity.

Reviewed February 2024 - no change to scoring but has been updated

The affected teams are aware and alternative arrangements are being considered.

Industrial Action - Total score (9) Impact 3 Likelihood 3

The high inflation environment and consequent cost of living crisis, combined with an increase in union membership, has increased the possibility of strike action across the council in the very near future.

Improved working relations with the union through Employee Council and HR meetings and ensure an appropriate forum for discussion of key HR matters. In September a 5.75% offer was agreed with GMB and Unison which formally closed the pay dispute and risk of industrial action at that time. Following negotiations and pay review implementation GMB confirmed they would further review pay for Drivers, Loaders & Cleansing Operatives in April 24.

Reviewed January 2024 - no changes to scoring

3. Future Risks

Manston Airport - public protection roles Total Score (9) Impact 3 Likelihood 3

Following the granting of the DCO, the expected opening date of cargo hub operation is 2025 and, depending on the nature of imports, TDC will need to provide Port Health authority Public Protection officers based on required volumes of inspections.

Engagement with airport operators will be undertaken to determine opening dates, level and nature of imports anticipated, including countries of origin. Staffing budget and new staff will be required to undertake this role. **No change**

HAVS monitoring Total score (9) Impact 3 Likelihood 3

To monitor staff vibration levels to make sure the staff stay within their EAV/ELV levels, this is to reduce over exposure and to make sure rotation is in constant use.

This is ongoing, data is constantly in use throughout the use of vibrating tools, this is looked at on a daily basis, and staff are regularly monitored.

Reviewed January 2024 - no change to risk scoring

New risk Jan 2024

Delivery of Regeneration project timescales Total score (9) Impact 3 Likelihood 3

As the programmes are developing there is a risk to the timescale for delivery for the projects, and those projects that have other external funding e.g. National Lottery Heritage Fund, which has its own timescales. Although the introduction of the Pathfinder Simplification Pilot is positive for the programme, it has delayed some of the decision making. Setting up a new Partnership Board will take some time in terms of engaging them in decision making.

Funding will need to be reprofiled to take into account the Pilot and the time extension to LUF projects.

Continual engagement with the Department for Levelling Up, Housing and Communities on the timescales.

Use of the council's freedoms and flexibilities for the programme

Engagement with National Lottery Heritage Fund in relation to phasing of relevant projects. Simplification Pathfinder Pilot provides an extra year for the delivery of the FHSF and LUF programmes, however profiling spend is challenging with the delays in commissioning external services to develop the final projects.

Risk Reviewed January 2024

Quarterly Internal Audit Update Report

Governance & Audit Committee	6th March 2024
Report Author	Head of Internal Audit
Portfolio Holder	Cllr Rob Yates, Cabinet Member Corporate Services.
Status	For Decision
Classification:	Unrestricted
Key Decision	No

Executive Summary:

This report provides Members with a summary of the internal audit work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 31st December 2023.

Recommendation(s):

1. That the report be received by Members.
2. That any changes to the agreed 2023-24 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of Annex 1 of the attached report be approved.

Corporate Implications

Financial and Value for Money

There are no financial implications arising directly from this report. The costs of the audit work are being met from the Financial Services 2023-24 budgets.

Legal

The Council is required by statute (under the Accounts and Audit Regulations and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function.

Risk Management

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

Corporate

Under the Local Code of Corporate Governance the Council is committed to comply with requirements for the independent review of the financial and operational reporting processes, through the external audit and inspection processes, and satisfactory arrangements for internal audit.

Equality Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

There are no equity or equalities issues arising from this report.

Corporate Priorities

This report relates to the following corporate priorities: -

- To keep our district safe and clean
- To deliver the housing we need
- To protect our environment
- To create a thriving place
- To work efficiently for you

1.0 Introduction and Background

1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 31st December 2023.

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- 1.2 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 member of the Senior Management Team, as well as the manager for the service reviewed.
- 1.3 Follow-up reviews are performed at an appropriate time, according to the priority of the recommendations, timescales for implementation of any agreed actions, and the risk to the Council.
- 1.4 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.
- 1.5 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. A list of those services currently with such levels of assurance is attached as Appendix 2 to the EKAP report.
- 1.6 The purpose of the Council's Governance and Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
- 1.7 To assist the Committee meet 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 was submitted to the last meeting of this Committee.

2.0 Summary of Work

- 2.1 There have been seven internal audit assignments completed during the period, which are summarised in the table in section 2 of the quarterly update report.
- 2.2 In addition eight follow-up reviews have been completed during the period, which are detailed in section 3 of the quarterly update report.
- 2.3 For the nine-month period to 31st December 2023, 243.67 chargeable days were delivered against the target for the year of 348 days which equates to 70.02% plan completion..

Contact Officer: Christine Parker, Head of the Audit Partnership, 01304 872160
Simon Webb, Deputy Head of Audit

Reporting to: Chris Blundell; Director of Corporate Services

Annex List

Annex 1: East Kent Audit Partnership Quarterly Update Report – 06-03-2024

Background Papers

Internal Audit Annual Plan 2023-24 - Previously presented to and approved in March 2023 at Governance and Audit Committee meeting

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

Corporate Consultation

Finance: Chris Blundell; Director of Corporate Services

Legal: Ingrid Brown, Head of Legal Democracy & Monitoring Officer

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

1.0 INTRODUCTION AND BACKGROUND

This report provides Members with an update of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 31st December 2023.

2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level*	No. of Recs*.	
2.1	Payroll	Substantial	Critical High Medium Low	0 0 0 0
2.2	Treasury Management	Substantial	Critical High Medium Low	0 0 3 0
2.3	Capital	Substantial	Critical High Medium Low	0 0 1 0
2.4	Community Safety	Substantial/ Limited	Critical High Medium Low	0 3 3 1
2.5	Housing Anti Social Behaviour	Reasonable	Critical High Medium Low	0 6 5 1
2.6	Homelessness	Reasonable/ Limited	Critical High Medium Low	3 2 4 3
2.7	External Funding Protocol	Limited	Critical High Medium Low	0 7 3 1

*For Assurance and Recommendation priority definitions see Appendix 2

2.1 Payroll - Substantial Assurance

2.1.1 Audit Scope

To ensure that the payroll service administered on behalf of Canterbury, Dover and Thanet Councils, including EK Services is adequately controlled to ensure that the right people are getting paid the right amounts at the right time and all the relevant data held is accurate.

2.1.2 Summary of findings

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

- Responsibility for the payroll function is clearly specified in the Service Agreement between Dover District Council and each organisation which it provides the payroll service for.
- Detailed procedure notes and checklists are in place covering the process for adding and paying new starters.
- Suitable procedures are in place for the collection of information relating to new starters so that they can be paid the correct amount in line with their appointment.
- For a sample of 14 new starters tested, all tax codes and tax earnings year to date were found to be correct.
- Accurate information is being sent to the KCC Pension Administrators to enrol all new starters eligible to join the pension scheme.
- For a sample of 14 new starters tested, the correct deductions in respect of pension contributions are being made.
- Once a new starter has been added to the payroll system, suitable procedures are in place to confirm that the payroll calculation is correct prior to the monthly payroll being processed.
- For a sample of 14 new starters tested, all were found to have their payroll correctly calculated with no errors being identified in the sample tested.

2.2 Treasury Management - Substantial Assurance

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the various Treasury Management matters within the remit of the accountancy office are performed effectively & efficiently, in furtherance of the Council's Policies.

2.2.2 Summary of findings

The Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes was introduced in 2021 and provides a revision of the 2017 Treasury Management Code. It introduces strengthened requirements for skills and training, and for investments that are not specifically for treasury management purposes.

The Code identifies three key principles: -

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- To have formal and comprehensive objectives, policies, practices, strategies and reporting arrangements in place for treasury management activities;
- To have suitable risk management arrangements in place that gives priority to security and liquidity when investing funds; and
- To acknowledge that the pursuit of value for money and use of performance measures are valid and effective.

Debt is forecast to increase to £116m by 31/3/27 in accordance with the approved Treasury Management Strategy and Medium Term Finance Strategy and this is against an authorised limit of £169m. Whilst the Council will continue to operate within the limit for external debt, the impact of increased interest payments and the ability to borrow in future be monitored closely.

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

- There are effective strategies, policies and procedures in place.
- The treasury management operational controls are effective.
- The Council is compliant with legislative and constitutional requirements.
- The cash flow forecasting arrangements in place are reliable.
- Investments and investment risks are managed and monitored in accordance with approved arrangements.
- Reporting arrangements are in accordance with requirements.
- There is sufficient resilience in place to ensure treasury management activities are actioned at appropriate intervals.

Minor scope for improvement was however identified in the following areas:

- There were two occasions when the cash in the main bank account fell slightly below the £50k threshold for liquidity purposes.
- The audit trail of treasury management training delivery could be more robust.
- Procedure notes should identify the officer role responsible for authorising the procedures in place.

2.3 Capital - Substantial Assurance

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that there is an effective and efficient evaluation and approval procedure for capital projects and robust financial procedures to enable sufficient budgetary provision to be made available for their funding.

2.3.2 Summary of findings

The review focussed on the Council's procedures in respect of capital projects financial approval and budgetary provision, it is not a review of how Projects are Management in terms of their delivery, this is a separate review to be included in the audit plan at a future date.

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The primary findings giving rise to the Substantial assurance opinion are as follows:

- The Council has an approved Capital Strategy in place.
- Suitable procedures are in place to evaluate and approve capital projects.
- All capital projects have a capital project document in place which details how the project will be completed, how much it will cost, the benefits of doing the project, the risk of not doing the project and how it's aligned with Corporate priorities.
- All projects are scored against standard criteria.
- All projects are subject to review and approval initially by CMT and then Cabinet.
- Funding sources are identified for every Capital project prior to its approval.
- All capital projects are subject to monthly monitoring by officers and quarterly monitoring by both CMT and Cabinet.
- All Capital Projects are subject to a post completion review by CMT.

Some scope for improvement was identified in respect of the weighting applied to the Capital projects scoring sheet for the category of 'Reduction in Climate impact' where the risk identified highlighted that this should better align with Council priorities/policies regarding the Climate Emergency.

2.4 Community Safety - Substantial/ Limited Assurance

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to achieve the Corporate statement theme 3: '*Community*' and, in particular the focus to '*Work with our partners to deliver a range of community safety initiatives across the District, taking tough action to tackle anti-social behaviour*'.

2.4.2 Summary of findings

Section 17 of the Crime and Disorder Act 1998, as amended by the Police and Justice Act 2006, requires responsible authorities to consider crime and disorder (including antisocial behaviour and other behaviour adversely affecting the local environment) and the misuse of drugs, alcohol and other substances in the exercise of all their duties, activities and decision making.

The assurance has been split to show that Management can place Substantial Assurance on the day to day working processes and Limited Assurance regarding the reporting to Members.

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

- Processes are in place for the public to be able to report anti-social behaviour and they are then reviewed, actioned or passed onto other agencies.

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- The Community Safety Team are undertaking events and projects across the district that address community safety issues and target various age groups in an attempt to break cycles of crime being carried out.
- There is a Community Safety Partnership in place that is addressing community safety issues across the district. Supporting plans and action plans are in place and minutes evidence the various partnership meetings that are held.
- The first meeting of the Council's formally sitting Community Safety Scrutiny Panel has been arranged for April 2024 when the Community Safety Partnership Plan and other supporting documents will be formally presented to it.

Scope for improvement was however identified in the following areas and this gives rise to the partially Limited assurance opinion:

- The Community Safety Partnership Plan and supporting action plan should be presented to the Council's Overview and Scrutiny Committee as they are acting as the Council's Community Safety Scrutiny Panel and are required by legislation to scrutinise work on community safety.
- The Strategic Assessment should be presented to the Community Safety Scrutiny Panel.
- The Overview and Scrutiny Committee should clearly record in the minutes of the meeting when acting as the Community Safety Scrutiny Panel.
- Consideration should be given to the production of an annual report to be presented to the Council's Community Safety Scrutiny Panel on the work of the Council in respect of community safety and also include meaningful performance indicators that reflect the work being carried out. The performance indicators should also be reported on a quarterly basis to Members through the quarterly performance report.
- To ensure that information flows between Housing and Community Safety consideration should be given to having a weekly meeting to discuss cases / issues that could impact on each other's work.

2.5 Housing Anti-Social Behaviour - Reasonable Assurance

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to achieve the Corporate statement theme 3: '*Community*' and, in particular the focus to '*Work with our partners to deliver a range of community safety initiatives across the District, taking tough action to tackle anti-social behaviour*'.

2.5.2 Summary of findings

Thanet District Council council tenants and leaseholders have a right to live in an environment that allows them to enjoy their home and community. The Council recognises that anti-social behaviour (ASB) caused by a minority of tenants can be disruptive and distressing for neighbours, damage the sustainability of communities and adversely affect the ability of the Council to let properties. The

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Council has a range of legal powers to help deal with ASB. These powers are contained in the Housing Acts of 1985 and 1996, the Anti-Social Behaviour Act 2003, the Anti-Social Behaviour, Crime and Policing Act 2014 and the Environmental Protection Act 1990.

Management can place Reasonable Assurance on the day to day processes and the performance monitoring and reporting of the service.

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

- Processes are in place for the tenants and leaseholders to be able to report anti-social behaviour and they are reviewed, actioned or passed onto other agencies.
- From early 2024 the NEC ASB system is to be used for the recording of ASB and also this will help with developing performance indicators.
- The Tenant and Leaseholder Services Antisocial Behaviour policy was approved by Cabinet in March 2022 and it was reviewed at the beginning of October 2023. Following the Ombudsman Spotlight Report on Noise, Housing are looking to introduce a separate Noise Nuisance and Low Level Nuisance Policy. Supporting procedure notes are also in place to assist officers in the day to day processes for actioning ASB reports and issues.

Scope for improvement was however identified in the following areas, and it is this that gives rise to the partially Limited assurance opinion:

- Consideration should be given to the production of an annual report to be presented to the Council's Community Safety Scrutiny Panel on the work of Housing ASB and also include performance indicators that reflect the service being carried out.
- The performance indicators should also be reported on a quarterly basis to Members through the quarterly performance report.
- A Customer Alerts Policy should be put in place that provides overarching guidance that sets out how Housing Services will deal with tenants who are abusive or threatening to staff or contractors who are carrying out their daily work, the policy should be presented to the Council's Overview and Scrutiny Committee on an annual basis (as they are acting as the Council's Community Safety Scrutiny Panel) and also to staff and contractors acting on behalf of the Council.

2.6 Homelessness - Reasonable/ Limited Assurance

2.6.1 Audit Scope

To provide assurance that the Council deals fairly and efficiently with all homelessness applications whilst:

- Minimising the length of stay in temporary accommodation;
- Minimising the cost to the Council of temporary accommodation; and

- Maximising income from all available sources to cover the costs incurred.

2.6.2 Summary of findings

The main Legislation relevant to homelessness are Part 7 of the Housing Act 1996, the Homelessness Act 2002 and the Homelessness Prevention Act 2017 which came into effect in April 2018 and requires local authorities to provide more advice and resources targeted at preventing homelessness.

Data from 2021/22 collated and published by KCC was analysed and demonstrated that Thanet District Council assessed a higher percentage of cases as 'owed a prevention duty', a lower percentage of cases as 'owed a relief duty' and a lower percentage of cases as deemed 'not homeless' than the Kent and England averages. The general trend across Kent is that homelessness cases are rising which is putting significant pressure on both team resources and finances of the Council as set out in the table below.

Budget vs Actual	2022/23	% variance
Expenditure Budget Including grant funding	£1,346,393	N/A
Expenditure Actual	£3,389,700	+151%

The assurance for homelessness has been split as follows. Management can place Reasonable Assurance for compliance with Prevention and Relief Duties as set out within Homelessness Legislation upon, while Management can place Limited Assurance on the system of internal controls in operation.

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

- Full compliance with Prevention and Relief Duties.
- Good levels of customer care demonstrated and documented.
- The management of temporary accommodation for homelessness allocation purposes was effective.
- There is good segregation of duties in place.
- There are some performance indicators in place to monitor the service.

The primary findings giving rise to the Limited Assurance opinion in this area and scope for improvement was identified as follows:

- The Council is not consistently using all means available to it to help reduce temporary accommodation costs (i.e. Housing Benefit claims were missing for 3/10 of the sample cases tested).
- Whilst all but one of the ten cases sampled had Personal Housing Plans (PHPs) in place, 5/10 of the sample cases tested had insufficient processes in place to move homelessness cases out of temporary accommodation and into alternative and more permanent accommodation within six months.

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- There is a need to introduce more performance measures to help strengthen governance processes, particularly in relation to monitoring the length of stay in temporary accommodation.
- Consent was missing in 4/10 of the sample tested, as required by the Homelessness Act 2002.

Management Response:

The Housing Options Team have experienced a number of factors over the past 12 months which has had a negative impact on the service. These have included a lack of staff resource, and a significant increase in households approaching the service for assistance. This is due to the significant increase in private sector rents and the cost of living crisis, which is being seen nationally. The senior management team had acknowledged these increases in demands on the service and had put in place.

This has meant that the vast majority of “high” risk recommendations have been completed prior to the final audit report being published through the work of the team, with evidence available and provided to demonstrate the completion of the work. Therefore, whilst I understand the status of “Limited Assurance” from the assessment made at the time it occurred, this was a snapshot in time and I am confident that if the same assessment was carried out today, that “Reasonable assurance” would be the minimum assurance level for the Homelessness assessments work carried out by the department.

Housing Options Manager.

2.7 External Funding Protocol - Limited Assurance

2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to reduce the risk of grant repayment and that these controls are adhered to by all members of staff applying for external funding.

2.7.2 Summary of findings

There is an External Funding Protocol in place for staff to follow and adhere to and a Project Board has recently been set up to monitor large scale projects, first meeting was 29 November 2023. The Project Management framework is under development and will be audited separately (previous reviews in this area including the Post Implementation Review of Berth 4-5 concluded No Assurance).

The records maintained by Finance indicate there are 208 current Job Codes set up within the finance system relating to externally funded projects. It was found that 12 codes require a file to be set up to maintain a complete audit trail. Evidence highlighted 111 of these codes are currently recording revenue against them within the finance system totalling £32,062,873.64 of (Capital and Reserve) funding in 2022-23 being recorded as received.

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The main projects of note are the Margate Town Deal (£22.2m investment fund) and the Levelling up Fund (£19.8m investment fund) for which information is available on the Council's website.

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

- The current External Funding Protocol is dated June 2015 and requires a review and update to allow for process and procedural updates. The protocol requires a more regular review process, to be documented and implemented alongside a document change control being added to maintain a management trail of changes.
- The protocol should be adhered to by all members of staff applying for external funding. Compliance could not be established as requested access to project files for sample testing was not provided. Only 2 out of 5 responded with access during the time frame provided for audit testing, both of these did evidence some compliance. The job code files being managed by finance were made available but this did not contain all the relevant information required to establish complete compliance with the protocol. Some of these job code files were also missing.
- To ensure a complete evidential audit trail can be demonstrated, and in compliance with the protocol, only one main project file should be set up with access being given to all staff that need it.
- Completed risk registers undertaken as part of the application process need to be made more formal once the bid has been accepted and be included within the project risk register so this can be regularly reviewed and updated and members and management team can be kept informed.
- Evidence of approval of projects by Management Team and Cabinet could not be obtained or established, this needs to be implemented as per the protocol and documented within the file.
- Records of outcomes, outputs achieved and evidence that the requirements of the external funders are met need to be evidenced.
- Management reporting on progress needs to be established and documented.
- There is evidence that document retention is being recorded, however the retention schedule and control document require a review and update.
- Whilst there is a Due Diligence Policy, this needs review and update and also needs to be more effectively promoted to officers undertaking projects.

Effective control was evidenced in the following areas:

- The External Funding Protocol is adequately promoted to staff.
- A Project Board has been set up to manage and monitor projects. This is in its early stages of development, terms of reference have been agreed and strategies, policies and procedures are in development. The first meeting of the Project Board occurred on 29 November 2023, the ongoing frequency for it to meet is set to four weekly.
- A risk register was in place for each project in the sample reviewed.
- There is evidence that the bids have been reviewed and authorised by the Finance Manager, Legal Services and s.151 Officer.

Management Response:

- Externally funded projects across the council are broader than the Town Deal and the Ramsgate Levelling Up Fund. Evidence from these schemes mentioned in the report can be provided to show adherence to the Protocols in place. Regeneration has had an internal and external Board's/Scrutiny Panels reviewing delivery of the projects. Project Files are set-up and all relevant officers from all departments have access to them. These funds have quarterly/six monthly reporting to central government against spend, profiled spent, risks, project adjustments and risks. The External Funding applications that evidence was requested for this review was provided two weeks after requested, although this was outside of the timeframe. The evidence will have shown engagement with the Finance lead for external funding, approval to apply for the funding and relevant folders set-up. However, job codes won't have been set-up yet as one funding application had not been successful and the other was still being considered by the funding body.
- There have been significant changes in the external funding arena and we understand that the external funding protocol should be updated and the Regeneration and Growth Team is happy to work with the Finance Team on an updated protocol.

Head of Finance and Procurement • Corporate Services

3.0. FOLLOW UP OF AUDIT REPORT ACTION PLANS:

3.1 As part of the period's work, eight follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. The review completed during the period under review is shown in the following table.

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No. of Recs. Outstanding after follow-up
a)	Environmental Protection Service Requests	Reasonable	Substantial	Critical	0	0
				High	0	0
				Medium	2	0
				Low	2	0
b)	Cloud Computing	Reasonable	Reasonable	Critical	0	0
				High	3	3
				Medium	7	3
				Low	3	2
c)	Waste Vehicle Fleet Management	Reasonable	Reasonable/ No	Critical	0	0 **
				High	3	0
				Medium	4	1

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				Low	1	0
d)	East Kent Opportunities - 1st Follow-up	No	No	Critical	0	0
				High	8	5
				Medium	0	0
				Low	0	0
e)	East Kent Opportunities - 2nd Follow-up	No	Reasonable	Critical	0	0
				High	5	0
				Medium	0	0
				Low	0	0
f)	Licensing	Reasonable/ No	Reasonable/ No	Critical	1	1
				High	4	0
				Medium	5	1
				Low	1	1
g)	Rent Accounting, Collection & Debt Mngmt.	Reasonable/ Limited	Reasonable/ Limited	Critical	1	1
				High	6	1
				Medium	2	0
				Low	1	1
h)	Capital	Substantial	Substantial	Critical	0	0
				High	0	0
				Medium	1	0
				Low	0	0

*For Assurance and Recommendation priority definitions see Appendix 2

** A new Critical priority recommendation was made at the time of follow-up in respect of the Waste Vehicle Fleet Management

- 3.2 As part of the follow up action, the recommendations under review are either:
- “closed” as they have been successfully implemented, or
 - “closed” as the recommendation is yet to be fully implemented but is on target with a revised implementation date, 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) “closed” on the EKAP System with a revised implementation date and escalated to management for further tracking and reporting to the audit committee.
- 3.3 Details of each 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 Governance Committee.
- 3.4 The purpose of escalating outstanding high-risk matters 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.

c) Waste Vehicle Fleet Management - Good progress has been made by the service to implement the recommendations particularly around the monitoring of vehicles to prevent instances of vehicle overloading. Management do however need to ensure that once the Corporate CCTV policy has been implemented, suitable procedures are implemented to undertake ad-hoc reviews of CCTV footage from refuse freighters to confirm compliance with procedures for reversing, confirmation of correct use of all required PPE and the wearing of seatbelts.

Senior Management should satisfy themselves that the service is dealing with all reports of drivers reversing without a reversing assistant in accordance with the relevant HR policies, and that all action taken in response to such reports or complaints regarding operatives and drivers are suitably documented.

The Transport Manager should also ensure that the information held by the traffic Commissioner is up to date and that the Commissioner is informed as soon as practical of any future changes.

At the time of the initial audit we concluded that Management could have Reasonable Assurance in this area. Following completion of this follow-up review, our opinion has remained as Reasonable around the overall management of the waste vehicle fleet, but due to the lack of response from Management (despite many requests and escalating the issue) the Council may have No assurance in respect of the management of the risk associated with drivers reversing refuse freighters without the assistance of a guide, nor that the Council is applying its disciplinary code in an equal and proportionate manner in respect of this serious matter. This has led to a new recommendation, rated as critical priority being added at the progress report stage.

Management Response - The outcome of this follow up audit is accepted. Where the original recommendations have been deemed to be partially implemented work will continue to fully discharge these actions by the end of January 2024 or sooner where a date has been specifically referenced.

The new critical action regarding reports of HGV's reversing without a banksman is also accepted and a review of the application of the approved policy will be undertaken and action will be taken to ensure compliance. A full response will be provided on this critical audit action by the end of December 2023.

e) East Kent Opportunities - The recommendations were originally due to be implemented by 30th June 2023. There was reasonable delay in their implementation which necessitated the undertaking of a second follow up. We are however pleased to report that all of the recommendations had been implemented by December 2023 and accordingly the assurance opinion was revised from No Assurance to Reasonable Assurance.

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: VICs, Scheme of Officer Delegations, and Tenant Engagement.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

5.1 The 2023-24 internal audit plan was agreed by Members at the meeting of this Committee on 8th March 2023.

5.2 The Head of the Audit Partnership meets on a quarterly basis with the Section 151 Officer or their nominated representative 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 1.

6.0 FRAUD AND CORRUPTION:

There are no known instances of fraud or corruption being investigated by the EKAP to bring to Members' attention at the present time.

7.0 UNPLANNED WORK:

All responsive assurance / unplanned work is summarised in the table contained at Appendix 1.

8.0 INTERNAL AUDIT PERFORMANCE

8.1 For the nine-month period to 31st December 2023, 243.67 chargeable days were delivered against the target for the year of 348 days which equates to 70.02% plan completion.

8.2 The financial performance of the EKAP is on target at the present time.

8.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has established a range of performance indicators which it records and measures.

8.4 The EKAP audit maintains an electronic client satisfaction questionnaire which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service.

Attachments

Appendix 1 Progress to 31st December 2023 against the agreed 2023-24 Audit Plan.

Appendix 2 Definition of Audit Assurance Statements & Recommendation Priorities

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- Appendix 3 Summary of Critical and High priority recommendations not implemented at the time of follow-up.
- Appendix 4 Summary of services with Limited / No Assurances yet to be followed up.
- Appendix 5 Balanced Scorecard of Performance Indicators to 31st December2023

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APPENDIX 1

PROGRESS AGAINST THE AGREED 2023-24 AUDIT PLAN THANET DISTRICT COUNCIL

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2023	Status and Assurance Level
FINANCIAL GOVERNANCE:				
Capital	10	10	3.88	Finalised - Substantial
Treasury Management	10	10	8.91	Finalised - Substantial
External Funding Protocol	10	10	10.72	Finalised - Limited
Insurance & Inventories of Portable Assets	10	10	10.87	Finalised - Substantial
HOUSING SYSTEMS:				
Homelessness	10	10	12.09	Finalised - Reasonable/Limited
Void Property Management	10	0	0	Covered by Repairs Audit
Rent Accounting, Accounting & Debt Management	10	10	10.41	Finalised - Reasonable/Limited
Tenancy Fraud	10	10	0	Postponed
Resident Engagement	10	10	0.23	Work-in-Progress
Anti-Social Behaviour	5	5	5	Finalised - Reasonable
HRA Business Plan	10	10	9.15	Finalised - Substantial
GOVERNANCE RELATED:				
Scheme of Officer Delegations	10	10	4.19	Work-in-Progress
Performance Management	10	10	0	Postponed
Corporate Advice/ CMT	2	2	4.93	Ongoing
s.151 Officer Meetings & Support	9	9	11.02	Ongoing
Governance & Audit Committee Meetings and Report Preparation	12	12	14.07	Ongoing
Audit Plan & Preparation Meetings	9	9	3.86	Ongoing
HR RELATED:				
Payroll	3	3	3.31	Work-in-Progress
COUNTER FRAUD:				
Counter Fraud & Corruption	10	10	0	Postponed

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ICT RELATED:				
Change Controls	15	15	0	Quarter 4
Network Security	10	10	0	Quarter 4
Cyber-Security	10	10	18.40	Finalised - Limited
SERVICE LEVEL:				
CSO Compliance	10	10	0.34	Work-in-Progress
Community Safety	10	10	11.83	Finalised - Substantial/Limited
Environmental Protection Service Requests	10	10	12.7	Finalised - Reasonable
Grounds Maintenance	12	12	0.18	Work-in-Progress
Ramsgate Harbour Accounts	5	5	0	Work-in-Progress
Planning Applications, Income & s.106	10	12	18.48	Finalised - Substantial/Limited
Building Control	10	10	0	Postponed
Your Leisure	10	10	0	Postponed
VICs	10	10	0.31	Work-in-Progress
Garden Waste	10	10	11.75	Finalised - Substantial
Refuse Collection	10	10	8.97	Finalised - Reasonable
Climate Change	5	5	0	Postponed till 24-25
Employee Health & Safety	10	18	17.59	Finalised - Limited
OTHER:				
Liaison With External Auditors	1	1	1.34	Ongoing
Follow-Up Reviews	15	15	20.35	Ongoing
FINALISATION OF 2022-23 AUDITS:				
Absence Management	5	5	0.23	Finalised - Reasonable/Limited
Car Parking & Enforcement			5.57	Finalised - No
Ramsgate Harbour Accounts			2.99	Finalised - N/A
RESPONSIVE ASSURANCE:				
LUF Grant - Project Assurance	0	0	0.24	Work-in-Progress
TOTAL	348	348	243.67	70.02 %

**PROGRESS AGAINST THE AGREED 2023-24 AUDIT PLAN
EAST KENT SERVICES**

Review	Original Planned Days	Revised Planned Days	Actual days to 31/12/2023	Status and Assurance Level
EKS REVIEWS:				
Housing Benefits Administration	15	13	13.15	Finalised - Substantial
Housing Benefits Testing	20	14	13.79	Finalised - N/A
Council Tax Reduction Scheme	15	15	0.95	Work in progress
Customer Services	15	8	0.12	Work in progress
Transition Governance	0	15	7.15	Finalised - N/A
OTHER:				
Corporate/Committee	4	4	4.06	Ongoing
Follow Up	2	2	0.11	Ongoing
FINALISATION of 2022-23 AUDITS:				
Debtors	2	2	1.45	Finalised - Substantial
Data Management Desegregation Project	1	1	1.55	Finalised - Reasonable
Total	74	74	42.33	57.23%

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.

SUMMARY OF CRITICAL & HIGH PRIORITY RECOMMENDATIONS NOT IMPLEMENTED AT THE TIME OF FOLLOW-UP – APPENDIX 3		
Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
Cloud Computing - November 2023:		
<p>In the absence of key security staff who have left EK Services ICT the Council must consider whether its internal resources have sufficient capability and knowledge to assess completed digital landscape documents returned to the Council during the procurement process to be assessed when the Council is decided to procure a new cloud based system.</p> <p>NB. The risks to the Council will increase the closer the Council gets to the date the ICT services transfers back in house and the bigger the systems left to transfer to the cloud.</p>	<p>Recommendation accepted. Management will risk assess this and look at training and other actions to ensure the risk is mitigated once the ICT service has returned.</p> <p>Proposed Completion Date & Responsibility</p> <p>September 2023 Digital Transformation Manager</p>	<p>The disaggregation project is ongoing during this period ICT security risks are higher and this is recognised in our strategic risk register. The Council has not yet recruited a new Senior Transformation and Technology Manager who will be responsible for ICT security risks along with our new SIRO.</p> <p>DLDs will remain a key control and these have been assessed by the System Improvement Manager, however this remains a risk for the Council.</p> <p>Recommendation Outstanding with Intent to Action - Revised Implementation Date April 2024.</p>
<p>All Completed Digital Landscape Documents returned as part of any cloud based system procurement process should be fully completed and this includes whether the responses from the supplier is a pass or a fail.</p>	<p>Recommendation accepted. Management will also look at information governance to ensure documents are shared centrally.</p> <p>Proposed Completion Date & Responsibility</p> <p>October 2022 Digital Transformation Manager</p>	<p>The responsibility for coordination is the Systems Improvement Manager. This is something that will continue to evolve and improve when the recruitment of the new Senior Transformation and Technology Manager has been completed.</p> <p>Recommendation Outstanding. Revised Implementation Date April 2024.</p>

<p>Future completed Digital Landscape Documents (DLDs) should consistently contain: -</p> <ul style="list-style-type: none"> - The date they were assessed by the Council; - The names of the officers involved in the assessments made by the Council; - The name of the authorising officer confirming overall responsibility for approval. - A pass or a fail mark or score in each of the criteria being assessed. - Sufficient commentary from officers included in the DLSs on how any assessed 'failures' would be adequately and satisfactorily overcome in practice. 		
<p>Management should introduce and publish on the intranet a set of approved contract clauses that the Council should expect in all agreements and contracts in place with cloud based system providers in future. This should include: -</p> <ul style="list-style-type: none"> - Data back-up arrangements; - Right to Audit; - Responsibilities for security; - Responsibilities for data backup; and - The process for retrieving Council owned data at the end of the contract period. 	<p>Recommendation approved subject to the suggested changes and subject to agreed templates.</p> <p>Proposed Completion Date & Responsibility</p> <p>April 2023 - Interim Head of Legal</p>	<p>There is a TDC Standard Clauses Template available for staff to utilise on TOM but this does not reduce the risks posed by this recommendation.</p> <p>This recommendation will be the responsibility of the new Head of Legal and Democracy (IB) for implementation.</p> <p>Recommendation Outstanding with Intent to Action - Revised Implementation Date April 2025.</p>

Licensing - December 2023:

The setting of the fees and charges should be calculated each year taking into account the cost neutral exercise that should be carried out at the same time. Any surplus from the previous year should be used to reduce the new fees and charges.

We were instructed to increase all fees and charges by 10%. (Technical Support Manager (AB))

Processes will be put in place to ensure that the next round of fees and charges are calculated only once the cost neutral exercise has been carried out.

Proposed completion date and responsibility:
October 23 - Director of Safer Neighbourhoods

No response received from the Head of Neighbourhoods. Evidence that the exercise has been carried out has not been provided, leading to the conclusion that fees and charges have not been calculated in accordance with legislation.

Outstanding Awaiting Response

Rent Accounting, Collection & Debt Management - December 2023:

As a key control the Council must operate write-off authorisations in compliance with the thresholds set out within the Constitution and the Interim Write Offs and Relief Order Policy.

Review all write offs to date. Retrospective sign off to be sought from s.151. Quarterly write off review, with a view to obtaining sign off from s.151 following agreement from TLS Manager.

Proposed completion date and responsibility:
September 23 - Tenant and Leaseholder Services Manager

The s.151 Officer and the Head of Tenant and Leasehold Services are working together to resolve this issue and ensure all retrospective write-offs are authorised in accordance with constitutional requirements. This is an important piece of work that requires time to get right and therefore remains outstanding with full intent to action.

Recommendation Outstanding with Intent to Action. Revised Implementation Date - March 2024.

The s.151 Officer should be provided with the following information when being asked to write off tenant debt: -
- a current total balance of current tenant arrears;

Create a write off template to include information required and sign off. Ensure Finance & s.151 Officers are happy with the new process & have the resources to review and sign off.

A new write-off form has been drafted but has yet to be formally introduced.

Recommendation Outstanding with Intent to Action. Revised Implementation Date -

<ul style="list-style-type: none">- a current total balance of former tenant arrears; and- the amount of debt he/she has written off to date (YTD).	Proposed completion date and responsibility: August 23- Income Manager / Tenant and Leaseholder Services manager.	March 2024.
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SERVICES GIVEN LIMITED / NO ASSURANCE LEVEL YET TO BE REVIEWED – APPENDIX 4

Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Berth 4-5 Post Implementation Review	March 2023	No	Summer 2024 -delayed at Client request Project Management risks being tolerated
Car Parking & Enforcement	July 2023	No	Quarter 4 2023
EKS ICT Desegregation Project	September 2023	Limited	Quarter 4 2023
Planning Applications, Income and S106	November 2023	Substantial/Limited	Quarter 4 2023
External Funding Protocol	March 2024	Limited	Quarter 2 2024

Balanced Scorecard - Quarter 4

<u>INTERNAL PROCESSES PERSPECTIVE :</u>	<u>2023-24 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Original Budget</u>
	Quarter 3		Reported Annually		
Chargeable as % of available days	87%	90%	<ul style="list-style-type: none"> ● Cost per Audit Day 	£	£403.37
Chargeable days as % of planned days			<ul style="list-style-type: none"> ● Direct Costs 	£	£521,918
CCC	61.63%	75%	<ul style="list-style-type: none"> ● + Indirect Costs (Recharges from Host) 	£	£10,530
DDC	80.86%	75%	<ul style="list-style-type: none"> ● - 'Unplanned Income' 	£	Zero
TDC	70.02%	75%			
FHDC	66.31%	75%			
EKS	57.23%	75%			
Overall	69.47%	75%	<ul style="list-style-type: none"> ● = Net EKAP cost (all Partners) 	£	£532,448
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> ● Issued 	46	-			
<ul style="list-style-type: none"> ● Not yet due 	18	-			
<ul style="list-style-type: none"> ● Now due for Follow Up 	33	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Partial			

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<u>CUSTOMER PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Target</u>
	Quarter 3		Quarter 3		
Number of Satisfaction Questionnaires Issued;	50		Percentage of staff qualified to relevant technician level	61%	60%
Number of completed questionnaires received back;	17		Percentage of staff holding a relevant higher-level qualification	50%	50%
	= 34%		Percentage of staff studying for a relevant professional qualification	0%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	3.37	3.5
<ul style="list-style-type: none"> ● Interviews were conducted in a professional manner ● The audit report was 'Good' or better ● That the audit was worthwhile. 	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	50%	50%

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DRAFT INTERNAL AUDIT PLAN 2024-25

Governance & Audit Committee	6 March 2024
Report Author	Head of Internal Audit
Portfolio Holder	Cllr Rob Yates, Cabinet Member Corporate Services.
Status	For Approval
Classification:	Unrestricted
Key Decision	No

Executive Summary:

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

Recommendation(s):

That the report be received by Members.

That the draft 2024-25 Internal Audit Plan be approved.

Corporate Implications

Financial and Value for Money

There are no financial implications arising directly from this report. The costs of the audit work are being met from the Financial Services 2024-25 budgets.

Legal

The Council is required by statute (under the Accounts and Audit Regulations and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function.

Risk Management

Section 3.0 of the report provides full details of the risk management approach to the development of the draft 2024-25 internal plan.

Corporate

Under the Local Code of Corporate Governance the Council is committed to comply with requirements for the independent review of the financial and operational reporting processes, through the external audit and inspection processes, and satisfactory arrangements for internal audit.

Equality Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

There are no equity or equalities issues arising from this report.

Corporate Priorities

This report relates to the following corporate priorities: -

- To keep our district safe and clean
- To deliver the housing we need
- To protect our environment
- To create a thriving place
- To work efficiently for you

1. Introduction and Background.

1.1 The purpose of the Council's Governance & Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

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

2. Risk Based Internal Audit Plan.

2.1 The Audit Plan for the year 2024 to 2025 is attached as Annex A and has the main components to support the approved Audit Charter. The plan is produced in accordance with professional guidance, including the Public Sector Internal Audit Standards (PSIAS). A draft risk based plan is produced from an audit software database (APACE) maintained by the EKAP which records our risk assessments on each service area based upon previous audit experience, criticality, financial risk, risk of fraud and corruption etc. Amendments have been made following discussions with senior management, taking account of any changes within the Council over the last 12 months, and foreseen changes over the next.

2.2 The plan has then been further modified to reflect emerging risks and opportunities identified by the Chief Executive, Directors, and the links to the Council's Corporate Plan and Corporate Risk Register. This methodology ensures that audit resources are targeted to the areas where

the work of Internal Audit will be most effective in improving internal controls, the efficiency of service delivery and to facilitate the effective management of identified risks.

- 2.3 Furthermore, wider risks are considered, by keeping abreast of national issues and advice from the auditing profession / firms. The annual “Risk in Focus” report provides an opportunity to track how risk priorities are developing over time. A number of dominant themes are emerging. Climate change, biodiversity and environmental sustainability has gained in prominence more than any other risk type over the past three years. It is a moving target that organisations will have to make continuous efforts to mitigate for decades to come. This should therefore be considered a “forever risk” that is likely to move up the risk rankings over time. Risks related to business continuity, crisis management and disaster response have been heavily impacted by recent events, and the same is true of health, safety & security, Human capital, diversity and talent management and organisational culture. These latter three have a clear human capital element to them. Organisations have been forced to flex and adapt, protecting their workforces from harm as health risks sharply escalated and hybrid working evolved. The top five identified risks through ‘Risk In Focus’ survey have been considered for inclusion in the 2024-25 plan as follows;

1 - Cyber Security & Data Security – retained its long-standing pole position as the top threat. A review of cyber security was undertaken in 2023-24 and given the incident in January 2024 a very detailed follow up will be undertaken in 2024-25. Additional risk areas within ICT identified provision for Data Management, and ICT Acquisitions & Disposals which have also been included in the draft plan.

2 - Human Capital, Diversity & Talent Management –also retained its 2nd place ranking in the report as many businesses find themselves out of sync with post-pandemic culture. This is a vital area of risk as both strategic goals and risk management require a broad and deep base of talent and skills for success. There are HR reviews planned across the strategic audit plan including Apprenticeships, Payroll and Employee Benefits-in-Kind in 2024-25.

3 - Macroeconomic and Geopolitical Uncertainty - weathering the economic effects of higher inflation and interest rates and the market changes they engender changes the emphasis of this risk category this year as it cuts across all areas, from financial liquidity and insolvency risk, to business continuity and supply chain resiliency. Reviews of Treasury Management, Budgetary Control, Business Continuity, Emergency Planning, Contract Management have been allocated in 2024-25 relating to this risk.

4 - Climate Change, Biodiversity and Environmental Sustainability - has slipped down the priority rankings, but a raft of new regulations – including Europe’s Corporate Sustainability Reporting Directive - means that organisations expect this to be the’ 3rd biggest risk by 2027. Keeping a strategic, entrepreneurial attitude will be key to avoid being mired in compliance. A Climate Change review was undertaken in 2022-23 and time has been allocated in the 2024-25 plan for a further review, to assess the Council’s progress against this agenda.

5 – Supply Chain, Outsourcing and Nth Party Risk - a key area where dynamic, fast-moving interconnected risks – economic headwinds, deglobalisation, physical threats to logistics, climate related weather events and new regulations, make strategic and operational innovation a must. Stress on supply chains will be a constant feature over the next few years, reviews of Procurement, Tendering, Contract Management, have been allocated in 2024-25 relating to this area.

Agenda Item 7

- 2.4 There are insufficient audit resources to review all areas of activity each year. Consequently, the plan is based upon a formal risk assessment that seeks to ensure that all areas of the Council's operations are reviewed within a strategic cycle of audits. In order to provide Members with assurance that internal audit resources are sufficient to give effective coverage across all areas of the Authority's operations, a strategic plan has been included.
- 2.5 To comply with the best practice, the agreed audit plan should cover a fixed period of no more than 1 year. Members are therefore being asked to approve the 2024-25 plan at the present time, and the future years are shown as indicative plans only, to provide Members with assurance that internal audit resources are sufficient to provide effective coverage across all areas of the Authority's operations within a rolling cycle.
- 2.6 The plan has been prepared in consultation with the Directors and the Council's statutory s.151 Officer. The plan is also designed to meet the requirements expected by the External Auditors for ensuring key controls are in place for its fundamental systems. This Committee is also part of the consultation process, and its views on the plan of work for 2024-25 are sought to ensure that the Council has an effective internal audit of its activities and Members receive the level of assurance they require to be able to place assurance on the annual governance statement.
- 2.7 The risk assessment and consultation to date has resulted in;
- 75% Core Assurance Projects- the main Audit Programme;
 - 3% Fraud Work – fraud awareness, reactive work and investigating potential irregularities;
 - 0% Corporate Risk – testing the robustness of corporate risk mitigating action; and
 - 22% Other Productive Work – Corporate meetings, follow up, general advice, liaison.

Total number of audits is 34.

For 2024-25 the days available for carrying out audits are 343 days. When compared to the resources available and working on the basis that the highest risk areas should be reviewed as a priority, the EKAP has sufficient resources to undertake 34 audits. The detailed draft audit plan is contained in Annex A. The current resources of the EKAP will allow for an assurance opinion to be given on the Council's key risk areas and systems. This should be sufficient coverage to inform the Annual Governance Statement.

3. Benchmarking the level of Internal Audit Provision.

- 3.1 Members should have regard to how audit resources within the Council compare to other similar organisations when considering the adequacy and effectiveness of the internal audit plan. The results of benchmarking show that the average number of internal audit days provided by district councils within Kent is circa 387 days annum. The audit plan of Thanet District Council of 348 days plus their share of the Civica audit plan totals 373. The Thanet plan is therefore 14 days less well-resourced than the Kent average benchmark.

4. Head of Internal Audit Opinion of the 2024-25 Internal Audit Plan.

Agenda Item 7

- 4.1 This report is presented to Members by the Council's Director of Corporate Services whose s.151 responsibility it is to maintain an effective internal audit plan. In the interests of openness and transparency and in order to enable Members to make an informed decision on the internal audit plan presented for their approval, consideration should also be given to the opinion of the Head of Internal Audit on the effectiveness of the plan.
- 4.2 It is the professional opinion of the Head of the East Kent Audit Partnership that the draft 2024-25 internal plan presented to Members will allow for an assurance opinion to be given on the Council's key risk areas and systems - which accordingly will be limited to commenting on the systems of internal control that have been examined in the year.
- 4.3 The Head of the East Kent Audit Partnership recommends that Members approve the 2024-25 internal audit plan as drafted, noting that to bring the plan up to the Kent average benchmark would require an additional 14 days per annum, which at an estimated cost per audit day of £400 would cost £5,600 per annum.

5. Options

- 5.1 Members approve the 2024-25 Internal Audit Plan.

Contact Officer: Christine Parker, Head of the Audit Partnership, Ext. 42160
: Simon Webb, Deputy Head of Audit, Ext 7189

Reporting to: Chris Blundell; Director of Financial Services (s.151 Officer)

Annex List

Annex A Thanet District Council Draft 2024-25 Internal Audit Plan

Background Papers

Title	Details of where to access copy
Former Internal Audit Annual Plan 23-24	Previous plan presented to and approved in March 2023 at Governance and Audit Committee meeting
Audit Charter & Mission	Previously presented to and approved at March 2023 Governance and Audit Committee meetings.

Corporate Consultation

Finance	Chris Blundell; Director of Corporate Services
Legal	Ingrid Brown; Head of Legal, Democracy & Monitoring

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Plan Area	Corporate Statement Priority Ref:	Year Last Audited	Previous Assurance level	2024-25 Planned Days	Quarter Prioritised for 2024-25	2025-26 Planned Days	2026-27 planned days	2027-28 Planned Days
Financial Governance:								
Capital	Priority 5	2023-24	Substantial					10
Treasury Management	Priority 5	2023-24	Substantial					10
Car Parking & Enforcement	Priority 5	2022-23	No			10		
Bank Reconciliation	Priority 5	2021-22	Substantial				10	
Creditors and CIS	Priority 5	2021-22	Reasonable			10		
External Funding Protocol	Priority 5	2023-24	Limited					10
Main Accounting System	Priority 5	2016-17	Substantial	10	3		10	
Income & Cash Collection	Priority 5	2021-22	Substantial Limited			10		
Budgetary Control	Priority 5	2021-22	Substantial			10		
VAT	Priority 5	2022-23	Reasonable				10	
Insurance & Inventories of Portable Assets	Priority 5	2023-24	Substantial					10
People Management:								
Recruitment & Leavers	Priority 5	2021-22	Substantial			10		
Absence Management, Annual Leave and Flexi Leave	Priority 5	2022-23	Limited Reasonable Limited				15	
Apprenticeships	Priority 5	2018-19	Substantial/Reasonable	10	4			
Payroll	Priority 5	2023-24	23-24 WIP	3	3	3	3	3
Employee Benefits in Kind	Priority 5	New Area	To be Assessed	3	3			
Employee Allowances and Expenses	Priority 5	New Area	To be Assessed			3		
Corporate Governance:								
Members' Code of Conduct, Register of Interests, Gifts and Hospitality, and Standards Arrangement	Priority 5	2020-21	Reasonable	10	1			

Plan Area	Corporate Statement Priority Ref:	Year Last Audited	Previous Assurance level	2024-25 Planned Days	Quarter Prioritised for 2024-25	2025-26 Planned Days	2026-27 planned days	2027-28 Planned Days
Officers' Code of Conduct and Gifts and Hospitality	Priority 5	2022-23	Substantial				10	
Local Code of Corporate Governance	Priority 5	2020-21	Limited			10		
Data Protection, FOI and Information Management	Priority 5	2021-22	Limited	10	3			10
Complaints Monitoring	Priority 5	2022-23	Reasonable				10	
Scheme of Officer Delegations	Priority 5	2023-24	23-24 WIP					10
Risk Management	Priority 5	2021-22	Substantial			10		
Project Management	Priority 5	2017-18	Limited	10	3		10	
Performance Management	Priority 5	2023-24	23-24 WIP			10		10
Counter Fraud Assurance:								
Data Analytics	Priority 5	2023-24	N/A	8	4		10	10
Duplicate Payements Testing	Priority 5	2021-22	N/A	2	2		2	
Tenancy Fraud	Priority 2	2017-18	Limited	10	3			10
Procurement & Contract Management:								
CSO Compliance	Priority 5	2023-24	23-24 WIP					10
	Priority 5							
Service Contract Management	Priority 5	2016-17	Limited	10	2			
Receipt and Opening of Tenders	Priority 5	2017-18	Substantial	5	3			
Procurement	Priority 5	2016-17	Substantial	8	3			
Asset Management:								
Asset Management; Commercial Properties and Concessions (incl, Industrial estates, Innovation centre etc)	Priority 4	2021-22	Limited			10		
Commercial Properties - Compliance	Priority 4	New Area	To be Assessed	10	4			
Cyber Security & Data Assurance:								
ICT – Change Controls & Updates	Priority 5	2023-24	23-24 WIP					15

Plan Area	Corporate Statement Priority Ref:	Year Last Audited	Previous Assurance level	2024-25 Planned Days	Quarter Prioritised for 2024-25	2025-26 Planned Days	2026-27 planned days	2027-28 Planned Days
Network Security, Data Management & PCI-DSS	Priority 5	2017-18	Substantial	14	2		15	
ICT Acquisitions and Disposals	Priority 5	2017-18 (2021)	Reasonable	14	4			15
ICT Physical & Environment	Priority 5	2020-21	Reasonable			15		
ICT - Cyber Security	Priority 5	2023-24	Limited					15
Software Licensing	Priority 5	2020-21	Reasonable / Limited			15		
Service Assurance: Housing								
Homelessness	Priority 2	2023-24	Reasonable/ Limited					10
Housing Allocations and Housing Needs	Priority 2	2022-23	Substantial				10	
Private Sector Housing – HMO Licensing & Selective Licensing	Priority 2	2022-23	Substantial				10	
Right to Buy	Priority 2	2021-22	Reasonable			10		
Responsive Repairs & Maintenance & Void Property Management	Priority 2	2021-22	Reasonable			10		
Decent Homes	Priority 2	New Area	To be Assessed	5	3			
Garage Management	Priority 2	New Area	To be Assessed	7	1			
Tenant Health & Safety	Priority 2	2019-20	Various	10	2		10	
Rent Accounting, Collection & Recovery	Priority 2	2023-24	Reasonable/ Limited					10
Leasehold Services	Priority 2	2017-18	Reasonable				15	
Rechargeable Works	Priority 2	New Area	To be Assessed	10	2	10		
Capital Programme, Planned Maintenance	Priority 2	2022-23	Reasonable				15	
Contract Letting, Monitoring & Management	Priority 2	2022-23	Reasonable			9		
Resident Involvement	Priority 2	2023-24	23-24 WIP			10		10

Plan Area	Corporate Statement Priority Ref:	Year Last Audited	Previous Assurance level	2024-25 Planned Days	Quarter Prioritised for 2024-25	2025-26 Planned Days	2026-27 planned days	2027-28 Planned Days
Tenancy & Estate Management & Inspections	Priority 2	2021-22	Reasonable			10		
Anti-Social Behaviour	Priority 2	2023-24	Reasonable/ Limited					10
New Capital Build Programme	Priority 2	New Area	To be Assessed	10	4			
Energy Efficiency, Carbon Reduction & Fuel Poverty Programmes	Priority 2	New Area	To be Assessed	10	4			
HRA Business Plan	Priority 2	2023-24	Substantial					10
Service Assurance: Environmental & Operational								
Cemeteries and Crematoria	Priority 3	2020-21	Reasonable	10	3			
Thanet Lottery	Priority 4	2021-22	Limited			10		
Safeguarding Children and Vulnerable Groups/DBS Checks	Priority 1	2022-23	Reasonable				10	
Community Safety	Priority 1	2023-24	Substantial/ Limited					10
Coastal Management	Priority 3	2016-17	Substantial	10	1			
CCTV	Priority 1	2022-23	Reasonable				10	
Dog Warden Service, Street Scene and Litter Enforcement (incl. graffiti and flytipping)	Priority 1	2022-23	Reasonable Reasonable No				10	
Electoral Registration & Election Management	Priority 5	2021-22	Reasonable			15		
Environmental Health – Food Safety	Priority 3	2022-23	Substantial				10	
Environmental Health – Public Health Burials	Priority 3	2020-21	Limited	10	1			
Environmental Health – Health and Safety at Work	Priority 3	2015-16	Limited	10	3			
Environmental Health - Environmental Protection Service Requests	Priority 3	2023-24	Substantial					10
Environmental Health - Pollution, Contaminated Land, Air and Water Quality	Priority 3	2022-23	Substantial				10	
Business Continuity & Emergency Planning	Priority 5	2018-19	Reasonable	10	2		15	
Playgrounds	Priority 1	2021-22	Reasonable			10		

Plan Area	Corporate Statement Priority Ref:	Year Last Audited	Previous Assurance level	2024-25 Planned Days	Quarter Prioritised for 2024-25	2025-26 Planned Days	2026-27 planned days	2027-28 Planned Days
Equality and Diversity	Priority 5	2021-22	Limited			10		
Grounds Maintenance	Priority 1	2023-24	23-24 WIP					12
Disabled Facilities Grants	Priority 2	2020-21	Substantial	10	1			
Licensing	Priority 1	2022-23	22-23 WIP				10	
Museums	Priority 4	2022-23	Limited				10	
Allotments	Priority 1	2017-18	Reasonable	6	2		10	
Ramsgate Port, Marina & Broadstairs Harbour	Priority 4 Priority 4	2021-22	Reasonable			15		
Ramsgate Harbour Accounts	Priority 4	2022-23	Not Applicable	5	3	5	5	5
East Kent Opportunities	Priority 4	2022-23	No				10	
Members' Allowances and Expenses	Priority 5	2020-21	Substantial	10	1			
Planning Applications, Income and s106 Agreements	Priority 3	2023-24	Substantial/ Limited					10
Building Control	Priority 3	2019-20	Limited					10
Phones, Mobiles and Utilities	Priority 5	2020-21	Reasonable	10	2			
Printing and Post	Priority 5	2019-20	Substantial			10		
YourLeisure - Sports and Leisure	Priority 4	2014-15	Reasonable/ Limited					10
Event Management, Sports & Community Development	Priority 4	2014-15	Reasonable	10	1			
Visitor Information Arrangements	Priority 4	2023-24	23-24 WIP					10
Waste and Street Cleansing Vehicle Fleet Management	Priority 1	2022-23	Reasonable/ No				15	
Garden Waste	Priority 1	2017-18	Reasonable					10
Refuse Collection	Priority 1	2023-34	Reasonable			15		10
Street Cleansing	Priority 1	2021-22	No Assurance			15		

Plan Area	Corporate Statement Priority Ref:	Year Last Audited	Previous Assurance level	2024-25 Planned Days	Quarter Prioritised for 2024-25	2025-26 Planned Days	2026-27 planned days	2027-28 Planned Days
Climate Change	Priority 1	2020-21	N/A	5	4	5	5	5
Employee Health, Safety and Welfare	Priority 5	2023-24	Limited					10
Other:								
Liaison with the External Auditors	Priority 5	Annually	N/A	1	1 to 4	1	1	1
Previous Year Work in Progress b/fwd	Priority 5	Annually	N/A	5	1	5	5	5
Follow-Up	Priority 5	Annually	N/A	15	1 to 4	15	15	15
Corporate/Governance & Audit Committee	Priority 5	Annually	N/A	32	1 to 4	32	32	32
Total Planned Days:				348		348	348	363

Audits falling outside a 4 year cycle:

Plan Area	Corporate Plan, and Risk Ref:	Year last audited	Previous Assurance level			2025-26 Planned Days	2026-27 planned days	2027-28 Planned Days
Local Code of Corporate Governance		2020-21	Limited			10		
Printing and Post		2019-20	Substantial			10		
Leasehold Services		2017-18	Reasonable				15	

EK SERVICES STRATEGIC AUDIT PLAN 2024/28

Plan Area	Year last audited	Risk / corp plan / service	Previous assurance level	Follow Up Assurance Level	2024-25 Planned Days	2025-26 Planned Days	2026-27 Planned Days
EK Services - Revenues & Benefits (CIVICA)							
Housing Benefits – Payment	2021/22	Service	Substantial	Substantial		16	
Housing Benefits – Overpayments	2020/21	Service	Substantial	Substantial	16		
Housing Benefits – Admin & Assessment	2023/24	Service	Substantial	Substantial			15
Housing Benefit - Appeals	2019/20	Service	Substantial	Substantial	16		
Housing Benefit - DHP	2022/23	Service	Substantial	Substantial		16	

Plan Area	Corporate Statement Priority Ref:	Year Last Audited	Previous Assurance level	2024-25 Planned Days	Quarter Prioritised for 2024-25	2025-26 Planned Days	2026-27 planned days	2027-28 Planned Days
Housing Benefit Subsidy	2020/21	Service	Substantial	Substantial		16		
Council Tax	2021/22	Service	Substantial	Substantial		16		
Council Tax Reduction Scheme	2023/24	Service	WIP				15	
Customer Services	2016/17	Service	Substantial	Substantial	16			
Business Rates	2022/23	Service	Substantial	Substantial			15	
Business Rates Reliefs / Credits	2019/20	Service	Substantial	Substantial	16			
Debtors and Rechargeable Works	2022/23	Service	Substantial	Substantial			15	
Key Performance Indicators	2022/23	Service	Substantial	Substantial			4	
Sub-Total EK Services Planned Days					64	64	64	
EK Services Corporate								
Meetings/ Audit Plan					5	5	5	
WIP at Year End Carried Forward / Follow Up					5	5	5	
Sub-Total EK Services Corporate					10	10	10	
Total Days					74	74	74	
Plan Area	Year lasted audited	Risk / corp plan / service	Previous Assurance Level	Follow Up Assurance Level	2024-25 Planned Days	2025-26 Planned Days	2026-27 Planned Days	
Reviews outside of three year cycle								
Housing Benefit Appeals	2019/20	Service	Substantial	Substantial	16			
Housing Benefits – Overpayments	2020/21	Service	Substantial	Substantial	16			
Housing Benefit Subsidy	2020/21	Service	Substantial	Substantial		16		
Customer Services	2016/17	Service	Substantial	Substantial	16			
Business Rates Reliefs & Credits	2019/20	Service	Substantial	Substantial	16			

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EXCLUSION OF PUBLIC AND PRESS

Governance and Audit Committee	6th March 2024
Report Author	Ingrid Brown (Head of Legal and Democracy & Monitoring Officer)
Status	For Decision
Classification:	Unrestricted

Executive Summary:

To consider whether to exclude the press and public for the consideration of agenda item 9 on the basis that the information contained in the report is about business affairs that would breach Paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

Recommendation:

That the public and press be excluded from the meeting for agenda item 9 as it contains exempt information as defined in Paragraph 7 of Part 1 of Schedule 12A of the Local Government Act 1972 (as amended).

CORPORATE IMPLICATIONS

Financial and Value for Money

There are no direct financial implications arising from the report.

Legal

The relevant legislation is Part 1 of Schedule 12A of the Local Government Act 1972 (as amended). This is referred to in the body of this report below. The public interest test in exempting this information has been properly applied.

Risk Management

There are no risks arising directly from this report. Exempting a confidential report on the basis of protecting an individual's identity is a provision of the Local Government Act 1972 (as amended). Not exempting such information could risk litigation against the Council.

Corporate

Thanet District Council will endeavour to keep the number of exempt reports it produces to a minimum in order to promote transparency.

Equality Act 2010 & Public Sector Equality Duty

Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, gender, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

There are no equality considerations that arise from the decision sought to exempt information as set out in this report.

1.0 Introduction and Background

- 1.1 Whilst the starting point for all public meetings of the Council is to admit the public and press, they may be excluded from meetings whenever it is likely, in view of the nature of the business to be transacted that confidential or exempt information would be disclosed. Under such circumstances, confidential or exempt information may be excluded from the public agenda. The public and press must be excluded from meetings if confidential information will be considered and disclosed, and such material must be excluded from the public agenda.

Meaning of confidential information

- 1.2 Confidential information means information given to the Council by a Government Department on terms which forbid its public disclosure or information which cannot be publicly disclosed by Court Order.

Exempt information – discretion to exclude public

- 1.3 The public may be excluded from meetings when the business to be transacted or the nature of the proceedings would result in the disclosure of “exempt” information.

2.0 Exempt information

- 2.1 Information that may be regarded as exempt is set out in Part 1 of Schedule 12A and Part VA of the Local Government Act 1972 (as Amended). One category of exempt information is information which is likely to relate to the business affairs of Thanet District Council. This is provided for at paragraph 7 of Part 1 of Schedule 12A.

3.0 Reason Why Agenda Item 9 is considered to be “exempt”

- 3.1 The report author has classified Agenda Item 9 as disclosing exempt information under Paragraph 7 of Part 1 of Schedule 12A Local Government Act 1972.

4.0 Justification/Public Interest Test

- 4.1 Agenda item 9 is restricted as the information contained within it is exempt under paragraph 7 of Part 1 to Schedule 12A to the Local Government Act 1972 (as amended). If this information were disclosed it would reveal information regarding the business affairs of Thanet District Council.

5.0 Not Excluding the Press and Public

- 5.1 There will be occasions when the meeting may decline to exclude the press and public from the meeting. If that occurs it does not simply mean that those members of the press and public who are present are allowed to stay for the discussion of the

item(s). Declining to exclude the press and public would also mean that the press and public are allowed access to the actual report contained within the confidential part of the agenda (what Democratic Services refer to as the “pink pages”).

- 5.2 Members may wish to note that if a committee member is of the view that it is possible that the recommendation in this report may not be approved at the meeting, they should let Democratic Services know (as soon as they have read the agenda papers before the meeting); in order that spare copies are made available ready to be distributed, if necessary, at the meeting.
- 5.3 If the referred item is not exempted, Democratic Services would also make arrangements for the report to be retrospectively published on the Council’s website.

6.0 Decision Making Process

- 6.1 If the press and public are to be excluded for the agenda item; this Committee must exercise its power to agree to the recommendation.

Contact Officer: Charles Hungwe, Deputy Committee Services Manager
Reporting to: Nick Hughes, Committee Services Manager

Annex List

None

Background Papers

None

Corporate Consultation

Finance: Chris Blundell, Head of Financial Services

Legal: Ingrid Brown (Head of Legal and Democracy & Monitoring Officer)

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Agenda Item 9 Annex 1

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