



## 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 30<sup>th</sup> September 2015.

### 2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level
2.1	Food Safety	Substantial
2.2	Capital	Substantial
2.3	Bank Reconciliation	Substantial
2.4	Treasury Management	Substantial
2.5	EK Human Resources; Sickness Absence, Leave & Flexi	Reasonable/Limited
2.6	EKS – Quarterly Housing Benefit Testing (Quarter 1 of 2015-16)	Not Applicable

#### 2.1 Food Safety – Substantial Assurance:

##### 2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and control established to reduce the incidence of food poisoning within the district through effective registration and inspection of all food businesses, investigation of food complaints, enforcement of the Food Safety and Hygiene Regulations (England) 2013 and associated legislation, provision of food hygiene training and offering advice and guidance.

##### 2.1.2 Summary of Findings

In August 2011 a meeting was held with Food Standard Agency (FSA) officials and representatives from the Council regarding the Authority's ability to provide an effective food law enforcement service. As a result of this a FSA audit of the service took place and a report was published in November 2011 raising serious concerns.

The FSA's report raised a number of recommendations which have been reviewed periodically since that time. Extensive work has been carried out by the Authority to resolve the issues found and ensure that the service is now operating correctly. The final visit from the FSA was in February 2015 when they confirmed that they are happy with the work carried out by the Authority and no further action will be taken by them.

With the implementation of the Food Hygiene Rating Scheme in 2011, the Council signed an agreement with the FSA to implement the scheme and to follow the 'Brand Standard', under which food premises are rated from 0 to 5 for their food compliance with legal requirements. As a result of an inspection a rating is given and this is uploaded to the Food Standards Agency Website and published for the public to see.

The table below shows the ratings of food premises within the Thanet district. A significant amount of work is undertaken to work with the food business operators where the rating is low to assist them in improving their premise rating.

Premise Rating	August 2015	
0	1	0%
1	33	3%
2	20	1.5%
3	21	1.5%
4	159	13%
5	938	74%
Exempt	87	7%
<b>Total no of premises</b>	<b>1259</b>	

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

- A procedural manual has been created to assist in all aspects of the food safety processes and this is regularly reviewed to ensure that it reflects current working practices and legislation.
- From the sample of worksheets reviewed during the audit comprehensive evidence and notes were found to be recorded on M3 to provide a clear trail of the action taken.
- Effective processes and controls have been implemented to ensure that all aspects of food safety are dealt with efficiently.

## **2.2 Capital – Substantial Assurance:**

### 2.2.1 Audit Scope

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

### 2.2.2 Summary of Findings

In February of each year the Council is required by statute to set out its budget and Council Tax levels for the forthcoming financial year.

At the same time, a Medium Term Financial Plan (MTFP) is approved by Full Council which provides indicative figures for a further four years. This provides a framework within which service decisions can be taken in the knowledge of their future affordability. Within the MTFP are details about the Capital Programme for the duration of the MTFP.

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

- A properly approved Capital Strategy is in place linked to the MTFP of the organisation;
- Suitable procedures have been established to evaluate and approve capital projects;
- Capital budgets are regularly reported and monitored by Senior Management and elected Members;
- Where capital projects are to be funded from the capital receipts, calculations of sale proceeds take into consideration the current economic climate;
- Procedure notes have been established within Financial Services which document the processes to be followed in respect of Capital Applications and future monitoring, and these are reviewed on a regular basis.

Scope for improvement was however identified in the following area:

- Whilst it is understood that Project Post Implementation forms are completed and reviews are undertaken, no evidence could be provided of the reviews due to changes in ICT arrangements. Management are aware of this issue and working to address it for all future Post Implementation Reviews.

## **2.3 Bank Reconciliation – Substantial Assurance:**

### **2.3.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the bank reconciliation is calculated correctly.

### **2.3.2 Summary of Findings**

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

- Procedures and working practices for the bank reconciliation process are well documented and subject to regular review;
- Suitable resources are in place to provide cover in the event of staff holidays or sickness.
- The receipts processed via income feeder systems are interfaced accurately to the cash receipting system;
- Receipts and payments clear the bank at the correct value;
- Cheque matching establishes the total of any un-presented cheques;
- Un-presented cheques are cancelled and removed from the bank reconciliation once they become 6 months old and the issuing department is made immediately aware of the expired cheque;
- Any differences on the bank reconciliation are identified and cleared within suitable timescales;
- The bank reconciliation is completed on a monthly basis; and

- Reconciliation statements are reviewed and agreed by a senior finance manager.

## **2.4 Treasury Management – Substantial Assurance:**

### 2.4.1 Audit Scope

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

### 2.4.2 Summary of Findings

The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.

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

CIPFA defines treasury management as:

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

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

#### Investments:

- The organisation has a suitably approved Treasury Management policy document detailing its strategy regarding investment and borrowing.
- Investments and loans are only entered into by authorised officers and the details of such officers are held by the brokers/ counterparties. Adequate arrangements are also in place to provide cover for staff in times of sickness and holidays.
- All written investment instructions are authorised by two independent senior employees.
- Suitable processes are in place to ensure that the credit ratings of institutions in which the Council invests are monitored for changes on an ongoing basis.

- Investments are only to be made in institutions whose credit rating fulfils the requirements of the Treasury Management policy document.
- A cash flow statement is prepared daily and reviewed prior to making any investments.
- Investment thresholds in individual institutions are not exceeded.
- Documentary evidence is in place to support all investments and all telephone investments are confirmed in writing.
- All investment transactions are reviewed independently to ensure that they are bona fide and that the best rate available at the time is being received.
- The documents which support investments are held securely.
- Access and input to online investment systems is restricted to authorised personnel.
- The bank mandate is updated to reflect any changes to staff.
- Investment balances and interest received are regularly reconciled to ensure that the expected amounts are the same as the actual amounts received.
- There is adequate investment reporting procedures to ensure that investment performance is reported to Members at specific intervals.

#### Loans:

- All loan transactions are carried out in accordance with standing orders, financial regulations and the Prudential Code.
- An up-to-date borrowing policy (contained within the Treasury Management policy document) is maintained and its contents reviewed regularly and agreed by the *Director of Corporate Resources and s151 Officer*.
- There is a list of employees authorised to negotiate loans on behalf of the *Director of Corporate Resources and s151 Officer*.
- The loans register is reconciled regularly with control accounts on the financial information system.
- All loans raised and all loan repayments are made direct to and from the organisation's bank.
- All loan repayments are included on the cash flow forecast.
- The financial information system is updated promptly with all loans transactions.
- Periodic interest schedules are reconciled to the principal value of outstanding loans before payment is authorised.
- The calculation of repayment schedules is checked independently.

<b>2.5 EK Human Resources; Sickness Absence, Leave &amp; Flexi – Reasonable/Limited Assurance:</b>
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#### 2.5.1 Audit Scope

To provide the three s.151 officers with assurance that staff absences are valid and authorised by management either in advance or in the case of sickness immediately after the event. To ensure that staff resources are adequately controlled and managed. Also to follow up on the previous audit report, which concluded Limited Assurance.

## 2.5.2 Summary of Findings

There is a Service Level Agreement (SLA) in place which sets out the scope and responsibly placed with EKHR. The SLA puts more responsibility with individual managers and division heads for recording Sickness, Annual Leave and Flexi. It is therefore important to understand that this particular audit spans EKHR and right across all levels of management at Dover, Canterbury and Thanet councils.

The primary findings giving rise to this split assurance opinion of Reasonable Assurance on the system of internal controls in operation for flexi recording, and Limited Assurance on the system of internal controls in operation for sickness recording and annual leave recording; are as follows:

### *Flexi-leave: Reasonable*

- The three councils have adopted a common flexi leave policy and the records examined showed a marked improvement from the previous audit review in 2011. Where possible the councils could promote a more consistent approach to time management and time recording which could help reduce any further errors.

### *Sickness Absence and Annual Leave: Limited*

- The obligations upon EKHR set out in the SLA differ from the obligations recorded within the Absence Management Policy and Guidance;
- The management responses from the previous audit report completed in 2011 which placed Limited Assurance on the controls in place have not made the necessary improvements required to revise the assurance level;
- There were a number of errors when reviewing the documentation in relation to sickness and annual leave samples tested;
- A lack of specific clarification over a number of key operational issues within the Absence Management Policy and the Guidance for Managers to help managers through the process;
- Errors in the calculation of some annual leave entitlements; Errors in an EKHR document used to calculate some of the annual leave entitlements, namely conversion of days to hours for certain employees within certain salary scales at Dover and Thanet;
- There are not enough controls within the Dover online sickness recording system to ensure errors are detected and corrected; however
- There were many pockets of effective control, good governance and sound practice.

### Management Response:

This audit has been carried out in an environment which is planned for change. The key issues in relation to the audit are:

- The KCC iTrent system did not deliver self-service as expected to enable management view of staff sickness, or the alternative of manager level reports.
- The EKHR SLA is known to be out of date and a review/consultation has been on-going since December 2014, which recommendations presented at EKSB in July and final details being discussed at EKSB in September. The SLA will then be rewritten to align with the proposed changes in service this will give clarity and a re-establishment of roles for clients and customers.

The new East Kent People Payroll and HR service is being launched in Autumn 2015 this will give managers real time view of absence and sickness levels to support management.

Workforce Information meetings are held with each Leadership Team which focusses on management of absence (amongst other items) where focus is required, where HR wish to escalate for leadership support and discussion around individual issues and where there are concerns of a wider nature. These are held at least quarterly with CMT/SMT/MT's to support understanding and management of absence at a senior level within the authorities. (EKHR Head of EK Human Resources).

## **2.6 EK Services – Housing Benefit Quarterly Testing (Quarter 1 of 2015-16):**

### **2.6.1 Background:**

Over the course of 2015/16 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.

### **2.6.2 Findings:**

For the first quarter of 2015/16 financial year (April to June 2015) 40 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.

### **2.6.3 Audit Conclusion:**

Forty benefit claims were checked and of these two (5%) had a financial error that impacted upon the benefit calculation, and in addition there were also two data quality errors

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

3.1 As part of the period's work, two 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.

<b>Service/ Topic</b>		<b>Original Assurance level</b>	<b>Revised Assurance level</b>	<b>Original Number of Recs</b>		<b>No of Recs. Outstanding</b>	
a)	Car Parking Income and PCNs	Reasonable	Substantial	H	2	H	0
				M	1	M	0
				L	1	L	0
b)	EK Services – Council Tax	Substantial	Substantial	H	0	H	0
				M	1	M	1
				L	1	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.

#### **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: External Funding Protocol, Business Continuity and Emergency Planning, Health & Safety at Work, Complaints Monitoring, Dog Warden and Street Scene Enforcement, Insurance and Inventories of Portable Assets, Mortgages, Housing Repairs and Maintenance, VAT, Employee Health and Safety, and Safeguarding Vulnerable Groups.

#### **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 17<sup>th</sup> 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 six month period to 30<sup>th</sup> September 2015, 197.87 chargeable days were delivered against the planned target of 300 days which equates to 66% 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 30<sup>th</sup> September 2015 against the agreed 2015-16 Audit Plan.
- Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 30<sup>th</sup> September 2015.
- Appendix 5 Assurance statements

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

<b>Original Recommendation</b>	<b>Agreed Management Action , Responsibility and Target Date</b>	<b>Manager's Comment on Progress Towards Implementation.</b>
<i>None to report this quarter</i>		

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

Service	Reported to Committee	Level of Assurance	Follow-up Action Due
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
EK Human Resources; Sickness Absence, Leave & Flexi	December 2015	Reasonable/ Limited	Spring 2016

**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 30-09-2015	Status and Assurance Level
<b>FINANCIAL SYSTEMS:</b>				
Capital	5	5	4.51	Finalised - Substantial
Treasury Management	5	5	3.46	Finalised - Substantial
Bank Reconciliation	5	5	5.38	Finalised - Substantial
External Funding Protocol	9	9	5.51	Work-in-Progress
VAT	10	10	0.17	Work-in-Progress
<b>RESIDUAL HOUSING SERVICES:</b>				
Housing Allocations	10	10	11.6	Finalised - Reasonable
<b>GOVERNANCE RELATED:</b>				
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 4 – Brief issued
Project Management	10	0	0	Postpone until 2016-17 to accommodate finalisation of 2014-15 WIP
Corporate Advice/SMT	2	2	5.04	Work-in-progress throughout 2015-16
s.151 Officer Meetings and Support	9	9	7.1	Work-in-progress throughout 2015-16
Governance & Audit Committee Meetings and Report Preparation	12	12	8.74	Work-in-progress throughout 2015-16
2016-17 Audit Plan and Preparation Meetings	9	9	0	Quarter 4
<b>CONTRACT RELATED:</b>				
CSO Compliance	10	10	9.62	Finalised - Reasonable
<b>SERVICE LEVEL:</b>				
Safeguarding Vulnerable Groups	10	10	9.38	Work-in-Progress
2015 Post Election Review	10	10	12.58	Finalised
Food Safety	10	10	6.84	Finalised - Substantial
Health & Safety at Work	10	10	4.44	Work-in-Progress
Business Continuity and Emergency Planning	10	10	5.07	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-09-2015	Status and Assurance Level
Events Management	10	0	0	Postpone until 2016-17 to accommodate finalisation of 2014-15 WIP
Grounds Maintenance	10	10	0.17	Quarter 4 – Brief issued
Museums	10	10	0.17	Work-in-Progress
Commercial Properties and Concessions	10	10	12.34	Finalised – Reasonable/Limited
Planning	10	10	0.17	Quarter 4 – Brief issued
Visitor Information Arrangements	10	10	1.08	Work-in-Progress
Refuse Freighter Specification	7	7	5.73	Finalised – Limited
Street Cleansing	10	10	0.17	Quarter 4 – Brief issued
<b>OTHER :</b>				
Liaison With External Auditors	2	2	0	Work-in-progress throughout 2015-16
Follow-up Reviews	15	15	13.47	Work-in-progress throughout 2015-16
<b>FINALISATION OF 2014-15 AUDITS:</b>				
Days under delivered in 2014-15	0	4.64	0	Completed
Creditors	5	45	7.32	Finalised - Substantial
Dog Warden & Street Scene Enforcement			17.98	Finalised - Limited
Complaints Monitoring			11.39	Finalised - Limited
Insurance and Inventories of Portable Assets			1.42	Finalised - Reasonable
Garden Waste Service			0.95	Finalised – Limited
Your Leisure			12.88	Finalised – Reasonable/No/No
Dalby Square Heritage Grants			0.24	Quarter 4 of 2015-16
Car Parking and PCNs			0.30	Finalised – Reasonable
Equality and Diversity			0.88	Finalised - Limited
Absence Management			3.21	Finalised – Reasonable/Limited
Community Safety			4.36	Finalised - Substantial
<b>EK HUMAN RESOURCES:</b>				
Recruitment	5	5	0	Work-in-Progress
Payroll	5	5	0	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-09-2015	Status and Assurance Level
Employee Health & Safety	5	5	4.2	Work-in-Progress
<b>TOTAL</b>	<b>300</b>	<b>304.64</b>	<b>197.87</b>	<b>66% as at 30-09-2015</b>
<b>ADDITIONAL WORK</b>				
Royal Sands Deposit	0	2	2.08	Finalised
Interreg – PAC2	2	2	1.42	Finalised
HCA Grant	0	3	2.44	Finalised
Supplier Invoice Enquiry	0	7	6.36	Finalised
Payroll – Testing of New System	0	1	0.46	Work-in-Progress
Risk Management	50	50	12.92	Work-in-Progress throughout 2015-16

**EAST KENT HOUSING LIMITED:**

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2015	Status and Assurance Level
<b>Planned Work:</b>				
Audit Ctte/EA Liaison/Follow-up	6	6	7.75	Work-in-Progress throughout 2014-15
Repairs, Maintenance and Void Management	40	41.36	39.94	Work-in-Progress
Sheltered and Supported Housing	34	32.64	32.64	Finalised - Limited
<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
<b>Total</b>	<b>80</b>	<b>79.66</b>	<b>85.86</b>	<b>108% at 30-09-2015</b>
<b>ADDITIONAL DAYS:</b>				
Additional days purchased with EKAP saving from 2014-15	7.31	7.31	7.31	Utilised to Part fund the audit of repairs and maintenance

**EK SERVICES:**

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2015	Status and Assurance Level
<b>Planned Work:</b>				
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	0.34	Quarter 4
ICT – PCI DSS	12	14	4.75	Quarter 3
ICT Management and Finance	12	13	0	Quarter 3
ICT Disaster Recovery	12	13	0.14	Quarter 4
Corporate/Committee/follow-up	9	12.21	6.06	Work-in-progress throughout 2015-16
Quarterly Housing Benefit Testing	40	40	21.21	Work-in-progress throughout 2015-16
<u>Finalisation of 2014-15 audits:</u>				

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual days to 30-09-2015</b>	<b>Status and Assurance Level</b>
Finalisation of 2014-15 work-in-progress	0	0	1.48	Completed
Days over delivered in 2014-15	-9.79	0	0	Completed
<b>Total</b>	<b>150.21</b>	<b>150.21</b>	<b>47.12</b>	<b>31% as at 30-09-2015</b>



**BALANCED SCORECARD – QUARTER 2**

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>
	Quarter 2		Reported Annually		
Chargeable as % of available days	91%	80%	<ul style="list-style-type: none"> <li>• Cost per Audit Day</li> </ul>	£	£321.33
Chargeable days as % of planned days			<ul style="list-style-type: none"> <li>• Direct Costs (Under EKAP management)</li> </ul>	£	£412,450
CCC	70%	50%	<ul style="list-style-type: none"> <li>• Indirect Costs (Recharges from Host)</li> </ul>	£	£11,700
DDC	28%	50%	<ul style="list-style-type: none"> <li>• ‘Unplanned Income’</li> </ul>	£	Zero
SDC	54%	50%	<ul style="list-style-type: none"> <li>• Total EKAP cost</li> </ul>	£	£424,150
TDC	66%	50%			
EKS	31%	50%			
EKH	108%	50%			
Overall	54%	50%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> <li>• Issued</li> </ul>	27	-			
<ul style="list-style-type: none"> <li>• Not yet due</li> </ul>	38	-			
<ul style="list-style-type: none"> <li>• Now due for Follow Up</li> </ul>	32	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS)	Partial	Full			

**BALANCED SCORECARD – QUARTER 2**

<u>CUSTOMER PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>	<u>INNOVATION &amp; LEARNING PERSPECTIVE:</u>	<u>2015-16 Actual</u>	<u>Target</u>
	Quarter 2				
Number of Satisfaction Questionnaires Issued;	41		Percentage of staff qualified to relevant technician level	88%	75%
Number of completed questionnaires received back;	9 = 22%		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"> <li>• Interviews were conducted in a professional manner</li> <li>• The audit report was 'Good' or better</li> <li>• That the audit was worthwhile.</li> </ul>	100%	100%	Number of days technical training per FTE	0.96	3.5
	100%	100%	Percentage of staff meeting formal CPD requirements	43%	32%



**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.