



## 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 31<sup>st</sup> December 2012

### 2.0 SUMMARY OF REPORTS

	<b>Service / Topic</b>	<b>Assurance level</b>
2.1	External Funding Protocol	Substantial
2.2	Income	Substantial
2.3	EK Services - Council Tax	Substantial
2.4	Capital	Substantial
2.5	Environmental Health & Safety at Work	Reasonable
2.6	VAT Compliance	Reasonable
2.7	Let Properties and Concessions	Reasonable
2.8	Business Continuity & Emergency Planning	Reasonable
2.9	Grounds Maintenance	Reasonable
2.10	Dog Warden and Litter Enforcement	Reasonable/Limited
2.11	EK Services – Housing Benefit Quarterly Testing (Qtr 3 of 2012-13)	Not Applicable

#### **2.1 External Funding Protocol – Substantial Assurance:**

##### 2.1.1 Audit Scope

To ensure that the Council has established an appropriate level of control to reduce the risk of grant repayment and that these controls are adhered to by all members of staff applying for external funding.

##### 2.1.2 Summary of Findings

The External Funding Protocol was originally implemented in November 2009 and has been recently reviewed and updated. The introduction and subsequent review of the External Funding Protocol are considered to be a key tool in assisting management in ensuring that external funding is correctly managed as it contains detailed instructions to officers on the procedures to be followed when dealing with external funding from application through to completion.

Audit testing of a sample of 5 projects listed on the External Funding register identified that the External Funding Officer has sufficient working knowledge of

projects and the External Funding Protocol to ensure that Project Managers comply with the External Funding Protocol.

Audit testing of 5 project files was able to confirm that:

- A project manager is appointed for all projects involving external funding;
- Where applicable, applications for external funding are being suitably approved prior to submission to the funding provider;
- Projects are undertaken focus on the meeting of Corporate Objectives;
- The risks associated with the project are being suitably detailed and considered;
- Match funding requirements are considered when applying for external funding;
- Project delivery plans are available to provide information to all stakeholders on the delivery of the project;
- All claims for funds from the grant provider are normally made within laid down timescales; and
- All returns to the grant provider are normally made within the laid down timescales.

## **2.2 Council Tax – Substantial Assurance:**

### **2.2.1 Audit Scope**

To ensure that the processes and procedures established by EK Services are sufficient to provide the level of service required by the partner Councils and incorporate relevant internal controls regarding the administration of Council Tax, especially the recording of accounts, billing, income collection, monitoring of accounts and debt recovery.

### **2.2.2 Summary of Findings**

There is an ongoing project in place to align working practices across all authorities (i.e. refunds) with the vision of having staff at any office being able to deal with council tax issues on behalf of any of the three authorities. A considerable amount of work has been carried out on this already by the Council Tax team across all three sites (i.e. aligning of court dates). In addition collection rate targets are on track to be achieved by the end of the financial year.

A special debt team was put in place by EK Services who specifically target debts over £4,000 in Thanet, Canterbury and Dover. Cases have been fully reviewed and action taken in respect of Dover and Canterbury, priority is now being given to Thanet where the majority of the debts over £4,000 are located.

Regular meetings are held with the bailiffs to ensure that they are providing a service that meets the requirements of the service level agreements that are in place with them and to assist in reducing the outstanding liabilities for each authority. In house reconciliation routines are also in place to ensure that all monies are correctly accounted for and credited to the correct council tax account.

## **2.3 Income – Substantial Assurance:**

#### 2.3.1 Audit Scope

To ensure that all income received by the Council is completely and accurately accounted for in a timely manner.

#### 2.3.2 Summary of Findings

The income management process is working very well and all of the expected controls have been established, are effective and consistently adhered to.

### **2.4 Capital – Substantial Assurance:**

#### 2.4.1 Audit Scope

To provide 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.

#### 2.4.2 Summary of Findings

The Capital process is working very well with all of the expected controls being found to be effective.

The Capital Budget Monitoring process is working well with Finance staff and Budget Managers meeting quarterly as part of the ongoing budget monitoring process to monitor the Capital budgets.

Audit testing established that all of the necessary steps are being complied with for Capital projects from the initial review and selection of Capital bids through to Post Project Implementation Reviews.

### **2.5 Environmental Health & Safety at Work – Reasonable Assurance:**

#### 2.5.1 Audit Scope

The audit will examine and evaluate the procedures and controls established by management to ensure that the Council is adequately fulfilling its responsibilities under the Health and Safety Act 1974 (specifically section 18).

#### 2.5.2 Summary of Findings

The Council's management of Health & Safety at Work in line with current HSE requirements was evident throughout this review.

With regards to the new 'National Code' for Local Authorities (implementation proposed April 2013) it will be important for senior officers to maintain a watching brief on the proposed HSE changes that will impact on the principles of Section 18.

Once this is known the revision and formal adoption of a Health and Safety at Work Enforcement Policy should be completed as soon as practically possible.

The Council has an intervention plan that is reviewed and updated on a three-year basis. The current plan is now under review for 2013-16, and should, in accordance

with Section 18 requirements include a review of performance against the previous year's plan. Reporting of plan performance will serve to improve the overall effectiveness of this control.

It is noted that HSE are currently consulting on proposals to simplify and clarify RIDDOR reporting requirements and that officers are maintaining a watching brief on developments.

## **2.6 VAT Compliance – Reasonable Assurance:**

### **2.6.1 Audit Scope**

To ensure that VAT is accounted for completely and correctly accounted for in a timely manner.

### **2.6.2 Summary of Findings**

The audit focused on the procedures in place within the Council to ensure that input VAT on expenditure, and output VAT on income is completely and correctly accounted for in accordance with current VAT legislation.

Testing identified that detailed guidance is available, and provided to staff via the intranet regarding the procedures to be carried out to ensure compliance with VAT legislation when raising VAT invoices for income, or receiving invoices from suppliers. This guidance is considered to be key in ensuring that staff comply with VAT legislation.

Audit testing was carried out on a sample of 20 invoices, testing identified that where the VAT treatment is straight forward, VAT is being correctly treated, however, a number of queries arose during testing where the VAT treatment of the service or goods being supplied was outside of what would be considered to be normal, such as the sale of water to a commercial ship, or the placing of an aerial on the roof of a HRA building. The main conclusion arising from this element of audit testing was that VAT is not always being categorised consistently for the provision of similar services where the VAT treatment is not straight forward.

Audit testing also identified a number of queries relating to the VAT treatment of invoices raised by Ramsgate Harbour, this has already been acknowledged by the VAT officer as being an area in need of review; however that review is still in its infancy and is therefore not yet complete.

During audit testing, a number of missed opportunities to recover VAT were identified and recommendations have been made to prevent this in future.

Audit testing was able to confirm that the council has completed the partial exemption calculation based on 2011/12 information in accordance with HMRC legislation.

## **2.7 Let Properties and Concessions – Reasonable Assurance:**

### **2.7.1 Audit Scope**

To ensure that the Council derives the maximum value from its let properties and concessions and that where applicable these lettings further support the Council's regeneration aims and aspirations.

### 2.7.2 Summary of Findings

The controls within Let Properties are generally working well and are effective. In practice the day to day processes are well thought through and staff within the section work well together. There are three main areas in which improvements are required to strengthen the control regime:

- The Let Properties department has adapted and coped well considering there is no up to date Asset Management Strategy in place. A new Asset Management Strategy is currently being drafted by management. The involvement and endorsement of elected Members during this process is crucial to ensure elected Members are aware of the financial risks if adequate capital receipts from disposals are not realised. The new Asset Management Strategy should support the objectives set out in the Corporate Plan and the Medium Term Financial Strategy. This will help the Council focus on its Corporate Objectives and help the Council identify which Assets should be disposed of in order to produce enough Capital Receipts to support the Capital Programme.
- There is a need for the Council to review its office procedures to ensure they are well referenced, easy to follow, available via the intranet and an electronic copy maintained on file. The written procedures are currently difficult to follow and therefore employees are less likely to use them.
- 74% of rent reviews are not currently being completed within the required period and this could result in a loss of rental income to the Council.

Whilst the income and debt monitoring processes are working extremely well the Council could improve its cash-flow and reduce the number of short-term debt by introducing a facility for tenants to pay by Direct Debit.

## **2.8 Business Continuity & Emergency Planning – Reasonable Assurance:**

### 2.8.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council has adequate arrangements to enable it to continue providing core services in the event of a loss of data and/or facilities (ICT provision, telephony and accommodation, etc) at the main Cecil Street Offices and to fulfil its statutory obligations under the Civil Contingencies Act 2004 in planning for and responding to emergencies.

### 2.8.2 Summary of Findings

The emergency planning and business continuity process is working well and most of the expected controls are effective

The Emergency Planning & Inspection Engineer has been responsible for Emergency Planning and Business Continuity for the last 18 months. In this time he

has written a new Major Emergency Plan and Business Continuity Plan; however these have not been finalised and formally approved.

The Council operates a weekly rota for the Emergency Activation Officers who deal with emergency calls, these Officers review each situation and take appropriate action.

A copy of the emergency plan is held securely in the Emergency Centre at the Council. The plan is readily available on the Council's intranet and internet pages. A 'grab bag' is given to the Emergency Activation Officer on call and included in this is a copy of the emergency plan.

The Council also has a reciprocal arrangement with the other three East Kent Authorities and a copy of the Thanet emergency plan is held in their emergency centres. This is in case of an instance where the emergency centre at the council offices can not be accessed and the centre can then be set up at a neighbouring authority and operated from there.

Exercises have been regularly undertaken at Thanet to ensure that their Emergency Plan works. An exercise is currently being planned for March 2013 and this will test both the Emergency Plan and the Business Continuity Plan.

## **2.9 Grounds Maintenance – Reasonable Assurance:**

### 2.9.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the grounds maintenance service is carried out efficiently and effectively.

### 2.9.2 Summary of Findings

From the testing completed during this review most of the necessary controls to achieve the system objectives were evidenced to be in place and adequately managed. There is however evidence of non-compliance with a reasonably significant number of the key controls resulting in a level of risk which, whilst not specifically threatening the system objectives, is still considered to create unnecessary weaknesses.

Scope for improvement has therefore been identified as follows:

- The grounds maintenance operation provides a service for East Kent Housing without a specification or service level agreement, this needs to be addressed to ensure that a cost effective service is delivered;
- On site reviews by management to ensure that grounds maintenance work has been conducted to a satisfactory standard are limited and records of individual teams' weekly activities are not complete. A review regime is being considered but needs to receive greater priority;
- Mechanical plant servicing records have improved since the last audit but continued refinement and development is required and a small amount of administrative support for the workshop manager could enhance business efficiency;
- Fuel records for individual plant, drawing from the on-site tank, are not retained. Neither are records for drawings of fuel for small hand tools. Similarly no review of vehicle mpg is conducted for the vehicles using the fuelling facility at Manston Rd.

These omissions should be corrected. The home mileage for staff compared to the official work miles for fleet vehicles appeared slightly high for the sample tested and it would be advisable to confirm with HMRC that benefits in kind are not being obtained by staff unknowingly;

- The on-site depot records did not include a fire risk assessment for the depot and one should be carried out and the findings documented; and
- Whilst purchases of bedding plants are normally conducted via tender twice per year, this year the autumn quotation was not sought. Controls should be introduced to ensure future purchases comply with the designated procedure. Other purchases for small goods and services were correct.

## **2.10 Dog Warden and Litter Enforcement – Reasonable/Limited Assurance:**

### **2.10.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council has an effective dog warden service encompassing both the recovery and kennelling of stray dogs and also enforcement action of both dog fouling and littering.

### **2.10.2 Summary of Findings**

The Council has a statutory duty to provide a stray dog service which is working effectively and on which management can place Reasonable Assurance that the animals are picked up. However, some of the internal controls over the administration behind the stray dog and general dog control service are currently weak and management can place Limited Assurance on these at present.

The Council's two Dog Wardens are proactive in their role, whilst taking into account the welfare of the dogs themselves. The Enforcement Team has been part of a number of dog fouling and littering prevention campaigns which appear to have had some impact as the number of Fixed Penalty Notices being issued has reduced; although this is a trend highlighted at neighbouring authorities who have not participated in similar campaigns.

However, a number of internal control weaknesses have been identified as a result of this review. Stray dog 'pick up' and kennelling charges are currently invoiced in retrospect making recovery difficult. In addition, there is currently no reconciliation of income received to expected income.

Records of actions taken in respect of complaints received/ jobs raised are incomplete and as a result management can not place full reliance on the Environmental Health system data currently available.

## **2.11 EK Services Housing Benefit Quarterly Testing (Quarter 3 of 2012-13):**

- 2.11.1 Over the course of the 2012/13 financial year the East Kent Audit Partnership will be completing a sample check of council tax, rent allowance and rent rebate and Local Housing Allowance benefit claims to support the Audit Commission's verification work.

For the third quarter of 2012/13 financial year (October to December 2012) 20 claims including new and change of circumstances of each benefit type were selected by using Excel software to randomly select the various claims for verification.

In total 20 benefit claims were checked and all of these (100%) were found to have passed the criteria set by the former Audit Commission's verification guidelines. One data quality error (5%) was found but this had no impact on the amount of benefit entitlement.

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

3.1 As part of the period's work, six 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)	Community Safety	Substantial	Substantial	H M L	1 0 0	H M L	0 0 0
b)	East Kent Housing – Rent Setting, Collection and Arrears Management	Reasonable	Reasonable	H M L	1 6 3	H M L	0 0 0
c)	EK Services – Business Rates	Reasonable	Reasonable	H M L	1 2 2	H M L	1 0 0
d)	Visitor Information Arrangements	Reasonable	Reasonable	H M L	1 2 0	H M L	0 0 0
e)	Townscape Heritage Initiative Schemes	Reasonable	Reasonable	H M L	2 1 1	H M L	0 0 0
f)	Payroll - Accuracy - Perf. Mngt - Govern'ce	Reasonable Limited Limited	Reasonable Limited Limited	H M L	15 6 0	H M L	6 3 0

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 Members' of the Governance and Audit 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.



3.3 As highlighted in the above table, those areas previously reported as having either Limited or No assurance have been reviewed and, in respect of those remaining at below Reasonable assurance, Members are advised as follows:

a) Payroll:

The main operational controls within the payroll system are working well with the right people paid the right amount and on time. 12 out of the 21 recommendations have been implemented and the remainder are either in progress or are being managed. However, at this time the assurance remains the same.

#### **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: Risk Management, Business Continuity and Emergency Planning, Housing Benefit Payments, Housing Benefit Administration and Assessment, Child Protection, Payroll, ICT – Software Licences, ICT – Network Security, Recruitment, and Housing Allocations.

#### **5.0 CHANGES TO THE AGREED AUDIT PLAN:**

5.1 The 2012-13 internal audit plan was agreed by Members at the meeting of this Committee on 20<sup>th</sup> March 2012.

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 new 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 31<sup>st</sup> December 2012, 271.18 chargeable days were delivered against the planned target of 320 days which equates to 83% 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. The performance against each of these

indicators for 2012-13 is attached as Appendix 5. The East Kent Audit Partnership has performed well against its targets for the 2011-12 financial year.

- 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 31<sup>st</sup> December 2012 against the agreed 2012-13 Audit Plan.
- Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 31<sup>st</sup> December 2012.
- 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.
<b>EK Services – Business Rates</b>		
<p>The commitment to review each Discretionary Relief case as set out in the new Revenues &amp; Benefits - Council Tax &amp; Business Rates Discretionary And Hardship Relief Policy section 2.6.1 should be commenced immediately to allow the relevant notice to be applied in time for 2013.</p>	<p>Proposed to write out to discretionary relief cases advising that current entitlement will cease from 01.04.13 and invite them to complete a review form to renew entitlement from 01.04.13.</p> <p><b>Proposed Completion Date:</b> End of March 2012.</p> <p><b>Responsibility:</b> Business Rates Team Leader.</p>	<p>The Service Manager stated that they did not have the resources at year-end to progress with this. This task is now set to take place in Dec 2012 /Jan 2013 to end relief in 31.03.14.</p> <p align="center">Recommendation Outstanding</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
Homelessness	March 2012	Reasonable/No Assurance	On-going management action in progress to remedy the weaknesses identified.	Work-in-Progress
Thanet Leisure Force – Monitoring and Performance Arrangements	December 2012	Substantial/Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-Progress
Data Protection Act Compliance	December 2012	Reasonable/Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-Progress
Dickens House and Margate Museums	December 2012	Reasonable/Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-Progress
Dog Warden and Litter Enforcement	March 2013	Reasonable/Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-Progress

**PROGRESS TO DATE AGAINST THE AGREED 2012-13 AUDIT PLAN – APPENDIX 3**

**THANET DISTRICT COUNCIL:**

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2012	Status and Assurance Level
<b>FINANCIAL SYSTEMS:</b>				
Car Parking & Enforcement	12	12	11.31	Finalised - Substantial
Capital	5	5	4.74	Finalised - Substantial
Treasury Management	5	5	5.83	Finalised - Substantial
Bank Reconciliation	5	5	5.07	Finalised - Substantial
Creditors and CIS	8	8	8.82	Finalised - Substantial
External Funding Protocol	8	8	9.4	Finalised - Substantial
Income	8	8	8.41	Finalised - Substantial
VAT Compliance	8	8	8.93	Finalised - Reasonable
<b>RESIDUAL HOUSING SERVICES:</b>				
Housing Allocations	10	10	0.34	Work-in-Progress
<b>GOVERNANCE RELATED:</b>				
Data Protection	10	10	10.94	Finalised – Reasonable/Limited
Provision for either a VfM Strategy audit/VfM project works or a Project Management audit	10	0	0	Deleted from plan to accommodate unplanned work
Partnerships and Shared Services Monitoring	10	10	9.88	Finalised - Reasonable
Scheme of Officer Delegations	7	0	0	Deleted from plan to accommodate unplanned work
Risk Management	10	10	0.24	Work-in-Progress
Corporate Advice/SMT	2	2	2.09	Work-in-Progress throughout 2012-13
s.151 Officer Meetings and Support	9	9	7.46	Work-in-Progress throughout 2012-13
Governance & Audit Committee Meetings and Report Preparation	12	12	10.05	Work-in-Progress throughout 2012-13
2013-14 Audit Plan and Preparation Meetings	9	9	1.71	Work-in-Progress
<b>CONTRACT RELATED:</b>				
Contract Standing Order Compliance	12	12	15.26	Finalised - Reasonable

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2012	Status and Assurance Level
<b>SERVICE LEVEL:</b>				
Child Protection and CRB Checks	9	9	0.24	Work-in-Progress
Dog Warden & Litter Enforcement	8	12	13.20	Finalised – Reasonable/Limited
Environmental Health - Food Safety and AirPort Health Control	10	10	0	Postpone until 2013-14 due to Food Standards Agency Inspection in Quarter 4 of 2012-13
Environmental Health - Health & Safety at Work	8	8	8.39	Finalised - Reasonable
Business Continuity & Emergency Planning	8	8	0.24	Work-in-Progress
Grounds Maintenance	10	10	13.08	Finalised - Reasonable
Dalby Square Heritage Grants (Advice on control framework)	3	3	1.93	Finalised
Dickens House and Margate Museums	10	10	12.52	Finalised – Reasonable/Limited
Let Properties and Concessions	10	10	11.12	Finalised - Reasonable
Thanet Leisure Force	12	12	11.21	Finalised – Substantial/Limited
Visitor Information Arrangements	10	10	12.29	Finalised - Reasonable
Waste Management	10	10	9.71	Finalised - Reasonable
Youth Development Strategy	8	0	0	Deleted from plan to accommodate unplanned work
<b>OTHER :</b>				
Liaison With External Auditors	3	2	0.16	Work-in-Progress throughout 2012-13
Follow-up Reviews	20	20	6.52	Work-in-Progress throughout 2012-13
<b>UNPLANNED WORK:</b>				
Housing Repairs & Maintenance	0	22	23.05	Work-in-Progress
Child Protection - Assistance on the Kent Safeguarding Board section 11 self assessment return.	0	0	2.77	Finalised
Election Duty – Police and Crime Commissioner elections	0	0	1	Finalised
<b>FINALISATION OF 2011-12 AUDITS:</b>				
Days under delivered in 2011-12	0	0	-7.21	Completed
Absence Management	0	0	8.16	Finalised - Limited

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2012	Status and Assurance Level
<b>EK HUMAN RESOURCES:</b>				
Recruitment	5	5	0.17	Work-in-Progress
Payroll, SMP and SSP	5	5	5.15	Work-in-Progress
Pay & Reward - Equality Impact Assessment	8	8	9.79	Finalised
HR Systems Development – i-Trent	3	3	0	Deleted from plan to accommodate unplanned work
<b>TOTAL - THANET DISTRICT COUNCIL RESIDUAL DAYS</b>	<b>320</b>	<b>320</b>	<b>263.97</b>	<b>83% Complete as at 31-12-2012</b>
<b>UNPLANNED ADDITIONAL WORK</b>				
Interreg Grant – Tudor House	4	4	4.26	Work-in-Progress throughout 2012-13
Interreg Grant – Maritime (Off-Shore Wind Farm)	4	4	3.61	Work-in-Progress throughout 2012-13
Interreg Grant – Maritime (Yacht Valley)	4	13	12.14	Work-in-Progress throughout 2012-13
English Heritage Grant - Margate Arts Heritage and Culture Project	0.5	2.5	2.2	Finalised

**EAST KENT HOUSING LIMITED:**

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-12	Status and Assurance Level
<b>Planned Work:</b>				
Audit Committee/EA liaison/follow-up	4	12	11.2	Work-in progress throughout 2012-13
Repairs and Maintenance – Planned, responsive and Cyclical repairs.	30	25	0.78	Work-in-Progress
Sheltered and Supported Housing	16	0	0	Delay until 2013-14
Tenancy and Estate Management	30	30.35	30.88	Finalised
<b>Finalisation of 2011-12 Audits:</b>				
Rent Calculation, Collections and Arrears Management	17.35	8.2	7.05	Finalised
Finance and ICT			1.15	Finalised

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-12	Status and Assurance Level
<b>Responsive Work:</b>				
Canterbury Capital and Revenue Budget Overspend Investigation	0	8	7.88	Finalised
Thanet Repairs and Maintenance	0	10	10	Draft Report
Former Tenant Arrears Policy Advice	0	1	0.96	Finalised
Current Tenant Arrears Policy Advice	0	1.5	1.49	Finalised
CSO and Anti-Fraud Presentation	0	1.3	1.28	Finalised
<b>Total</b>	<b>97.35</b>	<b>97.35</b>	<b>72.67</b>	<b>75% Complete as at 31-12-2012</b>

#### EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-12	Status and Assurance Level
<b>Planned Work:</b>				
Housing Benefits - Payments	15	15	5.36	Work-in-Progress
Housing Benefits – Admin & Assessment	30	30	0.24	Work-in-Progress
Council Tax	30	30	22.54	Finalised
ICT – Network Security	15	15	0.27	Quarter 4
ICT – Procurement & Disposals	15	5	3.01	Finalised
ICT – Software Licensing	15	15	8.83	Work-in-Progress
ICT – Internet / Email Forum	0	2	0.24	Work-in-Progress throughout 2012-13
Corporate / Committee	0	5	1.11	Work-in-Progress throughout 2012-13
Follow up	0	3	2.84	Work-in-Progress throughout 2012-13
DDC / TDC HB Quarterly testing	40	40	39.85	Work-in-Progress
Prior Year b/fwd	0	25.10	25.10	Completed
<b>Total</b>	<b>160</b>	<b>185.10</b>	<b>109.39</b>	<b>59% Complete as at 31-12-2012</b>



**BALANCED SCORECARD – QUARTER 3**

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2012-13 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2012-13 Actual</u>	<u>Target</u>
	<b>Quarter 3</b>				
Chargeable as % of available days	84%	80%	Cost per Audit Day (Reported Annually)		£309.15
Chargeable days as % of planned days					
CCC	69%	75%			
DDC	73%	75%			
SDC	60%	75%			
TDC	83%	75%			
EKS	59%	75%			
EKH	75%	75%			
Overall	70%	75%			
Follow up/ Progress Reviews;					
• Issued	45	-			
• Not yet due	20	-			
• Now overdue for Follow Up	14	-			
Percentage compliance with the CIPFA Code for Internal Audit 2006	97%	97%			

**BALANCED SCORECARD – QUARTER 3**

<u>CUSTOMER PERSPECTIVE:</u>	<u>2012-13 Actual</u>	<u>Target</u>	<u>INNOVATION &amp; LEARNING PERSPECTIVE:</u>	<u>2012-13 Actual</u>	<u>Target</u>
	Quarter 3				
Number of Satisfaction Questionnaires Issued;	72		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	31 =43%		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"> <li>• Interviews were conducted in a professional manner</li> </ul>	100%	100%	Number of days technical training per FTE	4.9	3.5
<ul style="list-style-type: none"> <li>• The audit report was 'Excellent or Very Good'</li> </ul>	87%	90%	Percentage of staff meeting formal CPD requirements	33%	33%
<ul style="list-style-type: none"> <li>• That the audit was worthwhile.</li> </ul>	97%	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.