



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 30th June 2015.

2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level
2.1	EKS – Housing Benefit Appeals	Substantial
2.2	EKS – Housing Benefit Discretionary Housing Payments	Substantial
2.3	EKS – PC & Laptop Controls	Reasonable
2.4	EKS – File Controls and Back-ups	Reasonable
2.5	TDC - Contract Standing Order Compliance	Reasonable
2.6	East Kent Housing – Contract Standing Order Compliance	Reasonable
2.7	Commercial Properties and Concessions	Reasonable/Limited
2.8	Your Leisure	Reasonable/No/No
2.9	Equalities and Diversity	Limited
2.10	EKS – Quarterly Housing Benefit Testing (Quarter 4 of 2014-15)	Not Applicable

2.1 EKS Housing Benefit Appeals – Substantial Assurance:

2.1.1 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 these incorporate relevant internal controls to ensure that EK Services undertakes appeals by members of the public against their Housing Benefit awards in a fair and consistent manner and in inline with Housing Benefit guidance from the DWP.

2.1.2 Summary of Findings

The Housing Benefit (Decision and Appeals) Regulations 2001 state that any 'person affected' by a relevant decision can ask the Council to revise its decision. It also states that a person affected can appeal against the decision of a Local Authority to an independent appeal tribunal (the First-tier Tribunal).

The processes in place for dealing with the appeals received by EK Services reflect the guidance issued by the DWP.

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

- A central record is maintained of all appeals received and this is monitored.
- There are effective controls in place to ensure that appeals are dealt with expediently.
- EK Services have allocated specific officers to process appeals and to ensure that they are administered in accordance with government legislation.

2.2 EKS Housing Benefit Discretionary Housing Payments – Substantial Assurance:

2.2.1 Audit Scope

To ensure that the processes and procedures established by EKS are sufficient to provide the level of service required by the partner Councils and these incorporate relevant internal controls regarding the provision of additional financial assistance to claimants who are already receiving either Housing Benefit or Council.

2.2.2 Summary of Findings

Discretionary housing payments were introduced in 2001 as part of the Discretionary Financial Assistance regulations. The regulations provide Local Authorities with the right to award further assistance towards housing benefit. The regulations were updated in April 2014 to reflect the changes in the housing benefit legislation.

Each local authority receives a government contribution towards the discretionary housing payment scheme. Discretionary housing payment can be applied for to assist with rent in advance, rent deposits, rent arrears and shortfalls in rent levels. There are specific officers within the Quality Team that deal with the administration and processing of the discretionary hardship applications.

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

- There is an approved policy in place for the administration of discretionary housing payments and this reflects central government guidance.
- A central record is maintained of all applications received and this is monitored regularly.
- There are effective controls in place to monitor the value of discretionary housing payment granted.
- Specific officers have been allocated to process applications for discretionary housing payment. Any decision appeals are reviewed and adjudicated by the Quality Team Leader.

2.3 EKS PC & Laptop Controls – Reasonable Assurance:

2.3.1 Audit Scope

To ensure that the procedures and internal controls established by EKS are sufficient to provide the level of service required by the partner Councils with regard to the control of the use of computers both by officers of EKS and the partner councils.

2.3.2 Summary of Findings

EKS provides the ICT service to the three East Kent partner councils as well as to East Kent Housing. The service is detailed in the collaboration agreement between the various parties. This includes the provision, but not the funding, of the hardware equipment such as PCs, laptops and smart devices, their management and maintenance. Early in 2014 EKS were involved in a project concerning a large scale equipment roll out across the partners which was to be achieved by a specified deadline and involved many hundreds of machines and users.

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

- There is an approved agreement between the EKS and the partners.
- The recent roll out of equipment has brought the asset base of computers up to date.
- There is various guidance and policies setting out the expectations required of users.
- There are security measures/encryptions in place to restrict access to the equipment and data available via remote connections.

There are however some areas which could be improved and these are as follows:-

- The sharing of best practice guidance.
- Reminding users of their responsibilities regarding machines and data.
- Health and safety issues regarding portable ICT assets.

2.4 EKS ICT File Controls and Back-ups – Reasonable Assurance:

2.4.1 Audit Scope

To ensure that the controls over the administration of ICT electronic files and back ups are robust and sufficient to enable EKS to provide the level of ICT service required by the partner councils.

2.4.2 Summary of Findings

EKS ICT are responsible for the provision of technical and business ICT systems to three partner local authorities as well as East Kent Housing and EK Services). This shared service was formed in 2012 and is hosted by Thanet DC.

Business Systems includes the delivery of a range of services using multiple software systems running on the EK Services managed infrastructure and in the case of internet sites, hosted externally for some clients.

Technical Systems includes the provision of a secure network & telecommunications infrastructure and server computing environment through which ICT services &

solutions are provided; this includes the desktop computer environment for around 1800 staff and the ICT Service Desk.

The service is governed by the way of a Collaboration Agreement and yearly Service Level Agreements. Both documents have recently been re-drafted to give a more comprehensive overview of the service delivery expected and required by each partner.

At the start of the review there were weaknesses in the system of internal controls in operation. However, due to the improvements implemented during the audit it can conclude Reasonable Assurance.

The primary findings which gave rise to this assurance opinion are as follows:

- Policies and Procedures governing file controls and back-ups were out of date, this was addressed via the introduction of the Corporate Information Governance Group (CIGG) who have been tasked with agreeing and introducing these which will be implemented across all partner councils
- Access and password control needed to be controlled and documented and the risk of Password cycling within each business unit is being addressed and a project for change control is collaboratively being undertaken.
- The current Back-up regime needed to be documented and improved and the new back-up project has now been completed and should adequately address any findings relating to back ups raised during this review.

Effective control was evidenced in the following areas:

- Business Continuity / Disaster Recovery, and this has also been enhanced by the new back-up project.
- Identification of key systems and risks accompanied with the setting up and use of focus groups (i.e. ICT user group and CIGG) to aid with the decision process and service delivery.

2.5 TDC Compliance with Contract Standing Orders – Reasonable Assurance:

2.5.1 Audit Scope

To provide assurance to Management that the Council's practices for the procurement of goods and services achieves economic cost and good value for money and that Contract Standing Order guidance and supporting procurement practices/user instructions are relevant and complied with as appropriate.

2.5.2 Summary of Findings

The Council's Contract Standing Orders (CSOs) provide a structure to assist in making and implementing procurement decisions. This is to ensure that resources are used efficiently, value for money is sought, corporate objectives are met, and transparency is evident. Financial limits are specified in the CSOs and these determine the number of quotes that must be obtained or whether a full tender process should be followed prior to the goods/works or services being purchased.

CSOs state that purchase orders must be raised for all goods and services, unless they are exempt. The number and value of orders placed follows:-

	2013/14	2014/15
Number of Orders Raised	3507	2851
Total Value	£23,636,754.92	£26,613,057.67

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

- Tender processes are followed and properly evaluated.
- Framework agreements are in place for some contracts.
- Officers are aware of CSO requirements because of the material readily available such as desk aid, purchasing guide, periodic training.
- In the majority of cases, factors other than lowest price are considered.
- Purchasing Guide/CSOs are available on the intranet.
- A central record is maintained of all contracts over £75,000.
- A central record is maintained of all waivers.
- All retrospective orders are reviewed by the Procurement and Contract Team and an explanation is sought from the relevant officer.
- There are robust processes in place to ensure that all applications for CSO waiver are scrutinised prior to them being approved/refused.

Scope for improvement was however identified in the following areas:

- The waiver forms need to be scrutinised prior to being considered to ensure that they have been correctly completed and properly authorised.
- Some examples of poor practice were identified during the review and these have been highlighted to the Strategic Procurement Manager to take appropriate action.

2.6 East Kent Housing Compliance with Contract Standing Orders - Reasonable Assurance:

2.6.1 Audit Scope

To ensure that Est Kent Housing apply the Council's practices for the procurement of goods and services achieves economic cost and good value for money and that Contract Standing Orders and the guidance and supporting procurement practices/user instructions are relevant and complied with as appropriate.

2.6.2 Summary of Findings

The purpose of the Contract Standing Orders (CSOs) is to provide a structure within which procurement decisions are made and implemented. This is to ensure that resources are used efficiently, value for money is sought, corporate objectives are met, and transparency is evident. The CSOs specify financial limits which determine, prior to purchase, the number of quotes that must be obtained or whether a full tender process should be followed. In addition, high value tenders for works and services are governed by EU procurement laws and must be advertised in the OJEU (Official Journal of the European Community). The EU financial thresholds as at January 2014 are: supplies and services £172,515 and works £4,322,012. These thresholds are revised every two years.

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

- Officers are mindful of the CSOs and often seek three quotes regardless of the value;
- Many framework agreements are in place;
- The Procurement Initiation Form (PIF) has been harmonised across the four authorities;
- Two surveyors represent East Kent Housing at regular LA procurement meetings; and
- Spending officers have been provided with CSOs/procurement guides.

Scope for improvement was however identified in the following areas:

- Remind staff that lowest price is not the only consideration when selecting a supplier;
- Clarification and training required on the 'aggregation' rule;
- It would be helpful if LA Procurement Officers monitored accumulating spend against single suppliers and highlighted this to the procuring officers at EKH;
- Harmonising of procurement requirements/processes across the LAs would improve efficiency at EKH.
- Involve LAs in procurement process earlier especially when using South East Consortium.

2.7 Commercial Properties and Concessions – Reasonable/Limited Assurance:

2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the council derives the maximum value from its corporate properties and concessions and that where applicable these property holdings further support the council's regeneration aims and aspirations.

2.7.2 Summary of Findings

The Council has a large corporate property portfolio comprising of 663 assets as at 2014 and valued at £66 million. These assets are made up of community, infrastructure, non-operational, operational, investment, surplus, and assets held for sale. The Estates Team is responsible for managing each property to ensure that the intended purpose is optimised; this may be a balance between satisfying communities and maximising income. In addition the Corporate Property Asset Management Group (CPAMG) was formed to consider asset management in conjunction with other Council business strategies, objectives and priorities.

Management can largely place Reasonable Assurance on the system of internal controls in operation, however there is some evidence of non-compliance with key controls – primarily the backlog in rent reviews – which results in a risk to the achievement of the system objectives and suggests a partially limited assurance opinion.

Effective control was evidenced in the following areas:

- The Council has an up to date Asset Management Strategy;
- Within the strategy is an approved disposal process;

- Revaluations are completed on a 20% rolling basis with 60% currently completed, however this task is due to be outsourced later in the year;
- A Corporate Property Asset Management Group has been formed and meets regularly to consider property issues and to review the strategy.

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

- The following policies are required to be established: Acquisitions, Concessions/Temporary Licence, Community Assets and Demolitions.
- The current backlog of rent review lease documents should be prioritised to avoid back-dated charges to tenants and loss of investment income from cash flow.
- Review and where appropriate introduce service charges to recover other costs e.g. maintenance.

2.8 Your Leisure – Reasonable/No/No Assurance:

2.8.1 Audit Scope

To ensure that Your Leisure are operating the Council's indoor leisure centres, outdoor leisure facilities and entertainment and catering venues in accordance with the provisions contained within their leases and associated grant condition agreements; and that as a result the Council's leisure arrangements are economic, efficient and effective in meeting the needs of the residents of Thanet.

2.8.2 Summary of Findings

Local Government is facing tough times with grant settlements being reduced from Central Government year on year which has an impact on the services provided by Thanet District Council. An example of this is the annual grant which has been significantly reduced to Your Leisure for the various sport and leisure facilities that they manage on behalf of the Council.

Management can place the following Assurances on the system of internal controls in operation:

- **No Assurance** that the Council currently has in place an up to date lease and terms and conditions of grant which both the Council and Your Leisure are fully compliant with.
- **No Assurance** that the Medium Term Financial Plan will be able to fully fund the expenditure required on the facilities as a result of the condition surveys identifying the works that are required – subject to capital bids.
- **Reasonable Assurance** that Your Leisure are fulfilling their requirements to manage the Council's facilities.

The primary findings giving rise to these assurance opinions are as follows:

- Previous audits have highlighted that the lease and grant condition documents are out of date and do not reflect the current contractual arrangements. Due to this, the Council is incurring financial expenditure that it does not have or has a limited budget for. Counsel's opinion has been sought to give guidance on the possible future lease and grant conditions that

could be introduced and an in house review has been carried and a report has been drafted with a recommendation on the way forward.

- Condition surveys for the assets used by Your Leisure are part completed. Works needing to be carried out have already been identified as £3.5 million for the buildings to be fit for purpose. Further condition surveys will likely increase the total cost of works needing to be carried out. The Council may not have the monies available to carry out these works identified within the current medium term financial plan.
- As well Your Leisure providing its reports, Thanet District Council should consider producing its own annual report on each of the venues / properties that are leased to Your Leisure that gives an overview of what has been carried out in terms of repairs, the expenditure for those repairs and highlight any future possible issues and savings with the facilities that need to be factored into the Medium Term Financial Plan, the budget setting process and reflected in the corporate risk management process.
- Decisions regarding the how the sports and leisure facilities will be funded across the district should be considered as part of the corporate plan consultation, in setting and prioritising objectives.
- Performance and financial information is provided by Your Leisure. However this could be further enhanced to show how the various elements of the grant money are being used (in particular day to day repairs and grounds maintenance). Additionally, more meaningful customer satisfaction statistics would be beneficial, and could feature in the new lease agreement.
- The current (out of date lease) hinders Your Leisure applying for any external grant funding that may assist in the delivery of the sports and leisure services and improvement to facilities.
- Regular meetings are held between Thanet District Council staff and Members and Your Leisure but the reporting of these meetings could be improved with minutes recording agreed actions, responsibility and due date for accountability.
- Your Leisure should have only one point of contact with a Senior Officer to improve accountability and decision making.
- Processes for insurance claims made by Your Leisure to Thanet District Council could be enhanced.

2.9 Equality and Diversity - Limited Assurance:

2.9.1 Audit Scope

To ensure that the Council complies with the public sector equality duties in accordance with the provisions of the Equality Act 2010.

2.9.2 Summary of Findings

The Equality Act 2010 replaces the previous anti-discrimination laws with a single Act. Under the Act the Council is required to set and monitor Equality Objectives and comply with the Public Sector Equality Duty (PSED). The PSED is in place to ensure that public bodies consider, by demonstrating due regard, the needs of the individuals in their day to day work in shaping policy, delivering services and in relation to their own employees.

'Having due regard to the aims of the general equality duty is about using good equality information and analysis, at the right time, as part and parcel of your

decision making process'. Equality and Human Rights Commission – Meeting the equality duty in policy and decision making.

Compliance with the duty should result in:

- Better- informed decision making and policy development;
- A clearer understanding of the needs of service users, resulting in better quality services which meet varied needs;
- More effective targeting of policy, resources and the use of regulatory powers;
- Better results and greater confidence in, and satisfaction with, public services;
- A more effective use of talent in the workforce and a reduction in instances of discrimination and resulting claims.

Ensuring due regard is a continuous process and it should not be assumed that once assessed whether the duty is relevant to a particular function that this need not be considered again. The relevance of the duty to a function (or a particular protected characteristic) may change over time.

The responsible officer within the Council for this function is knowledgeable and enthusiastic about her equality and diversity role and progress was being made but due to her unexpected absence, momentum had been lost as there was no resource available to cover this role. The officer has now returned to the post and has started working through the outstanding issues. However, it should also be taken into account that only a third of this officer's role is designated for equality and diversity which may limit progress made against the equality agenda and benefits gained.

Engagement from senior management is vital to enable equality and diversity considerations to be embedded in the Council's day to day functions and decision making processes. An equality and diversity champion is required at senior management level to lead on this. The responsible manager has continued to press forward with member training which had been identified as a major issue by the LGA, however, engagement and progress with members had been slow. Thirty eight members of the new administration have already attended training on 'Knowing Your Communities' with bespoke equality training planned for members of Cabinet, Governance & Audit and Overview & Scrutiny Communities. Staff are not making full or best use of the equality resources available to them.

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

- Lack of effective engagement from members and senior management.
- Staff are not making best use of the equality resources available to them.
- There has been limited work around customer surveys on access to services and rating of services and as a result services may not be accessible to all.
- Lack of regular reporting to management on progress of compliance against the Public Sector Equality Duty, the council's equality and diversity policy and objectives.
- The level of information published could be improved.

2.10 EK Services – Housing Benefit Quarterly Testing (Quarter 4 of 2014-15):

2.10.1 Background:

Over the course of 2014/15 financial year the East Kent Audit Partnership has been completing a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

2.10.2 Findings:

For the fourth quarter of 2014/15 financial year (January to March 2015) 30 claims including new and change of circumstances of each benefit type were selected by randomly selecting the various claims for verification.

A fail is categorised as an error that impacts on the benefit calculation. However, data quality errors are also shown but if they do not impact on the benefit calculation then for reporting purposes the claim will be recorded as a pass.

2.10.3 Audit Conclusion:

Thirty benefit claims were checked and one claim had a financial error that impacted on the benefit calculation. Two of the claims that passed did so because the errors which were highlighted did not effect the benefit calculation.

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

3.1 As part of the period's work, five 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)	Licensing	Substantial	Substantial	H	0	H	0
				M	3	M	0
				L	2	L	0
b)	EK Services – Customer Services	Substantial	Substantial	H	1	H	0
				M	3	M	2
				L	1	L	1
c)	EK Services – ICT Change Controls	Limited	Reasonable	H	2	H	0
				M	1	M	0
				L	0	L	0
d)	Overtime within Waste and recycling	Limited	Limited	H	15	H	9
				M	0	M	0
				L	0	L	0
e)	CCTV	Reasonable/ Limited	Reasonable	H	3	H	2
				M	6	M	2
				L	3	L	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:

d) Overtime within Waste and Recycling:

It is recognised that there have been a significant number of changes both in the senior management at Thanet and operational management at the depot since the initial audit was completed last summer (2014), however the basic controls that are in place are still not fully functional which significantly increases the risk of fraud, error and budget overspend. Since the recent testing carried out management have confirmed that the controls have been improved and these controls now need time to embed.

Management response from the *Interim Head of Operational Service:*

I have worked closely with East Kent Audit Partnership since my appointment to Interim Head of Operational Services in Mid- July 2015.

It is clear that the claiming and authorisation of overtime within Operational Services has been a substantial problem for some years and that there has been an abuse of process by some employees and agency workers.

There has been a significant number of management and supervisory changes within Operational Services within the last six months and this has led to a complete review of historic arrangements.

We have worked through the fifteen audit recommendations and have made a number of important changes to improve our processes. Unfortunately, these were not implemented early enough to feature significantly in recent follow-up audits. However, I am confident that our performance in respect of the management of overtime will evolve and improve as the new management team continues to review and update arrangements for authorisation, claiming and checking of overtime claims for both TDC and agency workers. This work will be undertaken in conjunction with our colleagues in EKHR as some of the improvements are likely to impact on current employment arrangements.

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: Dog Warden and Street Scene Enforcement, Capital, Bank Reconciliation, External Funding Protocol, Food Safety, Health and Safety at Work, Absence Management, Insurance, Business Continuity and Emergency Planning, Housing Repairs and Maintenance, VAT, Employee Health and Safety, Safeguarding Vulnerable Groups, Complaints Monitoring, Treasury Management, and Housing Allocations.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2015-16 internal audit plan was agreed by Members at the meeting of this Committee on 17th March 2015.
- 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 being investigated by the EKAP to bring to Members attention at the present time.

7.0 UNPLANNED WORK:

All unplanned work is summarised in the table contained at Appendix 3.

8.0 INTERNAL AUDIT PERFORMANCE

- 8.1 For the three month period to 30th June 2015, 98.05 chargeable days were delivered against the planned target of 304.64 days which equates to 33% 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 2015-16 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 30th June 2015 against the agreed 2015-16 Audit Plan.
Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 30th June 2015.
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>CCTV – August 2015:</i>		
<p>Agreements for data sharing for the Thanet Safe/Shop & Pub Watch need to be in place.</p>	<p>Agreements to be sourced and reviewed by DPO to ensure the CCTV function is covered and compliant with legislation.</p> <p>Proposed Completion Date: March 2015</p> <p>Responsibility: Street Scene Enforcement Manager</p>	<p>Management feel that this is covered under the Community Safety Partnership Protocol and the Kent Wide Sharing Protocol. These documents are to be sourced, reviewed and placed on file.</p> <p align="center"><i>Recommendation Outstanding</i></p> <p>Revised Implementation Date 01/10/15</p>
<p>Clear roles need to be defined and agreements in place for the Parish Council's CCTV systems.</p>	<p>Birchington Parish Council has been contacted and review underway. Liaise with the DPO to ensure TDC is compliant with legislation</p> <p>Proposed Completion Date: April 2015</p> <p>Responsibility: Street Scene Enforcement Manager</p>	<p>Birchington Parish Council have now registered with the Information Commissioners Office for the CCTV system as @ 09/12/14. Clarification to be sought from the Data Protection Officer and Legal Team to ensure our compliance with the Data Protection Act and if any formal agreements are required.</p> <p align="center"><i>Recommendation Outstanding</i></p> <p>Revised Implementation within the next 6 months.</p>
<i>Overtime within Waste and Recycling – September 2015:</i>		
<p>Overtime claim forms should be redesigned to ensure they are completed with sufficient information to identify and capture the work that took place and the role undertaken.</p>	<p>Proposed Completion Date: Not recorded</p> <p>Responsibility: Not recorded</p>	<p>Revised Implementation Date: November 2015</p> <p>Management Comment:</p> <p>Management will adopt this recommendation</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.
		once the new format has been considered and agreed. Any new timesheet will attempt to capture the round number in order to make checking easier for the supervisor. Management can verify that the supervisor is now checking crew sheets against timesheets – in particular in relation to finish times and breaks.
<p>The responsibility for checking and authorising non-contractual overtime, standby payments and enhanced bank holiday pay for Thanet employed staff and Agency Staff, should be reviewed to ensure it is the responsibility of the direct line manager to the employee making the claim. Claims should only be authorised if the hours worked can be verified as correct and substantiated. The manager should then be responsible and accountable for any errors made.</p>	<p>Proposed Completion Date: Not recorded</p> <p>Responsibility: Not recorded</p>	<p>Revised Implementation Date: October 2015.</p> <p>Management Comment:</p> <p>Refuse supervisors are aware that they must check and sign all refuse and agency timesheets. Supervisors have been reminded that their timesheets are only to be signed by their line manager or another manager if their line manager is not available.</p>
<p>Management should provide clear guidance on what constitutes overtime to all managers and team leaders within Waste, Street Cleansing and the Workshop responsible for approving overtime, on how overtime should be claimed, how and who it should be authorised by, how and when it should be checked and what criteria should be fulfilled in respect of standby payments. Failure to comply with approved procedures should result in disciplinary action.</p>	<p>Proposed Completion Date: Not recorded</p> <p>Responsibility: Not recorded</p>	<p>Revised Implementation Date: April 2016.</p> <p>Management Comment:</p> <p>Overtime controls are now being imbedded and the overtime procedures have been clarified. Management will seek legal advice on what constitutes standby payments before providing guidance in relation to this employee benefit.</p>
<p>The Support Assistant (NH) at the Manston</p>	<p>Proposed Completion Date: Not recorded</p>	<p>Revised Implementation Date: October</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.
Road Depot should act as gatekeeper and apply the principles by which pay is made through rigorous consistent challenge to claims. i.e. draw to the attention of either the Waste and Recycling Manager, Street Cleansing Manager or Head of Operations any apparent anomalies prior to payment.	Responsibility: Not recorded	2015 Management Comment: The Support Assistant (NH) is working closely with colleagues to ensure that timesheets are cross-referenced and supplied in the way recommended.
SMT should consider re-approving the scope for Standby Payments to ensure it is clear what these payments are for. This should be made available to employees by uploading it to the EKHR website.	Proposed Completion Date: Not recorded Responsibility: Not recorded	Revised Implementation Date: April 2016 Management Comment: Senior Management will be looking at revising Terms and Conditions in the near future. This will require very careful consideration and management. As part of this standby payments will also be considered.
Management should restructure the Workshop. In doing so consideration should be given to hiring more vehicle fitters and ceasing payments of overtime.	Proposed Completion Date: Not recorded Responsibility: Not recorded	Revised Implementation Date: January 2016 Management Comment: Management are currently looking externally at other authorities (i.e. Sevenoaks District Council) in order to collate data on the resources required to operate a comparable workshop service internally. Once the research has been carried out management will make a decision on whether a restructure is required.
Management should establish and satisfy itself	Proposed Completion Date: Not recorded	Revised Implementation Date: October

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>that agency staff are being used for other duties once their round is complete and that this is the reason some agency staff claim to work hours beyond that of the driver on the same crew.</p>	<p>Responsibility: Not recorded</p>	<p>2015</p> <p>Management Comment: Improvements in the control being put in place whereby a supervisor checks all timesheets will help identify any anomalies with agency timesheets in the future.</p>
<p>The scope of the control in place comparing the ordinary crew member finishing time to that of the driver should also be amended to include timings for breaks and should be put in place for agency workers as well as direct employees. Any discrepancies in excess of 15 minutes should lead to agency timesheets being adjusted by management before submission to the agency for invoicing or in the case of ordinary crew members, passed back to the Workforce Supervisors for adjustments to be made.</p>	<p>Proposed Completion Date: Not recorded</p> <p>Responsibility: Not recorded</p>	<p>Revised Implementation Date: October 2015</p> <p>Management Comment: Supervisors have been told to check agency break and finish times against the rest of the crew timesheets before signing off. Some discussion around drivers initialling agency time sheets when agency staff not returning to yard. Further discussion with HRGO to confirm.</p>
<p>Management should consider either revoking the responsibility of one of the Workforce Supervisors for authorising agency timesheets or ensuring that he robustly checks all timesheets before authorising them. Consideration should also be given to disciplining him for failing to adequately check and authorise timesheets.</p>	<p>Proposed Completion Date: Not recorded</p> <p>Responsibility: Not recorded</p>	<p>Revised Implementation Date: October 2015</p> <p>Management Comment: Recently a new supervisor has now been tasked with sole responsibility for completing timesheets for the foreseeable future. This will be carried out by management in his absence.</p>

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

Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Absence Management	June 2013	Limited	Work-in-progress as part of a planned audit
FOI, Data Protection and Information Management	September 2014	Reasonable/Limited/Limited	Work-in-progress
Employee Benefits-in-Kind	September 2014	Limited	Work-in-progress
East Kent Housing – Tenant Health & Safety	September 2014	Split Assurance	Work-in-progress
East Kent Housing – Leasehold Services	March 2015	Limited	Work-in-progress
Refuse Freighter Vehicle Specification	June 2015	Limited	Work-in-progress
Garden Waste Collection Service	June 2015	Limited	Work-in-progress
Your Leisure	September 2015	Reasonable/No/No	Winter 2015-16

PROGRESS TO DATE AGAINST THE AGREED 2015-16 AUDIT PLAN – APPENDIX 3

THANET DISTRICT COUNCIL:

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2015	Status and Assurance Level
FINANCIAL SYSTEMS:				
Capital	5	5	0	Finalised - Substantial
Treasury Management	5	5	0	Work-in-Progress
Bank Reconciliation	5	5	0	Work-in-Progress
External Funding Protocol	9	9	0.17	Work-in-Progress
VAT	10	10	0.17	Work-in-Progress
RESIDUAL HOUSING SERVICES:				
Housing Allocations	10	10	0.31	Work-in-Progress
GOVERNANCE RELATED:				
Review a sample of Corporate Risk control measures	20	0	0	Postpone until 2016-17 to allow new Risk Register to embed
Partnerships and Shared Service Monitoring	20	20	0	Quarter 3
Project Management	10	0	0	Postpone until 2016-17 to accommodate finalisation of 2014-15 WIP
Corporate Advice/SMT	2	2	1.29	Work-in-progress throughout 2015-16
s.151 Officer Meetings and Support	9	9	5.46	Work-in-progress throughout 2015-16
Governance & Audit Committee Meetings and Report Preparation	12	12	7.1	Work-in-progress throughout 2015-16
2016-17 Audit Plan and Preparation Meetings	9	9	0	Quarter 4
CONTRACT RELATED:				
CSO Compliance	10	10	7.36	Finalised - Reasonable
SERVICE LEVEL:				
Safeguarding Vulnerable Groups	10	10	0	Work-in-Progress
2015 Post Election Review	10	10	11.35	Work-in-Progress
Food Safety	10	10	0.24	Work-in-Progress
Health & Safety at Work	10	10	0.24	Work-in-Progress
Business Continuity and Emergency Planning	10	10	0.17	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2015	Status and Assurance Level
Events Management	10	0	0	Postpone until 2016-17 to accommodate finalisation of 2014-15 WIP
Grounds Maintenance	10	10	0	Quarter 4
Museums	10	10	0	Quarter 3
Commercial Properties and Concessions	10	10	10.75	Finalised – Reasonable/Limited
Planning	10	10	0	Quarter 3
Visitor Information Arrangements	10	10	1.04	Quarter 3
Refuse Freighter Specification	7	7	5.73	Finalised – Limited
Street Cleansing	10	10	0	Quarter 4
OTHER :				
Liaison With External Auditors	2	2	0	Work-in-progress throughout 2015-16
Follow-up Reviews	15	15	2.1	Work-in-progress throughout 2015-16
FINALISATION OF 2014-15 AUDITS:				
Days under delivered in 2014-15	0	4.64	0	Completed
Creditors	5	45	7.32	Finalised - Substantial
Dog Warden & Street Scene Enforcement			14.99	Work-in-Progress
Complaints Monitoring			1.17	Work-in-Progress
Insurance and Inventories of Portable Assets			0.07	Work-in-Progress
Garden Waste Service			0.95	Finalised – Limited
Your Leisure			12.47	Finalised – Reasonable/No/No
Dalby Square Heritage Grants			0.24	Quarter 4 of 2015-16
Car Parking and PCNs			0.3	Finalised – Reasonable
Absence Management			2.25	Work-in-Progress
Community Safety			4.36	Finalised - Substantial
EK HUMAN RESOURCES:				
Recruitment	5	5	0	Work-in-Progress
Payroll	5	5	0.27	Work-in-Progress
Employee Health & Safety	5	5	0.18	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2015	Status and Assurance Level
TOTAL	300	304.64	98.05	33% as at 30-06-2015
ADDITIONAL WORK				
Royal Sands Deposit	0	2	2.08	Finalised
HCA Grant	0	2	2.44	Finalised
Dreamland CSO Compliance	0	5	1.82	Work-in-Progress

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2014	Status and Assurance Level
Planned Work:				
Audit Ctte/EA Liaison/Follow-up	6	6	5.18	Work-in-Progress throughout 2014-15
Repairs, Maintenance and Void Management	40	40	4.51	Work-in-Progress
Sheltered and Supported Housing	34	34	32.47	Work-in-Progress
<u>Finalisation of 2014-15 Audits:</u>				
CSO Compliance	0	0	5.53	Finalised – Reasonable Assurance
Days over delivered in 2014-15	0	-0.34	0	Completed
Total	80	79.66	47.69	60% at 30-06-2015

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2014	Status and Assurance Level
Planned Work:				
Housing Benefit Appeals	15	5	4.8	Finalised - Substantial
Housing Benefit Discretionary Housing Payments	15	8	7.9	Finalised – Substantial
Business Rate Reliefs	15	15	0.21	Quarter 4
Business Rate Credits	15	15	0.23	Quarter 4
Debtors	15	15	0	Quarter 3
ICT – PCI DSS	12	14	0.87	Quarter 3
ICT Management and Finance	12	13	0	Quarter 3
ICT Disaster Recovery	12	13	0	Quarter 4
Corporate/Committee/follow-up	9	12.04	2.76	Work-in-progress throughout 2015-16
Quarterly Housing Benefit Testing	40	40	12.35	Work-in-progress throughout 2015-16
<u>Finalisation of 2014-15 audits:</u>				
Days over delivered in 2014-15	-9.79	0	1.48	Completed
Total	150.21	150.21	30.6	20% as at 30-06-2015

BALANCED SCORECARD – QUARTER 1

INTERNAL PROCESSES PERSPECTIVE:	2015-16 Actual	Target	FINANCIAL PERSPECTIVE:	2015-16 Actual	Target
	Quarter 1		Reported Annually		
Chargeable as % of available days	89%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£321.33
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs (Under EKAP management) 	£	£412,450
CCC	38%	25%	<ul style="list-style-type: none"> • Indirect Costs (Recharges from Host) 	£	£11,700
DDC	15%	25%	<ul style="list-style-type: none"> • ‘Unplanned Income’ 	£	Zero
SDC	25%	25%	<ul style="list-style-type: none"> • Total EKAP cost 	£	£424,150
TDC	33%	25%			
EKS	20%	25%			
EKH	60%	25%			
Overall	28%	25%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	14	-			
<ul style="list-style-type: none"> • Not yet due 	30	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	31	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS)	Partial	Full			

BALANCED SCORECARD – QUARTER 1

<u>CUSTOMER PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>
	Quarter 1			Quarter 1	
Number of Satisfaction Questionnaires Issued;	23		Percentage of staff qualified to relevant technician level	88%	75%
Number of completed questionnaires received back;	4 = 17%		Percentage of staff holding a relevant higher level qualification	43%	32%
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 • The audit report was 'Good' or better • That the audit was worthwhile. 	100%	100%	Number of days technical training per FTE	0.89	3.5
	100%	100%	Percentage of staff meeting formal CPD requirements	43%	32%



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.