
INTERNAL AUDIT PROGRESS REPORT

To: Governance and Audit Committee: 20th March 2012

By: Chief Executive (s.151 Officer): Sue McGonigal

Subject: INTERNAL AUDIT PROGRESS REPORT OF THE HEAD OF THE AUDIT PARTNERSHIP.

Classification: Unrestricted

Summary: This report gives Members 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 2011.

For Information

1.0 Introduction

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 2011.

2.0 Audit Reporting

2.1 For each Audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to each member of Corporate Management Team, as well as an appropriate manager for the service reviewed.

2.2 Follow-up reviews are performed at an appropriate time, according to the status of the recommendation, timescales for implementation of any agreed actions and the risk to the Council.

2.3 An Assurance Statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be Substantial, Reasonable, Limited or No assurance.

2.4 Those services with either Limited or No Assurance are monitored, and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of Assurance to either Reasonable or Substantial. A list of those services currently with such levels of assurance is attached as Appendix 2 to the EKAP report.

2.5 The purpose of the Council's 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.

2.6 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 submitted to the last meeting of this Committee.

3.0 Summary of Work

3.1 There have been seven internal Audit assignments completed during the period. Of these: two concluded Substantial assurance, four concluded Reasonable assurance, and one resulted in a split assurance which was partly Reasonable assurance and partly No Assurance. Summaries of the report findings are detailed within Annex 1 to this report.

3.2 In addition, eight follow-up reviews have been completed during the period.

3.3 For the six months to 31st December 2011, 298.4 chargeable days were delivered against the planned target of 342 which equates to 87.25% plan completion.

3.4 The financial performance of the EKAP is ahead of target at the present time and expected to deliver a further saving to the Council.

4.0 Options

4.1 That Members consider and note the internal audit update report.

4.2 That the changes to the agreed 2011-12 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of the attached report be approved.

4.3 That Members consider (where appropriate) requesting an update from the relevant Director/s to the next meeting of the Committee in respect of any areas identified as still having either limited or no assurance following follow-up.

4.4 That Members consider registering their concerns with Cabinet in respect of any areas of the Council's corporate governance, control framework or risk management arrangements in respect of which they have on-going concerns after the completion of internal audit follow-up reviews and update presentations from the relevant Director.

5.0 Corporate Implications

5.1 Financial Implications

5.1.1 There are no financial implications arising directly from this report. The costs of the audit work have been met from the Financial Services 2011-12 budgets.

5.2 Legal Implications

5.2.1 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.

5.3 Corporate Implications

5.3.1 Under the Local Code of Corporate Governance accepted by Cabinet on 8th December 2009, 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.

6.0 Recommendations

6.1 That the report be received by Members.

6.2 That any changes to the agreed 2011-12 internal audit plan, resulting from changes in perceived risk, detailed at point 5.0 of the attached report be approved.

Contact Officers:	Christine Parker, Head of the Audit Partnership, Ext. 7190
	Simon Webb, Audit Manager, Ext 7190
	Sue McGonigal, Chief Executive (s.151 Officer) Ext. 7002

Annex List:

Annex 1	East Kent Audit Partnership Update Report – 20-03-2012
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Background Papers:

Title	Details of where to access copy
<i>Internal Audit Annual Plan 2011-12</i>	Previously presented to and approved at the 15 th March 2011 Governance and Audit Committee meeting
<i>Internal Audit working papers</i>	Held by the East Kent Audit Partnership

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

1.0 INTRODUCTION AND BACKGROUND

1.1 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 2011.

2.0 SUMMARY OF REPORTS

	Service / Topic	Assurance level
2.1	Budgetary Control	Substantial
2.2	Main Accounting System	Substantial
2.3	Insurance and Inventories of Portable Assets	Reasonable
2.4	Employee Health and Safety	Reasonable
2.5	EK Services – Internet and e-mail Policies and Monitoring	Reasonable
2.6	East Kent Housing Ltd. – Governance Arrangements	Reasonable
2.7	Homelessness	Reasonable/No

2.1 Budgetary Control – Substantial Assurance:

2.1.1 Audit Scope

To ensure that Budgetary Control is exercised across the Council on a corporate wide basis.

2.1.2 Summary of Findings

The budgetary control process is working extremely well and all of the expected controls are effectively applied and consistently adhered to.

As a sound system of control is currently being managed and achieved no recommendations have been made in this area.

2.2 Main Accounting System – Substantial Assurance:

2.2.1 Audit Scope

To ensure that the main accounting system provides complete and accurate data for the production of the annual accounts and financial returns.

2.2.2 Summary of Findings

The main accounting system processes of journal entries, feeder systems, coding structure and year end procedures are working very well. The expected controls are effectively applied within working practice and, where applicable, are supported by detailed procedure notes to assist in the consistency of application.

As a sound system of control is currently being managed and achieved no recommendations have been made in this area.

2.3 Insurance & Inventories of Portable Assets – Reasonable Assurance:

2.3.1 Audit Scope

To ensure that sufficient insurance coverage is in place for the Council to limit the significant risks that face the authority in carrying out its many and varied functions. This is partly achieved by Council Officers taking into consideration the risks within their own service areas and where these can be mitigated by insurance coverage, advising the Council's Insurance Officer to enable him to either put in place appropriate insurance coverage or recommend alternatives to reduce the risk to the authority.

To ensure that all Council assets are completely and accurately accounted for and safely held.

2.3.2 Summary of Findings

The insurance process is generally working well and most of the expected controls are effective. Positive action has been undertaken since the last audit with the introduction of the reconciliation process of assets to the insurance schedules. It is important however that the ongoing exercise is finalised as soon as possible and that this check, implemented on an annual basis, demonstrates and provides assurance on the completeness of insured assets.

Review of the procedures and working practices surrounding portable assets, and assets generally, identified a number of improvements that would increase the effectiveness of the current inventory listings and checks made. It is recognised that the depth of inventory management will need to be proportionate to the assessed level of risk and the available resources to monitor this area of asset management.

2.4 Employee Health & Safety – Reasonable Assurance:

2.4.1 Audit Scope

To ensure that the Council's operations and services are executed at all times in such a manner as to ensure, as far as is reasonably practicable, the health and safety and welfare of its employees and all persons likely to be affected by its operations.

2.4.2 Summary of Findings

The Health & Safety process is being managed in an advisory capacity by the EKHRP. At the time of the review the health and safety policies were in the process of review, approval and updating prior to them being publicised on the intranet.

The implementation of the Health and Safety Maps will be a significant step towards raising awareness of employee health and safety amongst Senior Managers and operational staff when they are implemented and reviewed as intended

2.5 EK Services Internet and e-mail Policies and Monitoring – Reasonable Assurance:

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the policies, procedures and controls established to ensure that the three partner authorities use of the Internet and email is monitored to evidence, if required, that the use of these facilities is inline with corporate and legislative requirements.

2.5.2 Summary of Findings

EK Services and the three partner Authorities are taking positive steps to implement a single Email and Internet Acceptable Use policy.

During the review a number of risks inherent to email and Internet misuse that can leave the authorities open to misuse of business resources, possible legal risks and 'cyber' attack were identified. Guidance and recommendations to reduce these risks and strengthen controls have been made in the report.

2.6 East Kent Housing Ltd. Governance Arrangements – Reasonable Assurance:

2.6.1 Audit Scope

To ensure that the governance arrangements of East Kent Housing Ltd. are adequately designed to lead to good management, good performance, good stewardship of public money, good stakeholder engagement and, ultimately, good outcomes for tenants, partner organisations and service users.

2.6.2 Summary of Findings

The Governance arrangements are generally working well and most of the expected controls are both in place and effective.

The establishment of the managing structure and supporting staffing arrangements for East Kent Housing (EKH) has been a major project involving a wide range of officers, volunteers and consultants and conducted in a relatively short time span and as such the work completed is commendable.

The Board consist of twelve members, four each from tenant groups, Councillors and independent appointments. There are also a number of Sub Committees in place with specific roles and composition to assist the Main Board. Area boards are supportive of the main board and comprise of the previously constituted local tenant and leaseholder groups with the addition of two Councillors and a Board nominee.

The appointments procedures are well documented and were followed. Comprehensive minutes of both types of board meetings are retained and published as are details of forthcoming meetings. The desire here is to keep the stakeholders involved and give them a voice in improving service delivery and setting direction.

The Board has approved the majority of expected policies to assist with the management of EKH services but this process remains a work in progress at this early stage.

2.7 Homelessness – Reasonable/No Assurance:

2.7.1 Audit Scope

The audit examined and evaluated the procedures and controls established by management, in respect of the following Business objectives:

- To maximise housing options and choices for all homeless households, and provide a better range and supply of accommodation for homeless people.
- To prevent households becoming homeless wherever possible, particularly through the provision of improved advice services, and closer working with the private rented sector.
- To provide a cost effective, accessible, sympathetic and thorough service for people who experience homelessness.
- End the use of bed and breakfast accommodation, other than in an emergency.
- Ensure that homeless households receive appropriate support to access and maintain accommodation.
- Ensure equality of access and service provision for all service users.
- Monitor performance and work within Best Practice in all aspects of homelessness.

2.7.2 Summary of Findings

Management can place Reasonable Assurance that the Council are complying with the statutory requirements in respect of homelessness persons and in respect of the system of controls for housing homeless persons in bed and breakfast accommodation.

Management can also place Reasonable Assurance in respect of the system of controls governing the administration of the Ret Deposit Scheme and proposed new Bond Scheme; however Management can place No Assurance on the governance of the financial arrangements with the Old Schools Lodge and the use of the lodge as temporary accommodation for homeless people.

The Homelessness process is generally working well and much progress has been made to implement the recommendations of the previous audit reviews. Monitoring of sundry debtors has been simplified to enable the part time Housing Options Officer to monitor all outstanding rent deposit debtors. Furthermore progress is being made to enable the council to provide temporary insecure tenancies and opportunities to utilise Private Sector Leasing Schemes are being explored. Arrangements with local bed and breakfast accommodation venues have also improved.

There is however still concern regarding the level of usage of bed and breakfast accommodation and the increased costs arising therefrom now that the Old School Lodge is no longer being used to provide temporary accommodation.

Whilst some progress has been made investigating the deficit charges made by the Hostel operators in previous years this has yet to be resolved satisfactorily and further action is proposed by the Council which will be followed up by Internal Audit later in the year .

2.7.3 Management Response

The Housing Options Team are addressing the use of Bed and Breakfast and initially we wrote to all B&B's within Thanet to see if we could use alternative B&B's in a mixture of areas and negotiate costs however this has proven to be unsuccessful as many private establishments do not want these 'type' of households in their businesses. However, we are exploring other options of using our own stock. A meeting is taking place with East Kent Housing on the 12 March to discuss costing, management, repairs and we endeavor to identify a suitable block. This will substantially reduce the temporary accommodation costs and can be managed more effectively.

The deficit funding from Old Schools Lodge is still being dealt with by the Housing Services Manager. Amicus Horizon have been written to and did provide accounts for Old Schools Lodge. These however, were insufficient to confirm the deficit funding required. They have been written to again and advised that they must provide independently audited accounts that certify the amount of deficit funding required for the years 2006/07, 2007/08 & 2008/09. They are currently procuring three independent auditors to confirm the funding. The Housing Services Manager will continue to monitor and expect confirmation from Amicus by the end of March 2012.

3.0. **FOLLOW UP OF AUDIT REPORT ACTION PLANS:**

3.1 As part of the period's work, seven 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. Those completed during the period under review are shown in the following table.

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
a)	Planning	Reasonable	Reasonable	H	4	H	1
	Building Control	Substantial	Substantial	M	7	M	1
	s.106 agreements	Substantial	Substantial	L	1	L	0
b)	Housing - Repairs and Maintenance	Reasonable	Reasonable	H	3	H	0
				M	2	M	0
				L	3	L	0
c)	Private Sector Housing	Reasonable	Reasonable	H	0	H	0
				M	2	M	0
				L	0	L	0
d)	RIPA	Substantial	Substantial	H	0	H	0
				M	1	M	0
				L	1	L	0
e)	HRA Business Plan	Substantial	Substantial	H	2	H	0
				M	3	M	0
				L	0	L	0

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
f)	Licensing	Reasonable	Substantial	H	2	H	0
				M	0	M	0
				L	0	L	0
g)	Coastal Defence	Reasonable	Reasonable	H	0	H	0
				M	1	M	1
				L	0	L	0
h)	Performance Management	Reasonable	Reasonable	H	0	H	0
				M	5	M	2
				L	1	L	1

3.2 Details of any individual High priority recommendations outstanding after follow-up are included at Appendix 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now being escalated for the attention of the s.151 officer and Member's of the Governance Committee.

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.

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: Main Accounting System, Debtors, Business Rates, Payroll, SSP and SMP, Housing Rent Setting and Collection, Housing Tenant Health and Safety, and ICT Management and Finance Controls.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

5.1 The 2011-12 internal audit plan was agreed by Members at the meeting of this Committee on 15th March 2011.

5.2 The Head of the Audit Partnership meets on a monthly 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 have been made to the plan during the course of the year as some high profile projects or high-risk areas have been requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding when resources have been applied and or changed are shown as Appendix 3.

6.0 FRAUD AND CORRUPTION:

There are no known instances of fraud or corruption to bring to Members attention at the present time.

7.0 UNPLANNED WORK:

There was no unplanned work arising during the period quarter to bring to Members attention at the present time.

8.0 INTERNAL AUDIT PERFORMANCE

- 8.1 For the nine months to 31st December 2011, 298.4 chargeable days were delivered against the planned target of 342 which equates to 87.25% plan completion.
- 8.2 The financial performance of the EKAP is ahead of target at the present time and expected to deliver a further saving to the Council.
- 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. The performance against each of these indicators for the first quarter of 2011-12 is attached as Appendix 5. There are no concerns regarding the resources engaged or outputs achieved at this time, and the East Kent Audit Partnership has performed well against its targets for the 2011-12 financial year to date.
- 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. Current feedback arising from the customer satisfaction surveys is featured in the Balanced Scorecard attached as Appendix 4.

Attachments

- Appendix 1 Summary of High priority recommendations outstanding after follow-up.
- Appendix 2 Summary of services with Limited / No Assurances
- Appendix 3 Progress to 31st December 2011 against the agreed 2011-12 Audit Plan.
- Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 31st December 2011.
- Appendix 5 Assurance statements

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

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
Planning - December 2011		
<p>Three reports should be obtained on a monthly basis from the income section within accountancy from the Paris Income System.</p> <ul style="list-style-type: none"> • All Cheque payments received in that period. • All Adelante payments received in that period. • All Kiosk payments received within that period. <p>Once all three Paris Income reports have been agreed to the e-Fins system, reconciliation to Acolaid can be completed. The new cross references in place by having the application number on cheque payments along with the individual receipt number will identify those payments that are either missed due to timing or by incorrect coding. The Adelante and Kiosk payments should also be easier to reconcile with the receipt number entered on to Acolaid. It should be noted, that without the cross reference between the income systems full reconciliation is virtually impossible as many of the transactions are for the same value.</p>	<p>Initial meeting with Income Section has been undertaken. Income Section is unable to produce monthly reports but will train BSM to extract reports via Paris.</p> <p>Following IT difficulties Paris has finally been installed on BSM's PC and dates will be scheduled for training asap with Income.</p> <p>Responsibility: Business Support Manager (HW)</p> <p>Target date: Aug 2011.</p>	<p>Business Support Manager (HW) - Aug 11.</p> <p>Finance confirmed this was not possible. The Business Support Officer (HW) has Paris on her laptop but requires training to be provided from finance.</p> <p>Responsibility: Business Support Officer (HW)</p> <p>Revised Target date: 31st March 2012.</p>

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED – APPENDIX 2

Service	Reported to Committee	Level of Assurance	Management Action	Follow-up Action Due
Equality and Diversity	March 2011	Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-Progress
Homelessness	March 2012	Reasonable/ No Assurance	On-going management action in progress to remedy the weaknesses identified.	Summer 2012

PROGRESS TO DATE AGAINST THE AGREED 2011-12 AUDIT PLAN – APPENDIX 3

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2011	Status and Assurance Level
FINANCIAL SYSTEMS:				
Capital	8	7	0.25	Quarter 2 of 2012-13
Treasury Management	8	7	0.24	Quarter 2 of 2012-13
Main Accounting System	8	8	2.69	Finalised - Substantial
Budgetary Control	10	8	6.76	Finalised - Substantial
Insurance	8	10	9.59	Finalised - Reasonable
Inventories of Portable Assets	8	10	9.78	
RESIDUAL HOUSING SERVICES:				
Homelessness	6	7	6.18	Finalised – Reasonable/No Assurance
Right to Buy	7	8.17	8.17	Finalised - Substantial
GOVERNANCE RELATED:				
Anti-Money Laundering	5	3.39	3.39	Finalised - Substantial
Complaints Monitoring	8	9.46	9.46	Finalised - Substantial
RIPA	8	7.5	7.5	Finalised – Substantial
Partnerships	10	4.48	4.48	Finalised
Climate Change	8	7.19	7.19	Finalised - Substantial
Business Continuity	6	0.17	0.17	Postpone until early 2012-13
Risk Management	10	0.17	0.17	Postpone until Quarter 1 of 2012-13
Corporate Advice/SMT	2	2.12	2.12	Work-in-Progress throughout 2011-12
s.151 Officer Meetings and Support	9	9	8.03	Work-in-Progress throughout 2011-12
Governance & Audit Committee Meetings and Report Preparation	12	12	7.88	Work-in-Progress throughout 2011-12
Audit Plan and Preparation Meetings	9	9	2.24	Work-in-Progress throughout 2011-12
CONTRACT RELATED:				
Receipt & Opening of Tenders	6	6.51	6.51	Finalised - Substantial
SERVICE LEVEL:				
Private Sector Housing – HMO and Selective Licensing	10	11.31	11.31	Finalised - Reasonable
Community Safety	10	12.14	12.14	Finalised - Substantial

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2011	Status and Assurance Level
CCTV	8	11.48	11.48	Finalised – Reasonable
Dog Wardens and Litter Enforcement	8	0	0	Postpone until Quarter 1 of 2012-13
Electoral Registration & Election Management	10	13.86	13.86	Finalised
Pest Control	8	7.7	7.7	Finalised - Reasonable
Ramsgate Townscape Heritage Grants	8	7.38	7.38	Finalised - Reasonable
Land Charges	8	7.78	7.78	Finalised - Substantial
Licensing	10	9.88	9.88	Finalised - Reasonable
Maritime – Port Operations and Pricing Structure	20	18.19	18.19	Finalised - Reasonable
Regeneration	10	0	0	Postpone until subsequent audit plan
Visitor Information Arrangements	8	0	0	Postpone until Quarter 1 of 2012-13
OTHER :				
Liaison With External Auditors	3	1.7	1.43	Work-in-Progress throughout 2011-12
Follow-up Reviews	27	21.82	19.14	Work-in-Progress throughout 2011-12
Carry forward from last year	25.47	25.47	25.47	Completed
UNPLANNED WORK:				
Maritime - Electricity VAT Query	0	0.91	0.91	Finalised
Council Offices - Cleaning Stock Controls	0	1.52	1.52	Finalised
Election Duty	0	1	1	Polling Duty – May 2011 District Elections and Referendum
FINALISATION OF 2010-11 AUDITS:				
Procurement	-15.47	31.45	11.12	Finalised - Substantial
Car Parks			8.98	Finalised - Reasonable
Coastal Protection			0.2	Finalised - Reasonable
Waste (Vehicle Fleet) Management			2.46	Finalised - Reasonable
Cemeteries and Crematoria			3.69	Finalised - Reasonable
Housing Benefits Quarterly Testing – Quarter 3 of 2010-11			4.66	Finalised – Not Applicable
Contract Monitoring and Management			0.34	Finalised - Reasonable
EAST KENT HR PARTNERSHIP:				
Absence Management, Flexi and Annual Leave	5	3	0	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2011	Status and Assurance Level
Payroll, SMP and SSP	5	8	7.14	Work-in-Progress
Employee Expenses	5	3	0	Work-in-Progress
HR Systems Development – i-Trent Project	5	0.25	0.25	Contingency
Employee Health and Safety	8	8	7.57	Finalised - Reasonable
TOTAL - THANET DISTRICT COUNCIL RESIDUAL DAYS	342	342	298.4	87.25% Complete as at 31-12-2011
EK SERVICES:				
Housing Benefits - Overpayments	5	5	0.08	Work-in-Progress
Housing Benefits – Fraud Investigations	5	5	3.35	Finalised - Reasonable
Housing Benefit Testing	20	20	19.01	2010-11 Quarter 4 – Finalised 2011-12 Quarter 1 – Finalised 2011-12 Quarter 2 – Finalised 2011-12 Quarter 3 – Qtr 4
Business Rates	8	8	6.31	Work-in-Progress
Customer Services/Gateway	5	5	0.23	Work-in-Progress
Debtors and Rechargeable Works	5	5	0.08	Work-in-Progress
ICT – Management & Finance Controls	5	5	0.06	Work-in-Progress
ICT – Physical & Environment Controls	5	5	0.09	Work-in-Progress
ICT – Internet & e-mail Controls	5	5	4.06	Finalised - Reasonable
Total EK Services	63	63	33.27	
EAST KENT HOUSING:				
Governance Arrangements	3	4	3.76	Finalised - Reasonable
Internal Controls and Finance	3	7.9	0.16	Work-in-Progress
Interfaces with Finance and ICT Systems	2			
Audit Committee/Follow-up work	1	1	0.42	Work-in-Progress throughout 2011-12
Rent Setting, Collection & Debt Management	8	8	1.93	Work-in-Progress
Fire and Gas Safety Inspections	0	4	3.99	Work-in-Progress
Tenancy & Estate Management	8	0.10	0.10	Postponed until 2012-13 to accommodate the Fire and Gas safety audit instead in 2011-12.
Total East Kent Housing	25	25	10.36	
UNPLANNED ADDITIONAL WORK				

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2011	Status and Assurance Level
Interreg Grant – Customer Services (Mosaic)	4	4	2.17	First Level Controller sign off charged to project
Interreg Grant – Tudor House	4	4	1.75	First Level Controller sign off charged to project
Interreg Grant – Maritime (Off-Shore Wind Farm)	4	4	2.76	First Level Controller sign off charged to project
Interreg Grant – Maritime (Yacht Valley)	4	4	1.51	First Level Controller sign off charged to project
English Heritage Grant	0	1	0.64	Grant audit and sign off

BALANCED SCORECARD – QUARTER 3

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2011-12 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2011-12 Actual</u>	<u>Target</u>
	Quarter 3				
Chargeable as % of available days	84%	80%	Cost per Audit Day (Reported Annually)		£300.15
Chargeable days as % of planned days					
CCC	70%	75%			
DDC	71%	75%			
SDC	79%	75%			
TDC	87%	75%			
EKS	43%	75%			
EKH	42%	75%			
Overall	71%	75%			
Follow up/ Progress Reviews;					
• Issued	56	-			
• Not yet due	31	-			
• Now overdue for Follow Up	20	4			
Percentage compliance with the CIPFA Code for Internal Audit 2006	97%	97%			

BALANCED SCORECARD – QUARTER 3

<u>CUSTOMER PERSPECTIVE:</u>	<u>2011-12 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2011-12 Actual</u>	<u>Target</u>
	Quarter 3				
Number of Satisfaction Questionnaires Issued;	76		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	27		Percentage of staff holding a relevant higher level qualification	33%	33%
Percentage of Customers who felt that;			Percentage of staff studying for a relevant professional qualification	13%	13%
<ul style="list-style-type: none"> • Interviews were conducted in a professional manner • The audit report was 'Excellent or Very Good' • That the audit was worthwhile. 	100%	100%	Number of days technical training per FTE	2.6	3.5
	86%	90%	Percentage of staff meeting formal CPD requirements	33%	33%
	93%	100%			



Appendix 5

AUDIT ASSURANCE

Definition of Audit Assurance Statements

Substantial Assurance

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

Reasonable Assurance

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

Limited Assurance

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

No Assurance

From the testing completed during this review a substantial number of the necessary key controls of the system have been identified as absent or weak. There is evidence of substantial errors or non-compliance with many key controls leaving the system open to fundamental error or abuse. The requirement for urgent improvement has been identified, to improve existing controls or new controls should be introduced to reduce the critical risk.