



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 2013

2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level
2.1	Coastal Protection	Substantial
2.2	Disabled Facilities Grants	Substantial
2.3	HMO & Selective Licensing	Substantial
2.4	Homelessness	Substantial/Limited
2.5	Ramsgate Marina	Reasonable/Limited
2.6	East Kent Housing - Repairs and Maintenance	Reasonable
2.7	EK Services – ICT Software Procurement	Limited
2.8	EK Services – Housing Benefit Quarterly Testing (Qtr 3 of 2013-14)	Not Applicable

2.1 Coast Protection – Substantial Assurance:

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the following business objectives are met:

- To reduce the risk to people and the developed and natural environment from flooding and coastal erosion by encouraging the provision of technically, environmentally and economically sound and sustainable defence measures;
- To support the provision of adequate and cost effective flood warning systems.
- To support the provision of adequate, economically, technically and environmentally sound and sustainable flood and coastal defence measures.
- To discourage inappropriate development in areas at risk from flooding and coastal erosion.

2.1.2 Summary of Findings

The Engineering and Technical Services Section is responsible for coastal management along Thanet's 16 miles of coastline. 11 miles of this coastline is protected by concrete sea walls which protect the land behind from erosion or

flooding by the sea. About 85% of the Thanet coastline is at risk from erosion, but some low lying areas are at risk of flooding such as the Old Town area of Margate.

The maintenance of Thanet's sea walls and promenades is a continuous job particularly in the tidal zone and the Engineering Team carry out programmed inspections to monitor the condition of the structures and identify necessary repair work.

The inter-tidal zone is an extremely harsh environment for engineered structures to exist in and regular maintenance is vital if the full design life of structures is to be realised and where practical exceeded to maximise their whole life value.

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

- The Council has an appropriate policy on '*Flood and Coastal Defence*', which was recently reviewed and updated in September 2013, authorised by the Director of Operational Services and a copy placed on the Council's internet
- The Council has formally adopted the Isle of Grain to South Foreland Shoreline Management Plan.
- The Council has informative pages pertaining to coastal protection on its internet site.
- A comprehensive database is maintained of all coastal zone assets which is cross-referenced to an Ordnance Survey map of the district's coastline.
- All areas of the district's coastline are inspected twice per annum and these inspections are well documented with any identified repairs being prioritised.
- The Council has an excellent track record of delivering major capital flood improvement schemes e.g. the recent Margate Flood and Coast Protection scheme.
- Annual bids are submitted to the Environment Agency for funding for future capital schemes; and
- Effective flood warning systems are in place.

2.2 Disabled Facilities Grants – Substantial Assurance:

2.2.1 Audit Scope

To ensure that Disabled Facility Grants are efficiently and effectively administered to maximise the funds available to make the most difference to those in need of the scheme.

2.2.2 Summary of Findings

The Council has a statutory obligation to provide mandatory disabled facilities grants to assist disabled residents to live independently in their own home. The Housing Regeneration Team administers these grants for providing adaptations in the home of a disabled person. Established processes are in place to ensure that an efficient service is carried out.

Finance has carried out a reconciliation on the 2013/14 budget to identify the current position and to clarify what monies are still to be allocated for works. As at 4th December 2013 out of a budget of £1.9million pounds there is only £199,726 still to be allocated with a current waiting list of approximately 6 months.

2.3 HMO & Selective Licensing – Substantial Assurance:

2.3.1 Audit Scope

To work with landlords and tenants to ensure the legal standards for housing are met.

2.3.2 Summary of Findings

It is a mandatory responsibility for all Local Authorities to have a licensing scheme for housing in multiple occupancy. The Housing Regeneration Team Leader has created procedure notes so that all applications are dealt with in a consistent manner.

The Selective Licensing Scheme was introduced in 2011 to help tackle anti-social behaviour, low housing demand and improve the living conditions in properties in the Cliftonville and Margate Central area. The scheme has had a huge impact on resources in the team and new staff were recruited in 2010 and 2013

Thanet's Selective Licensing Scheme is one of a handful throughout the whole Country that has been implemented.

Effective processes and procedures have been implemented throughout these areas to ensure that the licensing schemes are administered correctly and efficiently.

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

- A full reconciliation of income recorded on the financial system to the applications received is being undertaken.
- A routine inspection schedule has been introduced for Selective Licensing and all HMO licensed properties are risk assessed and this determines their inspection schedules.
- A significant amount of work has been undertaken to ensure that all applications are dealt with in a consistent manner.
- A considerable amount of work has also been carried out in undertaking enforcement action on unlicensed properties.

Scope for improvement was however identified in the following areas:

- Gas certificate licence conditions are not being effectively monitored; and
- All action taken should be recorded on the relevant worksheets to provide a complete record of the licence and premise.

2.4 Homelessness – Substantial/Limited Assurance:

2.4.1 Audit Scope

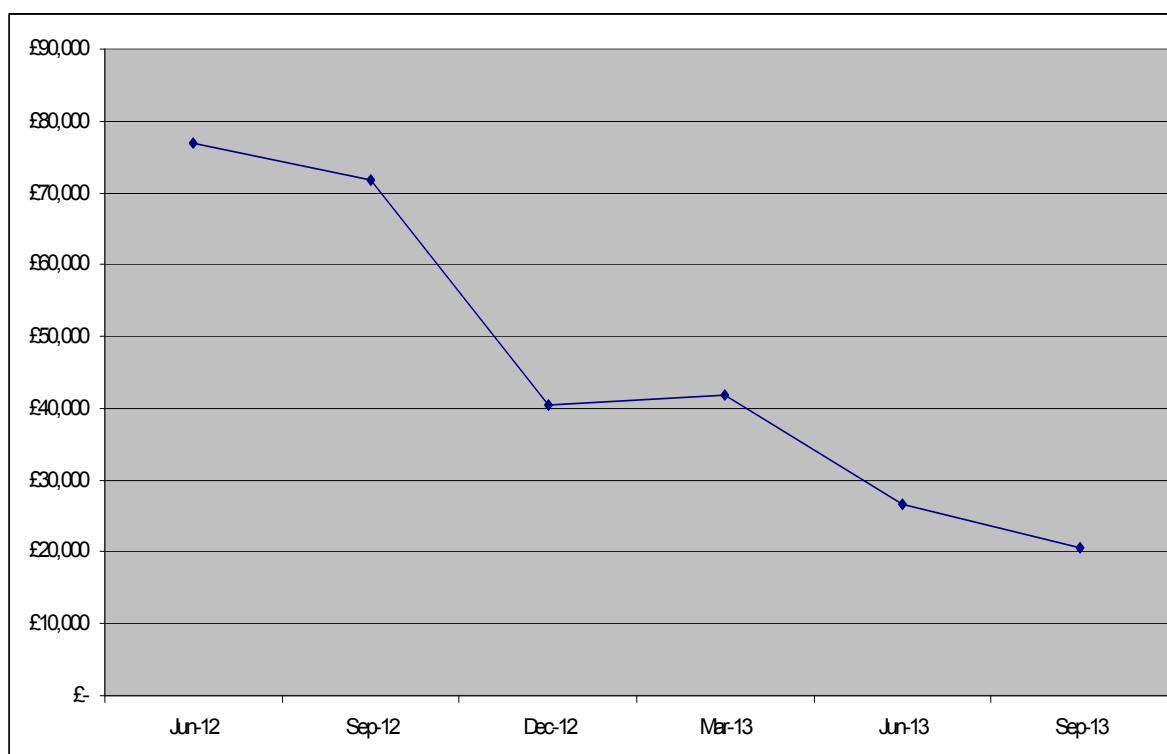
To provide assurance that the Council deals fairly and efficiently with all homelessness applications and provides advice and/or housing accommodation where appropriate, whilst complying with the Council's Homelessness Strategy and Policies.

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2.4.2 Summary of Findings

For the period from 01.04.12 to 31.03.13 the Housing Options team made determinations on 336 homeless applications, this does not include the 318 households who presented themselves as homeless but with the Housing Options Team assistance found suitable accommodation and therefore did not register as homeless

The temporary accommodation expenditure had escalated last year however the Housing Options Manager is closely monitoring the budget and requesting that where possible staff find alternative accommodation for homeless applicants and this is being reflected significantly in the current expenditure each quarter:-



The Housing Options Team has recently been restructured to make the team more efficient and officers have been given a more specific role within the team opposed to being generic.

Management can place Substantial Assurance on the processes in place to ensure that homeless applications are dealt with fairly and efficiently, however only Limited Assurance can be placed on the processes in place regarding the recovery of temporary accommodation costs.

The primary findings giving rise to this split assurance opinion are as follows:

- Homeless applications are dealt with promptly and all evidence is held on Civica to support the decisions being made.
- Proactive work is being undertaken to reduce the expenditure on temporary accommodation by finding alternative solutions for homeless applicants.
- Payments made for rent deposits, rent in advance and bond scheme claims are being invoiced and with the plans to centralise invoicing in the immediate future this will alleviate any issues that have been identified during the audit.

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- The shortfall between the housing benefit granted and the temporary accommodation costs is not being recovered.
- The decision to not recover these monies has not been formally agreed.

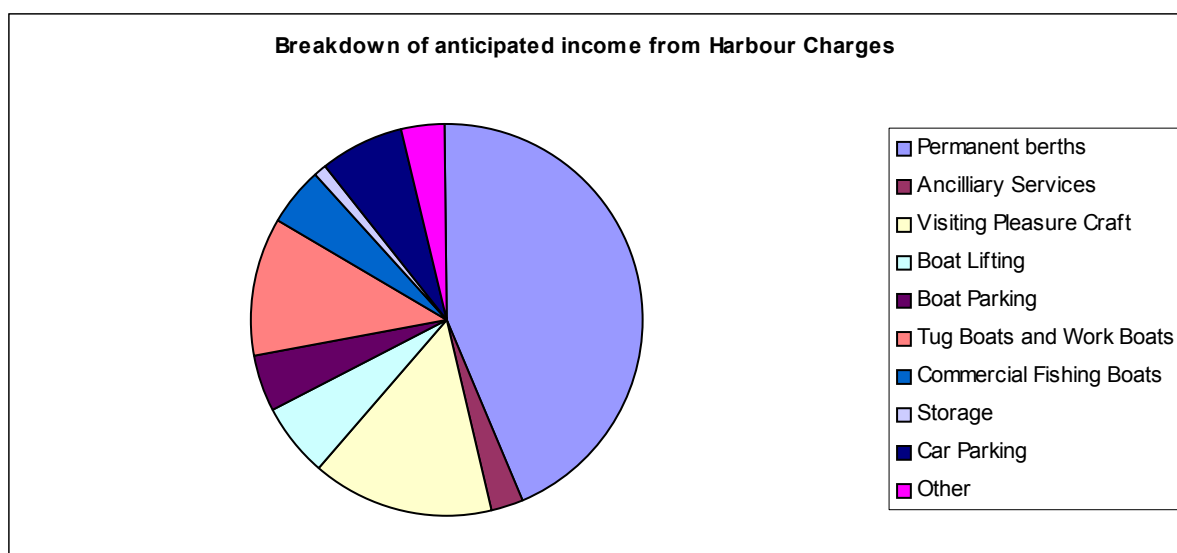
2.5 Ramsgate Marina – Reasonable/Limited Assurance:

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and internal controls established to ensure that all income arising from the Council's maritime operations at Ramsgate Harbour is completely and correctly accounted for.

2.5.2 Summary of Findings

The income generated from the services provided at Ramsgate Marina for 2013/14 is expected to be just over £2m. Expenditure is projected to be just under £1.7m leaving a net surplus of just over £300k. The projected out-turn is down by just over £200k from 2012/13 mainly due to the economic downturn affecting the way customers use leisure craft facilities. Expected income can be analysed across the various income streams as illustrated in the following table



From the testing completed during this review most of the necessary controls of the systems in place are managed and achieved which would normally lead us to conclude reasonable assurance in this area. There is however a lack of control surrounding the accuracy of records relating to visiting vessel movements and also small levels of non-compliance with HMRC VAT guidelines which has resulted in a more than marginal level of risk to the achievement of the system objectives. This leads us to conclude a partially Limited Assurance opinion.

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

- Cash collection and cash receipting arrangements are robust;
- Arrangements in place for invoicing for use of permanent berths, boat lifting, boat parking, commercial fishing boats, storage facilities and car parking are sufficient and well exercised;

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- All services provided are well documented; and
- Correct administration of fees and charges was found to be in place.

Scope for improvement was however identified in the following key areas, and it is these that lead us to conclude a partially Limited Assurance opinion:

- Non-compliance with HMRC VAT guidelines when offering settlement (early payment) discounts to customers;
- Certain aspects of the invoicing arrangements needed to be reviewed;
- The controls in place for capturing visiting vessels could be a major issue which may expose the Council to significant risks;
- The process for invoicing Tugboats and Workboats needs to be reviewed; and
- No procedure notes are in place, which could affect the resilience within the team.

2.6 East Kent Housing Repairs & Maintenance – Reasonable Assurance:

2.6.1 Audit Scope

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

2.6.2 Summary of Findings

The East Kent Housing Service provides repairs and maintenance support for 16125 rented properties and 1367 leaseholder properties utilising a Revenue budget of £14.5m and a Capital budget of £12.8m. The number of individual jobs registered within the various databases is not directly comparable because of the way the local systems work; some include works done as part of the basic price per property contract whereas others do not. Bearing this variable in mind the sample size from which testing was undertaken was in excess of 31000 recorded jobs.

From the testing completed during this review most of the necessary controls of the systems in place are managed and achieved. There is however evidence of non-compliance with some of the key controls around the inspection of completed jobs and independent validation of Performance Indicators resulting in some risk to the achievement of the system objectives.

The audit has looked at the service provided to East Kent Housing by the main responsive repairs contractor at each site and has found a number of common themes which affect each site equally, as well as individual site specific issues. Mears provided the works for three sites and during the course of the audit assumed responsibility for the fourth when they took over Morrison. There are no items of a confidential nature which would need to be redacted when the report is circulated to each of the client officers and therefore it is logical to issue just the single report as it provides both a view on where the service is and an insight into the difficulties faced by EKH in utilising the current systems inherited from the local Councils.

Relevant staff have received training on the importance of complying with Financial Procedure Rules (FPRs) and Contract Standing Orders. An authorised signatories list is available in two formats, one for managed budgets and the other for EKH

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expenditure these do not reflect accurately the current staff or their titles. A new procedure for obtaining quotations was drafted with different financial limits and was designed to enhance and strengthen normal procurement rules. These were trialled but suspended pending further review.

The most significant problem would appear to be the various databases used for storing repairs and maintenance data for each Council, how current the information is and their ability to effectively communicate with the database systems used by the main contractor Mears. At present the services are operating within the constraints placed upon them at initial start-up and there may be interim fixes available to overcome these handicaps but the ultimate long term aim should be to explore the feasibility of a single operational database weighing the benefits which would be obtained against the cost of implementation. Any new system would, logically, be able to hold current and all historic data and be able to communicate efficiently with any supplier systems.

The influence of separate identities amongst the individual Councils when EKH took up their role is reflected in the inconsistency of approach adopted where major works require tenants to be decanted. The situation could be improved by issuing current, relevant guidance and advice on amounts payable.

Inspections of completed repairs are a requirement of the current maintenance contracts and are a valuable management aid to test the quality of works undertaken by the contractors. During the reviewed period the documentation supporting the inspections was limited and the number of inspections undertaken was quite substantially below the anticipated level with one site not completing any; the lack of compliance with this key control exposes the overall process to significant risk. Whilst improvements in the inspection regime were being planned there remain a number of issues still to be addressed.

Customer satisfaction information on responsive repairs is collected by the main contractor and statistical data on performance is then supplied to EKH. There is limited independent verification of satisfaction levels undertaken by EKH and therefore the reliability of the data could be called in to question. Consideration should be given to establishing an in-house system to test the validity of the satisfaction levels reported.

Each service has access to a computerised system which has the facility to record details of all responsive repairs. The same system is also able to hold details of the attributes of each property i.e. the number of bedrooms, wiring, heating, roofing, kitchen etc together with the date of installation and refurbishment. The use of these two sets of data, if accurate, would provide a picture for each property which could drive and inform the planned maintenance schedule. Neither set of data is fully up to date. As a result separate spreadsheets have been developed to hold the planned programme. By ensuring the accuracy of base data and using the four systems in place the process of planning should be enhanced and simplified.

The audit found that there is neither obvious nor consistent evidence of overcharging for responsive repairs work, with the exception of scaffold charges at SDC and DDC which at the time of the audit were under discussion with a view to obtaining refunds. These refunds have now been obtained. Nevertheless, there are working practices in use which are not consistent with satisfactory controls. There was evidence that contract clauses were being interpreted differently at separate sites, of verbal orders being placed and of a lack of rigor in challenging contractors' assessment of non PPP works. Approval for one contractor to spend up to £250 more per job than the base

price without reference to EKH staff effectively doubled the price baseline. Such practices create an environment in which overcharging could occur and should be addressed.

The process for budgetary control is in place and practiced, however, the action taken to address possible overspends did not appear to be documented during the audit period. In addition the known error rate for estimates was not taken into account when budgets were prepared.

Management Response

We believe that we have made significant progress in the management of the repairs service in the last 18 months, especially in regard to budget management and compliance with contract standing orders. It is pleasing that this is recognised in the findings.

Two common themes underpin a number of the other findings in the report. The inconsistency and variance in approach to maintenance of the four Councils and the overriding need for a single IT system to adequately support the maintenance service. These weaknesses have been highlighted to the Councils and a detailed costed business case to move to a single IT system has been presented to them. Proposals to move to maintenance contracts that are better aligned were presented to the Councils in May 2013. These proposals not only would improve efficiency but would deliver significant savings and added value to the Councils.

Agreement by the Councils to a single IT system and to revised contracts will, we believe, significantly improve performance and efficiency. We also note the report finds no evidence of over-charging by the contractor. We believe that disputes with contractors are a recurrent and wasteful feature of a schedule of rates contracts and we have made proposals to the Councils that would reduce these kinds of disputes in future.

A number of recommendations refer to the validation of performance data provided by the contractor. We would question whether increasing resources to achieve this would represent value for money for the councils and would make a significant difference to the quality of service received by tenants. We already had plans in place to do some verification testing of tenant satisfaction with the creation of a new Customer Insight function. Checks on the quality and quantity of contractors work takes place through the system of post inspections.

The only outstanding performance area that could be checked is the timeliness of repairs. However, it is difficult to check this data without a reliance on the contractors system and data they have input. The vast majority of repairs are now carried out by appointment at a time agreed with the tenant and there are other monitoring arrangements in place for critical activities such as works to void properties.

2.7 EK Services – ICT Software Procurement - Limited Assurance

2.7.1 Audit Scope

To ensure that the procedures and internal controls established by EK Services are sufficient to provide the level of service required by the partner Councils with regard to the control and administration of software procurement and that these procedures are being complied with, both by officers of EK Services and the partner councils.

2.7.2 Summary of Findings

Management can place Limited Assurance on the system of internal controls in operation. This is mainly due to the lack of readily available guidance to officers advising that all ICT purchases should be made via EK Services ICT team and also that some instances have been found of service areas purchasing their own software without reference to ICT which reinforces the lack of guidance comment above.

The concern of management was that purchases of software were being made by individual services outside of the arrangements contained within the existing three way collective agreement in place for each council. This states that ICT will “provide associated procurement administration including all quotations, ordering, invoicing and contract management”. It is clear from this that software purchasing should be conducted through ICT, what is not clear is that annual licence renewals also fall within this category. The collaborative arrangement for East Kent Housing is less comprehensive in its wording. By purchasing outside of the agreement councils could find that the software is unnecessary, too expensive, unsupported or not fit for purpose.

The information available to staff on the intranet at each site advising on the route to follow for software purchasing was not clearly signposted and insufficient in content to ensure that purchases were made through the correct channel. Canterbury City Council recognised that there may be an issue and have developed a new formal procedure to be adopted. Staff were advised through a directive issued on 27 August 2013. It was noted that there are still insufficient links to the new guidance through the CCC intranet. Generally the information available to staff across the three Councils and EKH is an area where some improvements are needed.

Test sampling identified some examples of software purchases that had been made outside of the proper arrangements. The general reasoning behind these separate arrangements was that ICT did not support the software and were not therefore involved and/or that there was only one supplier for a bespoke system. Although the number of cases identified was not of sufficient quantity to confirm that the practice was as widespread as feared, the practice needs to be restrained and brought in to line with the arrangements set out in the collective agreements.

Purchases undertaken by the ICT Business Unit conformed to the financial procedures applicable to each authority. Purchases made by the local service units similarly complied with the local financial procedure rules.

Management Response

EK Services will liaise with client officers in each authority to ensure the recommended changes are actioned within the specified timescales. (Head of ICT - EK Services).

2.8 EK Services Housing Benefit Quarterly Testing (Quarter 3 of 2013-14):

2.8.1 Over the course of the 2013/14 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.

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For the third quarter of 2013/14 financial year (October to December 2013) 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 of these all (100%) were found to have passed the criteria set by the external auditor's verification guidelines. Two claims were however found to have data quality errors, however these have no effect on the subsidy claim or the amount payable to the claimant.

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)	Data Protection	Reasonable/ Limited	Reasonable /Limited	H M L	12 2 0	H M L	3 2 0
b)	Phones, Mobiles and Utilities	Substantial	Substantial	H M L	0 2 2	H M L	0 1 0
c)	Housing Allocations	Reasonable	Substantial	H M L	1 2 1	H M L	0 0 0
d)	Officers' Code of Conduct & Whistleblowing	Reasonable	Substantial	H M L	2 6 2	H M L	0 2 0
e)	Members' Code of Conduct & Standards Arrangements	Reasonable	Reasonable	H M L	1 4 3	H M L	0 1 0
f)	EK Services – ICT Network Security	Substantial	Substantial	H M L	1 0 2	H M L	1 0 0
g)	Health and Safety at Work	Reasonable	Reasonable	H M L	2 0 0	H M L	0 0 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.

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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) Data Protection

A significant amount of work was undertaken by the Legal Services Manager on Data Protection before leaving the Council in 2012. However, since that officer's departure no further action appears to have been taken to address the recommendations and agreed management actions made in the report. The main issue that needs to be addressed is the use of portable storage equipment on the Council's network. This could potentially be resolved with the introduction of new PC's throughout the Council in the imminent future.

- 3.4 After the follow-up review has been completed by the East Kent Audit Partnership any recommendations which remain outstanding are tracked through the Council's Policy & Business Planning team, via quarterly reminders, with an expectation that progress reports will be provided quarterly for all high priority matters. If the recommendations remain outstanding the tracking and reminders will continue for three years, which is the usual period between programmed internal audits. The current numbers involved and progress towards achieving currently outstanding recommendations is as follows:

Service/ Topic		Assurance level	No of Recs. Outstanding	
a)	Business Continuity and Emergency Planning – 2012-13	Reasonable	H	0
			M	1
			L	1
b)	HRA Business Plan – 2009-10	Substantial	H	1
			M	0
			L	0
c)	Your Leisure – 2012-13	Substantial Limited Limited	H	1
			M	2
			L	0
d)	Telephones, Mobiles and Utilities – 2013-14	Substantial	H	0
			M	1
			L	0

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: Business Rates, Budgetary Control, Main Accounting System, Housing Rents, Equality and Diversity, Procurement, Payroll, Employee Benefits-in-Kind, Housing Benefit Overpayments, Housing Benefit Fraud Investigations, Debtors, ICT Change Controls, ICT Procurement & Disposal, and Planning.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2013-14 internal audit plan was agreed by Members at the meeting of this Committee on 21st March 2013.
- 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 month period to 31st December 2013, 211.23 chargeable days were delivered against the planned target of 300 days which equates to 70.41% 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 2013-14 is attached as Appendix 5.
- 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 2013 against the agreed 2013-14 Audit Plan.
- Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 31st December 2013.
- 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.
<i>Data Protection – November 2013:</i>		
<p>Consideration needs to be given to how the Council’s IT equipment can be secured to prevent staff using their own equipment and downloading confidential information.</p>	<p>This can be done and can be tailored to machines [this one can do ‘x’, that one cannot]. ICT can report against machines and are working toward a low level of monitoring [as it is resource intensive]. Detailed discussion with ICT should take place.</p> <p>Responsibility/Completion Date February 2013</p> <p>Technical Systems Manager EKS Senior Management at TDC</p>	<p>The PSN CoCo is mandating that only LA owned devices be used, so personal computers use will be banned [as per current TDC policy]. Technical controls for this will be introduced – currently in test; roll out would follow large-scale PC refresh at TDC that is expected to start soon. Only TDC encrypted memory sticks can be officially used, but there are no technical controls on this; it could be done, but this has not been requested.</p> <p>Conclusion</p> <p>Still outstanding – Senior Management need to consider ‘locking’ down the new PC’s so that only TDC encrypted memory sticks can be used. The encrypted memory sticks are recorded and issued by ICT. These will then be recovered as part of the leaver’s process.</p> <p>Revised Implementation Date 31st December 2013 – the new PC’s are due to be installed imminently and Senior Management need to consider the issue prior to this</p>

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.
		commencing.
<p>Action must be taken to assist EK Services in compiling a comprehensive list of all USB memory sticks within the council</p>	<p>EKS manage the secure memory sticks. As such items are readily available from stationery catalogues, ICT could not police this. This item should be linked to data theft above.</p> <p>Responsibility/Completion Date February 2013</p> <p>Technical Systems Manager EKS Legal Services Manager</p>	<p>The PSN CoCo is mandating that only LA owned devices be used, so personal computer use will be banned [as per current TDC policy]. Technical controls for this will be introduced – currently in test; roll out would follow large-scale PC refresh at TDC that is expected to start soon. Only TDC encrypted memory sticks can be officially used, but there are no technical controls on this; it could be done, but this has not been requested. Net Consent policies have been issues to staff.</p> <p>Conclusion</p> <p>Outstanding but is linked to recommendation 4 above.</p> <p>Revised Implementation Date 31st December 2013 – the new PC’s are due to be installed very shortly and Senior Management need to consider the issue prior to this commencing.</p>
<p>to identify the officers with council USB sticks, consideration should be given to labelling each one with a unique reference number so that they can be monitored and recovered when an officer leaves.</p>	<p>Refer to above – as ICT cannot control procurement, we would be unable to police this.</p> <p>USB sticks are only one method of data theft; DVDs, email, printed matter, camera phones are</p>	<p>The PSN CoCo is mandating that only LA owned devices be used, so personal computer use will be banned [as per current TDC policy].</p>

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.
<p>Although the cost of the USB stick is minimal the actual risk of the stick having council information stored on it and this being misappropriated is significant.</p>	<p>among others.</p> <p>Responsibility/Completion Date February 2013</p> <p>Technical Systems Manager EKS Legal Services Manager</p>	<p>Technical controls for this will be introduced – currently in test; roll out would follow large-scale PC refresh at TDC that is expected to start soon. Only TDC encrypted memory sticks can be officially used, but there are no technical controls on this; it could be done, but this has not been requested. Net Consent policies have been issues to staff.</p> <p>Conclusion</p> <p>Outstanding but is linked to recommendation 4 above.</p> <p>Revised Implementation Date 31st December 2013 – the new PC’s are due to be installed very shortly and Senior Management need to consider the issue prior to this commencing.</p>
<p><i>EK Services ICT Network Security – January 2014:</i></p>		
<p>Management should consider introducing a single comprehensive policy on network and information security for all partners to follow; this should include password control, remote access controls and 3rd party access. Once approved this should be available to all staff on the appropriate intranet pages and new users should be emailed a copy or once netconsent is available the policy should be mandatory when they first log on to the system.</p>	<p>An objective has been set to harmonise the 3 LA policies into a common document that addresses the points specifically covered and others.</p> <p>Information Security, or rather Information Assurance [IA] and Governance – as this is wider than IT controls – is also being discussed with the Legal/Governance staff within the LAs.</p>	<p>Follow Up Findings as at 24.01.2014</p> <p>The objective to harmonise LA policies was delayed by other priorities and has been rolled over to 2014 objectives. A lot of work for PSN compliance has brought clients closer together operationally and</p>

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.
	<p>This would be out of scope of this audit on ‘network security’ and is an LA responsibility supported by ICT.</p> <p>Responsibility / Completion Date</p> <p>Technical Systems Manager</p> <p>Dec 2013</p>	<p>this will aid the policy alignment; example being remote access and 2FA tokens. The role of SIRO within LAs has also been acknowledged and has allowed progress of related IAG work.</p> <p>Conclusion</p> <p>Progressing with intent to implement</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
EK Services – Software Licences	June 2013	Limited	On-going management action in progress to remedy the weaknesses identified.	Work-in-Progress – March 2014
Absence Management	June 2013	Limited	On-going management action in progress to remedy the weaknesses identified.	As part of a planned audit in 2014-15
Public Health Burials	December 2013	Limited	On-going management action in progress to remedy the weaknesses identified.	Spring 2014
Homelessness	March 2014	Substantial/Limited	On-going management action in progress to remedy the weaknesses identified.	Summer 2014

PROGRESS TO DATE AGAINST THE AGREED 2013-14 AUDIT PLAN – APPENDIX 3

THANET DISTRICT COUNCIL:

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2013	Status and Assurance Level
FINANCIAL SYSTEMS:				
Main Accounting System	10	10	0.17	Work-in-progress
Budget Monitoring	10	10	0.17	Work-in-progress
Income	10	0	0	Postponed until 2014-15 plan
RESIDUAL HOUSING SERVICES:				
Homelessness	10	10	12.74	Finalised – Substantial/Limited
GOVERNANCE RELATED:				
Asset Management	10	10	0	Postponed to accommodate unplanned work
Members' Code of Conduct & Standards Arrangements	10	10	11.09	Finalised - Reasonable
Officers Code of Conduct and Whistle blowing Arrangements	10	10	12.23	Finalised - Reasonable
Local Code of Corporate Governance	7	7	9.8	Finalised - Substantial
Performance Management	10	10	9.93	Finalised - Reasonable
Corporate Advice/SMT	2	2	.92	Work-in-progress throughout 2013-14
s.151 Officer Meetings and Support	9	9	7.11	Work-in-progress throughout 2013-14
Governance & Audit Committee Meetings and Report Preparation	12	12	10.03	Work-in-progress throughout 2013-14
2014-15 Audit Plan and Preparation Meetings	9	9	1.92	Work-in-progress
CONTRACT RELATED:				
Service Contract Monitoring and Management	10	10	11.4	Finalised - Reasonable
Procurement Strategy	10	10	0.17	Work-in-progress
SERVICE LEVEL:				
Cemeteries and Crematoria	10	10	9.52	Finalised - Reasonable
HMO Licensing and Selective Licensing Scheme	10	10	2	Finalised - Substantial
Coast Protection	8	8	8.29	Finalised - Substantial
Environmental Health – Food Safety	10	10	0.20	Postponed due to FSA inspection

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2013	Status and Assurance Level
Environmental Health – Public Health Burials	6	6	10.56	Finalised - Limited
Environmental Protection Service Requests	10	10	8.33	Finalised - Reasonable
Equality & Diversity	10	10	0.17	Work-in-progress
Disabled Facilities Grants	10	10	9.94	Finalised - Substantial
Maritime – Ramsgate Marina	10	10	12.43	Finalised – Reasonable/Limited
Members' Allowances	10	10	10.23	Finalised – Substantial
Planning & s.106 Agreements	10	10	0	Work-in-Progress
Building Control	10	10	9.54	Finalised - Substantial
Travel Warrants and Imprest Floats	5	5	4.85	Finalised – Substantial
Phones, Mobiles and Utilities	7	7	7.21	Finalised – Substantial
OTHER :				
Liaison With External Auditors	3	3	0.31	Work-in-progress throughout 2013-14
Follow-up Reviews	17	21	20.15	Work-in-progress throughout 2013-14
UNPLANNED WORK:				
Election Duty – 1 Presiding Officer at KCC May Elections	0	1	1	Finalised
Broadstairs Visitor Information Kiosk –Financial Arrangements	0	0	1.19	Finalised
Tackling Tenancy Fraud	0	5	0.49	Work-in-progress
FINALISATION OF 2012-13 AUDITS:				
Days under delivered in 2012-13	0	0	-9.01	Completed
Housing Allocations			7.41	Finalised - Reasonable
Child Protection and CRB Checks	5	5	6.8	Finalised - Reasonable
Recruitment & Induction			1.75	Finalised - Reasonable
EK HUMAN RESOURCES:				
Payroll, SMP and SSP	5	5	0.07	Work-in-progress
Employee Benefits-in-Kind	5	5	0.12	Work-in-progress
TOTAL - THANET DISTRICT COUNCIL RESIDUAL DAYS	300	300	211.23	70.41 % Complete as at 31-12-2013
UNPLANNED ADDITIONAL WORK				
Interreg Grant – Maritime (Yacht Valley)	4	12	9.47	Work-in-progress throughout 2013-14

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2013	Status and Assurance Level
Interreg Grant – LOPINOD	4	4	4.03	Work-in-progress throughout 2013-14
English Heritage Grant	2	2	2.4	Finalised
Cluster of Empty Homes Grant	0	1	0.55	Finalised

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-13	Status and Assurance Level
Planned Work:				
Audit Ctte/EA Liaison/Follow-up	8	7	4.77	Work-in-Progress throughout 2013-14
Rents Accounting, Collection and Debt Management	12	12	1.89	Work-in-progress
Leasehold Services	40	37	3.14	Work-in-Progress
Sheltered Housing	20	0	0.27	Postpone until 2014-15
Finalisation of 2012-13 Audits:				
Housing Repairs and Maintenance	9	33	33.18	Finalised - Reasonable
Days over delivered in 2012-13	0	0	6.65	Completed
Total	89	89	49.9	56.07 % Complete as at 31-12-2013

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-13	Status and Assurance Level
Planned Work:				
Housing Benefits – Overpayments	15	15	0.04	Work-in-progress
Housing Benefits – Fraud Investigation Unit	15	15	0.09	Work-in-progress
Council Tax Reduction Scheme	0	15	4.8	Finalised
Housing Benefits – Quarterly	40	40	18.01	Work-in-progress throughout

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-13	Status and Assurance Level
Testing				2013-14
Business Rates	30	23	22.98	Work-in-Progress
Debtors and Rechargeable Works	15	15	0.04	Work-in-progress
ICT – Change Controls	15	15	1.49	Work-in-progress
ICT – Software Procurement	15	15	14.93	Finalised - Limited
ICT – PC Controls and Application Controls	15	15	0.03	Work-in-progress
Corporate/Committee	0	2	2.01	Work-in-progress throughout 2013-14
Follow-up	0	5	4.56	Work-in-progress throughout 2013-14
New Homes Bonus	0	0	0.34	Work-in-progress
<u>Finalisation of 2012-13 Audits:</u>				
Housing Benefits and Assessment	0	9	8.68	Finalised
ICT – Network Security	0	4	4.02	Finalised
Days under delivered in 2012-13	0	-28	-28.11	Work-in-progress
Total	160	160	53.91	33.69% Complete as at 31-12-2013

BALANCED SCORECARD – QUARTER 3

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2013-14 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2013-14 Actual</u>	<u>Target</u>
	Quarter 3				
Chargeable as % of available days	81%	80%	Cost per Audit Day (Reported Annually)		£319.56
Chargeable days as % of planned days			Revised Budget November 13		£302.28
CCC	79%	75%			
DDC	78%	75%			
SDC	63%	75%			
TDC	70%	75%			
EKS	34%	75%			
EKH	56%	75%			
Overall	66%	75%			
Follow up/ Progress Reviews;					
• Issued	50	-			
• Not yet due	22	-			
• Now due for Follow Up	29	-			

BALANCED SCORECARD – QUARTER 3

<u>CUSTOMER PERSPECTIVE:</u>	<u>2013-14 Actual</u> Quarter 3	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2013-14 Actual</u> Quarter 3	<u>Target</u>
Number of Satisfaction Questionnaires Issued;	74		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	41 =55%		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	25%	13%
<ul style="list-style-type: none"> • Interviews were conducted in a professional manner 	100%	100%	Number of days technical training per FTE	4.43	3.5
<ul style="list-style-type: none"> • The audit report was 'Good' or better 	100%	90%	Percentage of staff meeting formal CPD requirements	33%	33%
<ul style="list-style-type: none"> • That the audit was worthwhile. 	100%	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.