



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 2015.

2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level	No. of Recs.	
2.1	VAT	Substantial	H M L	0 0 0
2.2	Housing Allocations	Substantial	H M L	0 2 0
2.3	Visitor Information Arrangements	Substantial	H M L	0 3 0
2.4	Mortgages	Substantial	H M L	0 0 0
2.5	Emergency Planning and Business Continuity	Reasonable	H M L	4 4 7
2.6	Insurance & Inventories of Portable Assets	Reasonable	H M L	3 5 1
2.7	External Funding Protocol	Reasonable	H M L	0 1 0
2.8	Dog Warden & Street Scene Enforcement	Limited	H M L	7 8 5
2.9	Monitoring & Management of Complaints, Comments and Compliments	Limited	H M L	1 5 3
2.10	East Kent Housing - Repairs, Maintenance and Void Management	Limited	H M L	7 9 3

2.11	Employee Health, Safety & Welfare	Limited	H M L	1 2 1
2.12	Environmental Health & Safety at Work	Limited	H M L	4 3 0
2.13	Safeguarding Children & Vulnerable Groups	Limited	H M L	5 3 5
2.14	Museums	Limited	H M L	3 4 0
2.15	EKS – Quarterly Housing Benefit Testing (Quarter 2 of 2015-16)	Not Applicable		
2.16	EKS – Quarterly Housing Benefit Testing (Quarter 3 of 2015-16)	Not Applicable		

2.1 VAT – Substantial Assurance:

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that VAT is completely and correctly accounted for in a timely manner in accordance with the prevailing legislation.

2.1.2 Summary of Findings

The Council applies output tax, where applicable, to the services it provides and reclaims input tax on expenditure. Like any other business the Council is required to keep account of both the VAT paid (input) and the VAT received (output) from its transactions and detail these in a monthly return to HMRC. The Council tends to pay more VAT than it receives which results in a net monthly refund from HMRC. The Council must observe VAT legislation and ensure the correct treatment of VAT as this, and effective recovery of VAT, impacts upon Council budgets.

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

- Up to date VAT guidance is available to all staff.
- A suitably qualified and experienced officer is available to advise about VAT.
- Knowledge of VAT legislation is maintained via a subscription to KPMG.
- External VAT advice is available.
- Option to tax treatment is regularly reviewed.
- Partial exemption is calculated on a yearly and half yearly basis, including sensitivity analysis, and seven year averages are monitored.
- 100% of the 10 creditor invoices and 100% of the 12 debtor invoices tested were found to be in order.
- No areas of improvement have been identified in this audit.

2.2 Housing Allocations – Substantial Assurance:

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that housing property is allocated efficiently and effectively to qualifying tenants in accordance with Council policy and procedures and offers choice to prospective tenants through the allocations process in accordance with prevailing legislation.

2.2.2 Summary of Findings

The Council operates within the provisions of the Housing Act 1996 – Part VI (as amended) and takes into account the Government’s statutory guidance on social housing allocations for local authorities in England. The Council must also fulfil its duty to the homeless under Section 184 of the Housing Act 1996 Part VII.

The Council is the owner and landlord of 3,047 properties as at 1 April 2013. In 2014/15 272 households were housed. Introduction of the new Housing Allocation Policy, implemented in September 2013, has greatly reduced the number of households on the housing register, giving eligible applicants a better chance of securing a council owned property.

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

- A Housing Allocations Policy and Tenancy Strategy have been approved and are in place.
- An impact assessment of the new allocations policy has been carried out.
- Applicants are entitled to, and allocated, housing in accordance with the Housing Policy.
- Original applications are verified and second checked during the property bidding process.
- Direct Lets are allocated to those in accordance with the Council’s statutory duty.

Scope for improvement was however found in the following areas:

- Recording the number and outcome of banding appeals may help determine the effectiveness of the applied housing allocation criteria
- The introduction of some useful, measureable performance indicators may help drive improvement

2.3 Visitor Information Arrangements – 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 Council’s Visitor Information Services are operated in an efficient and effective manner which safeguards Council assets (income, stock, reputation etc.) and minimises risk.

2.3.2 Summary of Findings

The Visitor Information Centre is located next to the Turner Contemporary gallery at Droit House (Clock Tower building) in Margate. It serves the whole of the Thanet area and can provide information about Broadstairs, Margate and Ramsgate as well providing a range of other services from hotel bookings to making coach bookings for the public to selling a range of souvenirs.

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

- Award winning social media communication channels are being used to advertise the district along with a face to face information centre that provides a range of services.
- Effective back office processes are in place to monitor transactions and to ensure that all income is accounted for.

Scope for improvement was however identified in the following areas:

- Consider utilising the in-house electronic scanning and documentation retention facility to reduce the amount of paper records that are kept within the back office.
- Investigate if the base stock budget could be increased to assist in procuring additional types and ranges of products for the Visitor Information Centre, thus potentially increasing the income stream.
- That the costs of taking over the broadband at the Broadstairs kiosk is budgeted for and a service level agreement established for this service provision.

2.4 Mortgages – Substantial Assurance:

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that all mortgages are dealt with in accordance with the organisation's policy, standing orders and financial regulations

2.4.2 Summary of Findings

Under previous legislation local authorities were required to offer mortgages to council housing tenants exercising their right to buy if they were either unable to or chose not to obtain a mortgage for private sector lenders. This legislation is no longer in force and the Council only has one remaining mortgage account.

The natural redemption date for this last mortgage was 11th July 2005, but the mortgagor has had difficulty paying for a number of years so still has a small arrears balance (circa. £5,000) remaining. Repayments are made by standing order @ £50 per month (£600 pa). There is no risk of loss to the Council as interest is charged on the balance outstanding annually and there is a relevant charge on the property.

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

- A detailed mortgage register is kept within the Council's AS400 Cygnus Mortgage System.
- All calculations are auto generated by the mortgage system and checked by the mortgage officer.

- The one remaining mortgage account is paid by standing order as a fixed repayment sum.
- All calculations of interest are system generated. Annual statements are checked against account balances and charges before they are sent out, and interest charges applied on 1st April each year are checked manually to ensure accuracy.
- Interest rate changes (based on internal borrowing rates) are implemented annually for 1st April each year, and mortgagors are notified by letter in advance of the change.
- Mortgages should be administered in accordance with prevailing legislation and FSA requirements where applicable.
- All mortgage receipts quote the mortgage account no. (set up on standing orders), and daily general ledger receipts are posted and reconciled to the mortgage system on a monthly basis.

2.5 Emergency Planning & Business Continuity – Reasonable Assurance:

2.5.1 Audit Scope

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

2.5.2 Summary of Findings

The Civil Contingencies Act 2004 is a UK Act of Parliament that gives the government wide ranging powers in an emergency. It provides a statutory framework for civil protection at a local level.

Thanet District Council has correctly identified itself as a Category 1 responder and the Emergency Plan adequately details the responsibilities placed upon District Councils as such responders.

The Act identifies the primary person responsible as the Chief Executive and although it does not provide the powers for delegated authority the Council's Constitution does; as such there are appropriately delegated members of staff overseeing both the Council's Emergency Plan and Business Contingency arrangements.

There is a Service Level Agreement in place between Thanet District Council and Kent County Council designed to provide a dedicated, experienced officer one day a week to assist the Council in discharging their formal obligations under the Act.

In the past few years, Council officers have been called on to deal with a variety of incidents as follows:

- Floods (threatened floods in Margate in 2007 and the Trove Court flooding in the same year);
- Fires (the Margate seafront fire in 2003, Scenic Railway fire in 2008, and 254-258 Northdown Road in 2009);
- Evacuations (Trove Court flooding, Northdown Road fire);

- Severe weather (the snow in 2010); and
- Off shore incidents (the timber washed ashore along the Thanet coastline in 2009 and the dead whale in 2011).

Emergency Planning:

The primary findings giving rise to the Reasonable assurance opinion in respect of Emergency Planning are as follows:

- The Emergency Plan is comprehensive and easily accessible to all staff;
- The Council has good working relationships with external agencies (Kent Resilience Forum and other Local Authorities);
- Training needs are being programmed on an annual basis via the Kent Resilience Forum with additional needs being identified by the Emergency Planning Officer and delivered in-house;
- A Mutual Aid Agreement is in place and up to date; and
- Learning outcomes are identified and implemented.

Scope for improvement was however identified in the following areas:

- Plans should be updated in accordance with the timescales set within the Emergency Plan; these should also be version numbered and the changes documented for audit trail purposes;
- Information needs to be kept up to date and relevant on the webpages; and
- Adherence to Contract Standing Orders needs to be documented.

Business Continuity:

The primary findings giving rise to the Reasonable assurance opinion in respect of Business Continuity are as follows:

- There are detailed service level plans which are reviewed annually;
- There is a service level agreement in place with EKS to ensure that ICT services can be maintained and managed in the event of a systems failure and disruption to services is kept to a minimum; and
- There is in place a designated officer to ensure that Business Continuity is managed and planned for.

Scope for improvement was however identified in the following areas:

- Whilst Business Continuity arrangements have been made in accordance with BS25999, this has been superseded and replaced with ISO22301:2012. As such plans may be out of date and require updating to reflect this change and ensure their compliance.
- Effective risk assessments need to be carried out and maintained on file; and
- Some policies and procedures are out of date.

2.6 Insurance & Inventories of Portable Assets – Reasonable Assurance:

2.6.1 Audit Scope

To ensure that sufficient insurance coverage is in place for the Council to limit the risks that face the authority in carrying out its many and varied functions and to ensure that all Council assets are completely and accurately accounted for and safely held.

2.6.2 Summary of Findings

The Council currently has insurance policies in place as follows:

- Traveler's – (Public Sector Policy);
- Royal Sun Alliance – (Marine);
- ACE – (Personal Accident and Travel);
- Allianz Insurance Plc (Engineering: Plant/Machinery); and
- Blackwell Green (Fine Arts).

The above policies are being administered by Kent County Council (KCC) via the implementation of a Service Level Agreement overseen by the Finance team. The original agreement was taken out for a three year period to cover 2006 – 2009. Subsequent years have been extended via the use of Contract Standing Order Waivers. There is a further Service Level Agreement in place between The Council and Travellers for the administration of claims. All of the Council's insurance contracts will be re-tendered during the 2016-17 financial year and this process has been timetabled to ensure no lapse in insurance cover occurs.

There are dedicated pages on the Council's Intranet to enable all levels of staff to have access to policy documentation, endorsements and making a claim. Managers are also made aware of their duties regarding insurance via the Budget Managers' Handbook and Financial Procedure Rules.

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

- Claims processing is documented and reported to KCC in a timely manner.
- Inventories are comprehensive and completed yearly by departmental managers.
- Training has been provided for staff on key areas of insurance.

Scope for improvement was however identified in the following areas::

- The contract documentation is outdated;
- Ensuring schedules are up to date by adding acquisitions and removing disposals in a timely manner;
- More robust scheme needs to be put in place for consolidation & reconciliation of cover over the different departments and items on the schedules;
- Intranet pages require updating.

2.7 External Funding Protocol – Reasonable Assurance:

2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to reduce the risk of grant repayment and that these controls are adhered to by all members of staff applying for external funding.

2.7.2 Summary of Findings

The Council has had an External Funding Protocol in place since November 2009. The protocol was last reviewed and updated in June 2014. The aim of this protocol is to reduce the Council's risk of grant repayment and ensure value for money; and should be followed by any member of staff applying or dealing with external funding or payments of grants to third parties.

The purpose of attracting external funding is to assist the Council in working towards delivering it's Corporate Aims and Objectives.

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

- Roles and responsibilities are clearly defined in the External Funding Protocol.
- Proposals for external grant funding are being prepared and/ or discussed and an appropriate level of consideration given to the purpose of the project and its 'fit' with corporate plan priorities to ensure that they are compatible with the Council's aims and objectives.
- Project approval is sought prior to a bid for external funding being made.
- Legal, VAT and other implications are considered
 - Before taking on external funding due consideration is given to the funder's conditions and rules.
- Staff are aware of grant conditions.

Scope for improvement was however identified in that, although staff have become more aware of the risks associated with external funding and have knowledge of the Council's External Funding Protocol, further improvements to the organisation and structure of monitoring systems and evidence to support deliverables, outputs and outcomes would further reduce the risk of funding being 'clawed back'.

2.8 Dog Warden & Street Scene Enforcement – Limited Assurance:

2.8.1 Audit Scope

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

2.8.2 Summary of Findings

The Dog Warden and Street Scene Enforcement functions currently sit across three different service areas of the Council, namely:

- Litter enforcement – Parking (Contracted out service);
- Graffiti – Community Safety;
- Dog Warden – Environmental Enforcement; and
- Fly tipping – Environmental Enforcement.

There are policies and procedures governing all of the above functions and delegated authority has been granted for all staff (contracted and employed direct) for this function.

All staff have the powers to issue Fixed Penalty Notices (FPN's) for the offences of Littering, Dog Fouling and Graffiti if witnessed; the fees and charges are fixed on an annual basis by Members and published on the Council's website.

There is a dedicated system (M3) set up for the recording and monitoring of complaints received and it is used across all of the above departments. This system can also be used as a management tool to extract information relating to performance.

There is currently an arrangement with Kent Police for the kennelling of dogs on a short term basis at Margate Police Station and a Contract (let via a Contract Standing Order Waiver) for the longer term kennelling of strays.

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

- Contract Standing Orders have not been fully complied with for the kennelling of stray dogs.
- Procedures and Policies need to be kept up to date with changes in legislation, published fees and charges and links to other Council relevant policies. Adherence to these should be monitored and any changes to practice should be reflected.
- Staff training needs should be identified, monitored and relevant provisions made, where budget allows.
- Risk assessments and COSHH (Control of Substances Hazardous to Health) sheets need to be completed and kept up to date.
- Full use of the back office system should be monitored to ensure a clear audit trail and to ensure that sufficient information is being recorded to support a successful prosecution.
- Issuing of notices may be falling short of the Council's Statutory Obligations and as such the Council is missing out on a potential source of income.
- The current year's set Fees and Charges are not being adhered to for the littering contract– approved fees and charges state a fine of £75 whereas an £80 fine is being levied in accordance with the contract.
- There is no clear audit trail for income being received for this function or for kennelling fees being re-charged back to dog owners.

Good practice was however observed and evidenced within the Environmental Enforcement team for their dealings, evidence collecting and recording methods for fly tipping complaints which has led to some successful prosecutions.

2.9 Monitoring & Management of Complaints, Comments and Compliments – Limited Assurance:

2.9.1 Audit Scope

The Council recognises that complaints, comments and compliments are an important source of feedback. They can tell us a lot about the way we work, and give us opportunities to improve and affect perception. How we handle our complaints is crucial; handling them well can have a lasting positive effect on our reputation;

handling them poorly can be very damaging and can make a negative perception even worse. The audit will provide assurance in respect of this business objective.

2.9.2 Summary of Findings

The Council has Policies and Procedures in place for the recording of Complaints, Compliments and Comments made by members of the public for all of its service areas. These procedures are available to staff via the intranet and members of the public via the Internet and leaflets at the Gateway. Consultation has been undertaken to the change from the current three stage system to a two stage system and this has been agreed by Management Team and will be going live shortly.

The dedicated system for recording complaints, compliments and comments is via the Civica system; each service area has been assigned a business support administrator who oversees the complaints process from start to finish. This system carries a know risk which will be rectified once the document disposal upgrade and module has been implemented. The Audit has identified the use of M3 as a complaints handling sub system. Consequently, valuable data regarding complaints contained on M3, has not been included in figures being reported to management from the Civica system. This extra data could have been used to identify potential weaknesses in a variety of Council's services and given management an opportunity to learn and improve.

There have been various training programmes for staff regarding the policies and procedures on an ad-hoc need to know basis; a training regime has been devised for the new two stage process and open to a select number of staff and a new policy has been written for the handling and reporting of vexatious complaints.

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

- Complaints are being recorded on more than one system and the data from complaints handling systems (other than Civica) is not been considered or reported to management;
- Analysis of complaints data as a learning tool to inspire positive change needs to be explored, agreed and fully documented;
- The information on the Council's Inter/intra nets regarding complaints is out of date;
- A more consistent approach is needed for the feedback to staff on the compliments being received for their service area, once agreed the recognised process needs to be fully documented;
- Full use of reference and training material available to the Council needs to be made readily available to all staff and Members; and
- Telephone complaints should be discouraged as a method for making a complaint, as they are open to interpretation by the officer. At the time of fieldwork the webpages had this as a first point of contact, this has now been addressed.
- At the time of fieldwork, clear timescales had not been defined for the complaints handling process, however this has now been addressed.

Effective control was however evidenced in the following areas:

- There is a well-documented complaints system with defined escalation stages and appeal process;

- Full and comprehensive training notes are available to staff on the use of the Civica system.

2.10 East Kent Housing Repairs, Maintenance and Void Management – Limited Assurance:

2.10.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that that the Councils' housing stock is well maintained, proving 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 Council policy and procedures.

2.10.2 Summary of Findings

East Kent Housing (EKH) was appointed in April 2011 to manage the repairs and maintenance of the housing stock for Canterbury, Dover, Shepway and Thanet councils. The EKH Service provides repairs and maintenance support for 16,901 rented properties with a combined Revenue budget in the region of £15.25m.

From the testing completed during this review whilst most of the necessary controls were found to be in place, there were a number of key controls not working effectively, particularly around the inspection of completed repairs, and also planned maintenance work. It is therefore the conclusion of this review that management can currently only have limited assurance over the arrangements and controls in place to ensure that that the Councils' housing stock is well maintained. The primary findings giving rise to the Limited assurance audit opinion in this area are as follows:

- The number of post inspections at Dover has not been increased to investigate higher than normal failure rates on responsive repairs.
- There are a significant number of variations to job costs at Dover by the contractor without documented approval from EKH.
- There are high numbers of repairs older than 30 days not being investigated at Dover.
- Work undertaken outside of the Price Per Property (PPP) contract at Canterbury is not normally being post inspected.
- Stock condition surveys across all four partner sites are out of date; this results in planned maintenance programmes being put in place based on out of date information.
- There is a lack of defined procedures in place for the post inspection of planned maintenance work resulting in confusion over roles and responsibilities. In terms of both informing officers of the work requiring inspection and then the reporting of inspection results.
- Charges for rechargeable works are not being raised and collected in three areas.

Effective control was however evidenced in the following areas:

- Sound procedures are in place for budgetary control and are well practiced in all four areas. Good lines of communication were found to be in place between EKH and the respective Accountants for both repairs and planned maintenance.
- Maintenance Inspectors in each area have a sound understanding of the main repairs contracts.

- Post inspections undertaken generally target work with a higher risk, or known problem areas.
- Area Maintenance Managers and Maintenance Inspectors have good working relationships with the repairs contractor.
- Regular meetings are held between officers and contractors to review performance and review ongoing problems.
- Budgets are monitored well and reported at suitable intervals.
- Tenants are suitably involved and informed in the repairs process.

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. Officers are expected to post inspect around 10% of completed jobs, and officers across each of the four areas normally achieve this. However, review of post inspections undertaken in the Dover area identified that from 817 inspections undertaken by EKH, 286 failed post inspection. Of those which failed, 176 failed on price related queries. Despite an overall failure rate of around 35%, officers continue to post inspect only 10% of the completed jobs.

Testing of a sample of 16 completed jobs identified that 6 jobs had been subject to a price variation of more than £150 which is allowed for within the contract, with no documented approval from the Dover based Maintenance Inspectors.

Officers in the Canterbury Area were found to be only inspecting work completed by the repairs contractor which falls under the Price Per Property (PPP) contract. Testing established that work outside of the PPP contract is not normally subject to any post inspection regime.

Review of procedures for the raising and collection of debts in respect of rechargeable works established the following;

- A backlog on the raising of debts at Dover;
- Debts are not raised at all at Canterbury;
- Debts are raised but not collected in Thanet; and.
- Debts have only been raised in Shepway since November 2014.

2.10.3 Management Response to the Housing Repairs, Maintenance and Void Management audit from the East Kent Housing Head of Operations:

EKH welcomes the audit on the repairs, voids and planned maintenance service and the identified actions are being actively implemented, with one exception, where EKH has rejected one recommendation (increasing the number of post inspections at Dover on repair work).

The audit is a large piece of work affecting response maintenance, planned maintenance, void management and business planning over four Council areas. The audit looked at 51 key controls and found that 36 of the key controls were working effectively. Of the 19 recommendations in the report, only 7 have been classified as high priority.

A detailed discussion has taken place on the audit and the recommendations and the priority attached to each one. Each of these areas has been agreed between audit and EKH. However, the overall rating of 'Limited' has been queried by EKH as the definition for a Limited Assurance level is defined as, "some of the necessary controls of the system are in place, managed and achieved." As 70% of the controls have been judged as working effectively EKH believes that a Reasonable Assurance

reflects the outcome of the audit more correctly, which is defined as, “most of the necessary controls of the system in place are managed and achieved.” Although this has been discussed with audit they feel that a Limited Assurance remains correct.

2.11 Employee Health, Safety & Welfare – Limited Assurance:

2.11.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the policies and procedures established to protect the partner council's staff in relation to various health and safety issues, such as lone working, home working and any relevant issues within the workplace, whilst also taking into account the legislative requirements placed upon the Council's as their employer and confirm the role of the Health & Safety Advisors engaged via the EKHR Partnership.

2.11.2 Summary of Findings

The Council is committed to achieving a high standard of health and safety compliance in all service areas through effective, proactive management and a co-operative effort at all levels. This undertaking will ensure, as far as is reasonably practicable, the health and safety of their employees and of others that may be affected by their acts or omissions. This includes the provisions of the Health & Safety at Work Act 1974 and all other regulations made under this and other relevant acts. The Council is assisted in this by EKHRP, who undertakes to provide each of the partner authorities with competent H&S advice and guidance to ensure their full compliance with Regulation 7 of the Management of Health and Safety at Work Regulations.

Due to known known problems in employee health and safety in the past, which are now being addressed, the Council can currently only have Limited Assurance in respect of its employee health and safety arrangements. There is however emerging evidence to support an opinion of Reasonable Assurance, once the new Health and Safety post holder is recruited and the recommendations arising from the consultant's report have been implemented and had time to embed.

To ensure that there is no duplication this report does not repeat the recommendations that have been raised by the consultant's report but has made one high priority over arching recommendation that the Council implements the consultant's action plan.

In addition scope for improvement was identified in the following areas:

- The quarterly report produced by EKHRP for Senior Management at the Council is now stating the health and safety audits that have been carried out but could be developed further to include the assurance levels and findings.
- There needs to be clarification as to who is responsible for ensuring that staff at each of the authorities are advised of changes to health and safety issues that are relevant to them. (i.e. Where does EKHR's role end and the Council's takeover in respect of the health and safety service and training). This is particularly important with Thanet District Council employing its own Health and Safety Advisor.

2.12 Environmental Health & Safety at Work – Limited Assurance:

2.12.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council is adequately fulfilling its responsibilities under the Health and Safety Act 1974 (specifically section 18.)

2.12.2 Summary of Findings

The Health & Safety Executive (HSE) work with the Local Authority to enforce health and safety legislation. They ensure that duty holders manage the health and safety of their workforce and of those affected by their work.

In March 2011 the Government published 'Good Health and Safety, Good for Everyone', this document set out the plans to refocus occupational health and safety for Britain's businesses and cut red tape.

As a result of this in May 2015 the framework for health and safety law was simplified to help businesses comply more easily, and the focus for local authorities was changed dramatically. There is no longer an obligation on local authorities to carry out routine inspections, work should now be focussed on specific categories of high risk, for example LPG, Legionnaires disease, animal visitor attractions, fatalities from being struck by vehicles, industrial diseases (asthma, deafness), falls from height, crowd control, carbon monoxide poisoning, violence at work. The Code of Practice states the LA's should only use proactive inspection where there is evidence that risks are not being effectively managed.

With the introduction of this new regime the database of business premises for health and safety purposes is no longer relevant in its current form. A local review is required to research and re-categorise local businesses to recognise those that fall under the new high risk categories, this has not however been prioritised due to limited resources. Questionnaires have been sent to every business on the database to identify whether they are low risk. The supplementary guidance recently issued recognises the LA's health and safety investigations and evidence of poor performance commonly arise from the RIDDOR reporting system and the LA's complaints systems.

The Council used to have one full time officer within the Public Protection Team who was an expert in health and safety at work. This officer left the Council's employment in late 2014 and since then the function has been tasked to all of the remaining members of the team to deliver.

The team have not received the necessary training to ensure they are competent in dealing with complex health and safety at work issues as well as providing advice on the subject to premise owners. The Public Protection Manager and some of the Public Protection Officers have received basic training in this field as part of their Environmental Health qualifications or through the NEBOSH scheme and this is used for basic hazard spotting in business premises, however this was between 7 and 20 years ago and no further training has been provided by the Council. An officer with the IOSH qualification is needed for complex investigations and accident investigations/deaths and to attend the coroner's court if required.

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

- There is currently an absence of sufficiently competent trained staff for dealing with health and safety at work, particularly those of a complex nature.
- Whilst a draft procedure manual is in the process of being created to ensure consistency, due to limited resources this will take some time to complete.
- The Council does not currently have an up to date and complete intervention programme based upon a risk assessment exercise; this is however in progress
- Due to the new legislation issued by the HSE in May 2015, there are some concerns that the previously utilised software application system (M3) may no longer be 'fit for purpose' to record the new risk categories and little action has been taken to remedy this issue
- There is a lack of information being recorded electronically to ensure there is a comprehensive record of all action taken in respect of each inspection and intervention
- Whilst the *Enforcement & Prosecution Policy* has been published on the Council's website as their adopted policy, this has however not been formally approved by Members.

Effective control was however evidenced in the following areas:

- There is a dedicated page on the Council's Internet site for health and safety at work; this provides information on the legislation along with a link to the Health and Safety Executive's (HSE) website.
- Decision recording forms are completed for RIDDOR reports and the action to be taken is recommended by the Public Protection Manager and cases that are not to be investigated are approved by the Head of Service.

2.13 Safeguarding Children & Vulnerable Groups – Limited Assurance:

2.13.1 Audit Scope

To ensure that the Council fulfils its legal obligations under section 11 of the Children Act 2004 and under the Safeguarding Vulnerable Groups Act 2006.

2.13.2 Summary of Findings

The Council has a legal obligation to children and vulnerable adults to ensure their safe wellbeing. Overall responsibility for this function sits with the Chief Executive, however for the day to day functionality this responsibility has been delegated to a Designated Child Protection Officer. Additionally, all employees across the organisation have a duty of care to such vulnerable groups they may come into contact with during their daily working activities.

Written policies and procedures that govern the legal duties placed upon councils under the Children's Act 2004 and Safeguarding Vulnerable Groups Act 2006 are in place and easily accessible to all staff via the intranet.

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

- The Council's Safeguarding policy and procedures have not been reviewed or updated within the prescribed periods (at least annually);
- Although clear roles and responsibilities have been defined within the Policy, clarity needs to be given over the keeping of records.
- The records being kept for DBS checks are out dated and the regime for follow-up/renewals check needs to adhere with legislation requirements;
- Safeguarding requirements for the Council need to be updated on the Council's website to reflect what is legally required and expected from the organisation.
- A training regime needs to be agreed, implemented and monitored which should take into account the needs of the manual workforce, this should be corporately adopted and not service specific. From the figures provided by EK Human resources (EKHR) 81% of staff have not undertaken any form of Child Protection training.
- It is a legislative requirement that all external contractors, working on behalf of the Council should have a Child Protection Policy in place which should be adequate and fit for purpose, if not then the contractor should sign up to the Council's Child Protection & Safeguarding policies and procedures. Evidence of this process needs to be recorded and maintained.
- Timescales for record keeping need to be defined and referenced within the policy and adhered to.

Effective control was however evidenced in the following areas:

- Multi-agency work and data sharing arrangements are in place via the Thanet Community Safety Partnership and Margate Task Force.
- The reporting method was also found to be working efficiently and effectively.

2.14 Museums – Limited Assurance:

2.14.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council's Museums are operated in an efficient and effective manner which safeguards Council assets (exhibits, income, stock, reputation etc.) and minimises risk.

2.14.2 Summary of Findings

There are three locations that are operated as Council Museums with the help of volunteers and these are Dickens House Museum in Broadstairs, Margate Old Town Hall, and the Tudor House in Margate.

Management can place Limited Assurance on the system of internal controls in operation; however, many of the issues which have been identified as part of this review are still outstanding from previous audits and are historical issues that require decisions to be made at a senior level of management within the Council as to how to move them forward. It should be noted that Dickens House is generally run to a satisfactory standard on a day to day basis with the Community Development Officer overseeing the operation from a distance and not being involved in the day to day running of it.

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

- There is still no formal agreement in place for the Friends of Margate Museum to run the museum and they are yet to sort out the required processes and application to become a registered charity despite having started the process well over a year ago.
- Decisions need to be made as to the way to best run Dickens House Museum in the future (e.g. set up a trust to run it?). The previous audit in 2012 reported that it was the Council's long term goal to set up a management trust for Dickens House Museum. This is however a sensitive subject and to date little progress has been made.
- The cataloguing of artefacts at the various locations is still to be completed thus raising issues about the valuation of the artefacts for insurance purposes and a lack of clarity as to whether or not any items have gone missing over time as no proper records have been in place.

Effective control was however evidenced in the following areas:

- There are established processes for the collecting, banking and monitoring of income from Dickens House.
- Performance indicators are in place and are reported on a regular basis.
- Teams of volunteers are in place to ensure that the various locations are open to the public at the appropriate times of year.
- Processes are in place to monitor and purchase stock items for the Dickens House gift shop although these could be further enhanced to reduce the risk of stock items running out before replacement items have been ordered.

2.15 EK Services – Housing Benefit Quarterly Testing (Quarter 2 of 2015-16):

2.15.1 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.

2.15.2 Findings:

For the second quarter of 2015/16 financial year (July to September 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.

2.15.3 Audit Conclusion:

Forty benefit claims were checked of which two claims had financial errors that impacted on the benefit calculation and one was a system fault which is outside of the control of EK Services. In addition three of the claims that passed did so because the errors which were highlighted did not affect the benefit calculation.

2.16 EK Services – Housing Benefit Quarterly Testing (Quarter 3 of 2015-16):

2.16.1 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.

2.16.2 Findings:

For the third quarter of 2015/16 financial year (October to December 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.

2.16.3 Audit Conclusion:

Forty benefit claims were checked and of these none had financial errors that impacted upon the benefit calculation.

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)	East Kent Housing – Tenant Health & Safety	See Below	See Table Below	See Below				
b)	Community Safety	Substantial	Substantial	H	1	H	1	
				M	0	M	0	
				L	0	L	0	
c)	Leasehold Services	Limited	Reasonable /Limited	H	12	H	4	
				M	12	M	6	
				L	3	L	1	
d)	Garden Waste Collection Service	Limited	Reasonable	H	3	H	0	
				M	2	M	0	
				L	0	L	0	
e)	Tackling Tenancy Fraud	Not Applicable	Not Applicable	H	3	H	2	
				M	20	M	13	
				L	6	L	4	
f)	Payroll	Reasonable	Reasonable	H	0	H	0	
				M	1	M	0	
				L	2	L	0	

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs. Outstanding	
g)	FOI, Data Protection & Info. Management	Reasonable/ Limited	Reasonable /Limited	H	3	H	1
				M	17	M	4
				L	5	L	2

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

The purpose of escalating outstanding high-risk matters is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

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

a) East Kent Housing – Tenant Health and Safety

A follow up review has been completed of Tenant Health and Safety. This area was previously reported upon in September 2014 and the progress review was programmed to allow time to ensure that the recommendations previously agreed have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. We updated the committee in March with an interim progress report, and at that time the assurance opinion was revised to Reasonable Assurance for Lift Maintenance; previously assessed with No assurance.

Further follow-up work commenced in June this year and comprised of a number of site visits which were undertaken at the same time as fieldwork for the Sheltered Housing audit. The follow-up was concluded in November 2015 with updated management responses received together with supporting evidence.

The original report contained 29 agreed management actions to reduce the identified risks of which 12 were completed at the time of the original review in August 2014. The table below shows how the remaining 17 recommendations were categorised and whether or not they have been implemented to date: -

Area	Original Assurance Level	Revised Assurance Level	No. of Recs.		Implem-ented	WIP
Policies	Not Applicable	Not Applicable	H	1	0	1
Lift Mtce	No	Reasonable	H	1	1	0
Gas Safety	Substantial	Substantial	L	1	0	1
Fire Safety	Limited	Limited*	H	11	9	2

			L	2	2	0
Asbestos	Reasonable	Reasonable	L	1	0	1

Of these 17 recommendations significant progress has been made towards their implementation. The remaining two high-risk recommendations are now escalated to this committee, see Annex 1.

*A significant amount of work has been undertaken in the area of fire safety which is commendable. All of the critical barriers and obstacles – which previously gave rise to the limited assurance opinion – have now been removed and work is in progress to fully implement the agreed recommendations. The direction of travel is therefore undoubtedly a positive one. It would however be somewhat premature to increase the assurance level to Reasonable until the recommendations have had further time to embed; once this has been achieved, the assurance level can however be increased to reasonable.

c) East Kent Housing – Leasehold Services:

There were a host of issues that needed to be addressed in order to demonstrate that the control environment had improved sufficiently to warrant a revised assurance opinion. This progress report recognises that management have taken positive action to strengthen the control environment but that Management need time to embed the controls before the next audit on this subject area.

The assurance level that was given in the original audit was Limited and as a result of the follow up audit review being carried out the assurance level is increased to Partially Limited. Management can place Reasonable Assurance on the controls in place for calculating the service charges and Limited Assurance on the controls in place for issuing section 20 notifications.

Of the 28 recommendations that were originally agreed three high priority recommendations relating to Section 20 Notifications had been implemented but this follow up Audit scope tested the Actuals produced in September 2015 rather than the notices being served since April 2015. Any improvements in control will not be evident until September 2016. This has contributed to the Partially Limited Assurance opinion.

Management Response:

East Kent Housing is pleased with the progress noted in this follow up Audit. We feel confident that the changes made to the Section 20 process have resulted in a significant improvement in the quality, quantity and accuracy of the notices being served on Leaseholders including improvements to supporting information and the way that queries are being handled. We look forward to demonstrating these improvements through the Audit of the leasehold service that is due in 2016.

g) FOI, data Protection and Information Management:

A lot of work has been done around the Council's processes for managing Freedom of Information and Environmental Information Regulation Requests. A resolution is being worked on regarding storage and deletion of personal information under the Data Protection Act with a new Civica module expected to be installed in February.

The assurance level that was given in the original audit was split. Reasonable assurance was given for the system of internal controls in place for the operation of Freedom of Information and Environmental Information Regulation requests and limited assurance was given for the system of internal controls in place for data protection.

As a result of the follow up audit review being carried out, the assurance remains the same until the new Civica module due to be installed in February can effectively deal with the disposal of information no longer required.

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: Dalby Square THl Grants, Grounds Maintenance, and Street Cleansing.

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 quarterly 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 nine month period to 31st December 2015, 267.50 chargeable days were delivered against the planned target of 300 days which equates to 89% 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 31st December 2015 against the agreed 2015-16 Audit Plan.
Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 31st December 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>East Kent Housing – Tenant Health & Safety (November 2015):</i>		
<p>EKH should ensure that procedures relating to Electrical Safety/ PAT testing and Lifts are produced and added to those in recommendation one for submission to each Council for approval and adoption.</p>	<p>Agreed Management Action. All appropriate processes are being followed but it accepted that there are no written procedures in place.</p> <p>Action: Written procedures to be completed.</p> <p>Responsibility/Completion date. 31.12.14</p>	<p>Follow up Findings as at Nov 2015 Lift Procedure and PAT/Electrical Safety Procedure in place and implemented.</p> <p>PAT testing and Lift servicing records collated by Asset Management Administration Team; held on EKH shared drive</p> <p>Preparing for up loading of records/certificate into the new Northgate system completion</p> <p><i>Target Date Sept 2016.</i></p> <p>Conclusion: Work is ongoing towards implementation.</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>EKH should introduce a quarterly performance indicator to report on the number of Fire Risk Assessments which are overdue review, (categorised as High, Medium and Low priority).</p>	<p>Exception reporting to be carried out quarterly</p> <p>We will develop an annual H&S assurance statement (based on the governance statements provided to the councils) which will ensure that all Health and safety actions are carried out and signed off by the appropriate officer. This will be reported to management team half yearly and to the Board annually as part of the Corporate Health report in July.</p> <p>Responsibility/Completion date.</p> <p>31.12.14</p>	<p>Follow up Findings as at Nov 2015</p> <p>All FRA are completed and available on the EKH shared "R" drive. The Asset Management Administration Team are developing the existing (Savills) data base by which EKH can monitor the FRA works completed, fully implemented by December 2015. The updating of the spreadsheet by EKH to reflect completed works will be an ongoing exercise</p> <p>Since signing to the HUB framework Savills has supported EKH, including the task to reevaluate all FRA's review dates and amend according to the building risk rating. Buildings due FRA reviews will be programmed for completion by February 2016.</p> <p>Conclusion:</p> <p>Work is ongoing towards implementation.</p>
<p>EKH should ensure that all recommendations arising from the 2013 & 2014 Fire Risk Assessments carried out by Savills are resourced so they are implemented within the timescales suggested in each individual Fire Risk Assessment.</p>	<p>Agreed Management Action.</p> <p>A meeting with Savills has been held to develop a work schedule. This will feed into the Councils' budget planning process in the autumn.</p> <p>Responsibility/Completion date.</p> <p>30.09.14</p>	<p>Follow up Findings as at Nov 2015</p> <p>EKH's proposal to manage fire precautions was issued to each of the 4 Client Officers for approval (eg to CCC June 15).</p> <p>Amended fire precaution budgets secured for 2015/16 and agreement from the 4 councils to use existing contracts for 2015/16.</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>2015/16 works programmes issued by EKH to existing contractors (Mears and PJC) w/c 2 November with assurances that will be delivered by 31 March 2016.</p> <p>Dedicated Clerk of Works (Fire Precautions) to be appointed on an initial 2 year fixed term contract as agreed, and jointly funded, by 4 councils. EKH finalising job evaluation with EKHR with target to go to advert in December 2015.</p> <p>Fire Precaution Contract (all areas) – tender documents being produced with Savills to provide technical specifications and pricing models. Target to issue tender documents in January 2016 and award new contracts in April 2016.</p> <p>Canterbury Fire Door Contract – procurement in progress; PQQ evaluation completed and currently at ITT stage. Expect to award contract January 2016.</p> <p>Conclusion:</p> <p>Work is ongoing towards implementation.</p>
<i>Community Safety (November 2015):</i>		
<p>Management must ensure that the information sharing protocol is duly signed by all participating organisations. A copy of the signed protocol should be held securely.</p>	<p>Agreed Management Action</p> <p>Agreed</p> <p>Responsibility / Completion Date</p>	<p>Follow Up Findings as at 30.11.15</p> <p>The protocol is currently with Corporate</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.
	Community Safety and Leisure Manager - November 2015	Resources (Legal), a meeting will be held in the next few weeks to get the protocol signed off.

Leasehold Services – January 2016:

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>EKH Recommendation 3 (Generic)</p> <p>Part I) Investigate whether the system that produces the annual reports (containing individual jobs) can be amended so that when the reports are printed and passed to the leaseholder section the jobs are grouped and categorised inline with the job categories laid out on the leaseholder statements. This will make reconciliation more meaningful to the leaseholder section which should improve the effectiveness of the process ensuring more effective use of resources.</p> <p>Part II) As part of this investigation in Part I) a conscious decision should be made as to whether the leaseholder job categories laid out on the leaseholder statements are a) appropriate for Leaseholders and b) whether there would be merit in standardising all the leaseholder job categories across all four sites.</p> <p>Part III) Dependant on the outcome of Part I) and Part II) training should be given to all staff who input jobs on to the system to ensure the correct categories are being used and that the recorded job narrative gives the leaseholder section enough detail to explain to leaseholders exactly what works have been carried out.</p>	<p>Agreed Management Action</p> <p>Weakness in the systems and poor interfaces impede effectiveness in this area and will not be resolved until a single system is in place.</p> <p>Part I) Establish a task and finish group (leasehold/systems/asset) to explore interim improvements in processes.</p> <p>Part II) Dependant on Part I and CWH report. Need to consult with councils on changes to statements.</p> <p>Part III) Agreed, will progress this ahead of Part I & II, will work in collaboration with Mears. And roll out further training if required after changes to job categories, reporting etc.</p> <p>Responsibility/Completion date</p> <p>EKH Leasehold Manager & EKH Head of Asset Management. Systems Manager. June 2015 & Group set up end of December.</p>	<p>Progress Update</p> <p>This recommendation is outstanding with an intention to action.</p> <p>East Kent Housing is in the process of building a new system which will eventually satisfy this audit recommendation. No other action will be taken until new system implemented in approximately April 2017.</p>
<p>EKH Recommendation 6 (Generic)</p>	<p>Agreed Action: <i>'Also raised in CWH recommendations, will</i></p>	<p>This recommendation has been implemented is marked as outstanding</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>Ensure the process for issuing Section 125 Notifications and issuing Section 20 Notifications both in retrospect of emergency works and in advance of scheduled works is robust and well documented to ensure all staff (including asset management) are aware of the process.</p>	<p><i>be working alongside CWH to implement their process notes and map the whole process across both Asset & leasehold teams much more clearly. Development of EKH procurement plan will also aid improved performance in this area.</i></p> <p><i>Recent issues have highlighted the need for training of asset staff regarding the implications to leaseholders of emergency or adjusted works. Training has already commenced in this area and will be continued, including a phase of training after the processes redefined.'</i></p> <p>Proposed Completion Date: May 2015</p> <p>Responsibility:</p> <ol style="list-style-type: none"> 1. EKH Leasehold Manager & Asset Manager 2. EKH Head of Asset Management – ongoing 	<p>because it cannot be tested until September 2016.</p> <p>The Leaseholder Team are now responsible for and are in control of the entire Section 20 Notification process.</p> <p>This follow up Audit scope tested the Actuals produced in September 2015 rather than the notices being served since April 2015 therefore this was not tested. EKH Management are confident this will be demonstrated as adequately working when the next Audit is carried out on the Actuals produced in September 2016.</p> <p>Revised Implementation Date September 2016.</p>
<p>EKH Recommendation 7 (Generic) To adopt a new process for Section 20 Notifications as follows:- Part I) EKH should calculate and set up Section 20 Notification trigger points for each block containing leaseholders by working out and</p>	<p>Agreed Action: <i>'Part I)</i> <i>Currently not able to put system triggers in place, but will be incorporated in the single system. Leasehold team to ensure they are considered in the specification & selection criteria of new system.</i></p>	<p>This recommendation has been implemented is marked as outstanding because it cannot be tested until September 2016.</p> <p>A new process has been mapped and successfully piloted at Shepway. All new Section 20 process will now follow the new</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>deciding what estimated block cost should trigger Section 20 consultation. This can be done by taking the charging proportion on each lease in each block and working out the maximum block cost before Section 20 Notifications need to be sent. (i.e. if a leaseholder's charging proportion is 1x 10th of the block cost then the maximum trigger point would be £2,500 but probably £2,000 to allow for a margin of error).</p> <p>Part II) Once the trigger points have been established for each individual block across all four sites, these trigger points should be passed to Asset Management who would then be responsible for using the trigger points to identify which jobs need to be consulted on when calculating the estimated cost of works. Asset Management would then need to liaise with the Leaseholder Manager who will organise the Section 20 Notification process.</p>	<p><i>Part II)</i> <i>However, need process triggers/ training for asset staff in the meantime. As stated above this training has already commenced and will continue to be delivered to asset staff addressing the issue of needing to increase "leasehold awareness" of repairs /inspections/surveyors/ contractors.</i></p> <p><i>Part III)</i> <i>Agreed, will incorporate in agreed process a review. Annual meeting could also discuss annual procurement plans and map potential work in year ahead to aid better planning.'</i></p> <p>Proposed Completion Date: May 2015</p> <p>Responsibility:</p> <ol style="list-style-type: none"> 1. EKH Leasehold Manager & Asset Manager 2. EKH Head of Asset Management – ongoing 	<p>process.</p> <p>The testing carried out across all four sites demonstrated that overall the controls in place have strengthened. However there is still a significant weakness in the Section 20 processes in place which means that the process and procedures are still inadequate in this particular area. EKH Management is confident this will be working next year.</p> <p>Revised Implementation Date September 2016.</p>
<p>EKH Recommendation 10 (Dover & Shepway)</p> <p>Introduce a formal process strengthening the links between Asset Management and Leaseholder Services whereby any in-year variations in excess of 10% (estimates / actuals) trigger an action which ensures the variance is</p>	<p>Agreed Action: <i>Process will be mapped as part of the CWH review of procedures. Service review also suggests clear division of roles and responsibilities between Leasehold/ Housing</i></p>	<p>Progress Update</p> <p>This recommendation has been implemented is marked as outstanding because it cannot be tested until September 2016.</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>communicated to leaseholder services (and to accountancy at Dover and Shepway if appropriate) in order to allow for adequate leaseholder consultation and appropriate billing adjustments.</p>	<p><i>Management & Asset team with regards to leaseholder management. Further training for asset staff to be undertaken by January 2015 – see recommendation 7.</i></p> <p>Proposed Completion Date: May 2015</p> <p>Responsibility:</p> <ol style="list-style-type: none"> 1. EKH Leasehold Manager & Asset Manager 2. EKH Head of Asset Management – ongoing 	<p>A new process has been mapped and successfully piloted at Shepway. All new Section 20 process will now follow the new process.</p> <p>The testing carried out across all four sites demonstrated that overall the controls in place have strengthened. However there is still a significant weakness in the Section 20 processes in place which means that the process and procedures are still inadequate in this particular area. EKH Management is confident this will be working next year.</p> <p>Revised Implementation Date September 2016.</p>
<p><i>Tackling Tenancy Fraud – January 2016:</i></p>		
<p>EKH and the four member authorities should ensure that once approved the <i>Tenancy and Housing Fraud Policy</i> is effectively communicated to all EKH staff, contractors and the allocations teams at each of the four member authorities.</p>	<p>Agreed. EKH will develop a consultation package that includes how the content of the policy is disseminated to all EKH staff, key staff outside of the organisation and partner agencies and contractors. These will include officers in Housing Options, Legal, EKS and SDC benefits service, tenant representatives and the Board.</p> <p><u>EKH staff training.</u> All Neighbourhood Managers received tenancy fraud training in 2011. This will be updated to reflect changes in legislation. EKH will ensure that all front line staff who</p>	<p>Due to staffing and structure changes there has been some slippage on the delivery of the new Tenancy Fraud Policy and procedures.</p> <p>A Project Initiation Document (PID) has been documented for the Tenancy Fraud Policy. The aim of the project being to review tenancy fraud audit and scrutiny reports, building recommendations into a new tenancy fraud policy and strategy; and to review and evaluate investigation services provided by other organisations and identify options that provide best value for money for</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>have roles that impact on the prevention and detection of tenancy fraud receive the following: -</p> <ul style="list-style-type: none"> • Coverage of tenancy fraud detection and prevention at induction • Briefing and training regarding new tenancy fraud policy <p>Formal training on the investigation and detection of tenancy fraud.</p> <p>Proposed Completion Date and Responsibility: EKH Policy Officer to develop consultation plan for policy. EKH Head of Corporate Services to reflect this in EKH training plan, training to be delivered by March 2016</p>	<p>EKH and the councils.</p> <p>EKH's current operation practice for the awareness and prevention of tenancy fraud was selected for review by the Tenant Scrutiny Panel. The review was completed between September and October 2015. Seven recommendations were made by the panel, of which six can be accepted. The remaining recommendation was in relation to the fraud team within EK Services and can not be actioned as the service transfers to the Department of Work and Pensions from 01/12/2015. The proposal is that EKH develop a work plan to complete these actions, a copy of which will be provided to the panel for them to monitor.</p> <p>The PID milestone chart proposes to deliver the presentation of the draft Tenancy Fraud Report and report with clear recommendations to the EKH Board and the four Councils March 2016. Further work would then be undertaken on the implementation of the strategy and action plan.</p> <p>When the Tenancy Fraud Policy and action plan have been agreed a communication and training strategy will be developed and delivered during 2016/2017.</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 align="center"><i>Recommendation Outstanding</i></p> <p>To be delivered during 2016/2017, therefore due date for completion is revised to 31/03/2017.</p>
<p>EKH should liaise with the four member authorities to identify what resource will be available for the investigation of housing fraud and establish what facilities for reporting potential housing fraud will be used following the transfer of current Benefits Fraud Investigation staff to the DWP under the Single Fraud Initiative. By maintaining some fraud investigation resource the member authorities could then consider providing a fraud investigatory service to housing associations in their districts in return for nomination rights to homes recovered.</p>	<p>Agreed. This issue will be raised with joint client officers by EKH Chief Executive and the Operations Manager.</p> <p>Proposed Completion Date and responsibility:</p> <p>EKH Chief Executive and Director of Operations and Business, August 2015.</p>	<p>EKH have identified that there is currently no capacity, resource or skills for adequate fraud investigation internally within EKH. In addition, there are no dedicated tenancy fraud investigation resources with EK Services or Shepway District Council. As part of the Tenancy Fraud Policy project (see findings for recommendation 2) EKH is currently reviewing and evaluating investigation services provided by other organisations, for example Gravesham Investigation Services, in order to identify the option that provides best value for money for EKH and the four councils.</p> <p>Fraud referral procedures will be determined and implemented during 2016/2017 when the Tenancy Fraud Policy has been approved and investigated resources identified.</p> <p>Options for tenancy fraud investigation resources are being investigated, with informed options to be proposed to the EKH Board and the four Councils in March 2016.</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 align="center"><i>Recommendation Outstanding</i></p> <p align="center">Due Date Revised to 30/04/2016.</p>
<p><i>FOI, Data Protection & Information Management – January 2016:</i></p>		
<p>Resolve and use 'disposal type' in Civica and set retention period for each file in Corporate Filing module and across all council departments.</p>	<p>Meeting arranged with Civica account manager to discuss. Upgrades will be required and a system audit. May need a consultant visit on site. Budget identified.</p> <p>Proposed Completion Date: March 2015</p> <p>Responsibility: Customer Contact & Engagement Manager</p>	<p>Follow Up Findings as at January 2016</p> <p>Project underway to implement retention and disposal module; a new module is expected to be installed in February 2016.</p> <p>Conclusion</p> <p>This action is progressing.</p>

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

Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Your Leisure	September 2015	Reasonable/No/No	Work-in-progress
EK Human Resources; Sickness Absence, Leave & Flexi	December 2015	Reasonable/ Limited	2016-17
Dog Warden & Street Scene Enforcement	March 2016	Limited	Summer 2016
Monitoring & Management of Complaints, Comments and Compliments	March 2016	Limited	Summer 2016
East Kent Housing - Repairs, Maintenance and Void Management	March 2016	Limited	Summer 2016
Environmental Health & Safety at Work	March 2016	Limited	Summer 2016
Employee Health, Safety & Welfare	March 2016	Limited	Summer 2016
Safeguarding Children & Vulnerable Groups	March 2016	Limited	Summer 2016
Museums	March 2016	Limited	Summer 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 31-12-2015	Status and Assurance Level
FINANCIAL SYSTEMS:				
Capital	5	5	5.14	Finalised - Substantial
Treasury Management	5	5	6.08	Finalised - Substantial
Bank Reconciliation	5	5	5.68	Finalised - Substantial
External Funding Protocol	9	9	16.21	Finalised - Reasonable
VAT	10	10	4.31	Finalised - Substantial
RESIDUAL HOUSING SERVICES:				
Housing Allocations	10	10	11.94	Finalised - Substantial
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	0	0.28	Postpone until future year
Project Management	10	0		Postpone until 2016-17 to accommodate finalisation of 2014-15 WIP
Corporate Advice/SMT	2	2	8.38	Work-in-progress throughout 2015-16
s.151 Officer Meetings and Support	9	9	9.53	Work-in-progress throughout 2015-16
Governance & Audit Committee Meetings and Report Preparation	12	12	12.39	Work-in-progress throughout 2015-16
2016-17 Audit Plan and Preparation Meetings	9	9	3.42	Work-in-Progress
CONTRACT RELATED:				
CSO Compliance	10	10	9.62	Finalised - Reasonable
SERVICE LEVEL:				
Safeguarding Vulnerable Groups	10	10	13.19	Finalised - Limited
2015 Post Election Review	10	10	12.58	Finalised
Food Safety	10	10	6.84	Finalised - Substantial
Health & Safety at Work	10	10	9.40	Finalised – Limited
Business Continuity and Emergency Planning	10	10	9.13	Finalised – Reasonable

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2015	Status and Assurance Level
Events Management	10	0	0	Postpone until 2016-17 to accommodate finalisation of 2014-15 WIP
Museums	10	10	6.53	Finalised - Limited
Commercial Properties and Concessions	10	10	12.34	Finalised – Reasonable/Limited
Planning	10	10	0.17	Work-in-Progress
Visitor Information Arrangements	10	10	11.18	Finalised - Substantial
Refuse Freighter Specification	7	7	5.73	Finalised – Limited
Grounds Maintenance	10	10	0.3	Work-in-Progress
Street Cleansing	10	10	0.17	Work-in-Progress
OTHER :				
Liaison With External Auditors	2	2	0	Work-in-progress throughout 2015-16
Follow-up Reviews	15	15	17.18	Work-in-progress throughout 2015-16
FINALISATION OF 2014-15 AUDITS:				
Days under delivered in 2014-15	0	4.64	0	Completed
Creditors	5	65	7.32	Finalised - Substantial
Dog Warden & Street Scene Enforcement			19.02	Finalised - Limited
Complaints Monitoring			12.54	Finalised - Limited
Insurance and Inventories of Portable Assets			1.82	Finalised - Reasonable
Garden Waste Service			0.95	Finalised – Limited
Your Leisure			12.88	Finalised – Reasonable/No/No
Dalby Square Heritage Grants			0.24	Work-in-Progress
Car Parking and PCNs			0.30	Finalised – Reasonable
Equality and Diversity			0.88	Finalised - Limited
Absence Management			3.23	Finalised – Reasonable/Limited
Community Safety			5.75	Finalised - Substantial
EK HUMAN RESOURCES:				
Recruitment	5	5	0.12	Work-in-Progress
Payroll	5	5	0	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2015	Status and Assurance Level
Employee Health & Safety	5	5	4.73	Finalised - Limited
TOTAL	300	304.64	267.50	89% as at 31-12-2015
ADDITIONAL WORK				
Royal Sands Deposit	0	2	2.08	Finalised
Interreg – PAC2	2	2	2.16	Finalised
HCA Grant	0	3	2.58	Finalised
Supplier Invoice Enquiry	0	7	6.36	Finalised
Payroll – Testing of New System	0	1	0.46	Finalised
Risk Management	50	50	17.66	Work-in-Progress throughout 2015-16
Mortgages	0	2.5	2.37	Finalised - Substantial

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2015	Status and Assurance Level
Planned Work:				
Audit Ctte/EA Liaison/Follow-up	6	6	14.49	Work-in-Progress throughout 2014-15
Repairs, Maintenance and Void Management	40	41.36	41.04	Finalised - Limited
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
Total	80	79.66	93.7	118% at 31-12-2015
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 31-12-2015	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	0.31	Work-in-Progress
Business Rate Credits	15	15	0.33	Work-in-Progress
Debtors	15	15	0.34	Work-in-Progress
ICT – PCI DSS	12	12	6.78	Work-in-Progress
ICT Management and Finance	12	13	0.47	Work-in-Progress
ICT Disaster Recovery	12	12	0.34	Work-in-Progress
Corporate/Committee/follow-up	9	15	11.53	Work-in-progress throughout 2015-16
Quarterly Housing Benefit Testing	40	40	33.77	Work-in-progress throughout 2015-16
<u>Finalisation of 2014-15 audits:</u>				
Finalisation of 2014-15 work-in-	0	0	1.48	Completed

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2015	Status and Assurance Level
progress				
Days over delivered in 2014-15	-9.79	0	0	Completed
Total	150.21	150.21	68.05	45% as at 31-12-2015

BALANCED SCORECARD – QUARTER 3

<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 3		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	87%	75%	<ul style="list-style-type: none"> • Indirect Costs (Recharges from Host) 	£	£11,700
DDC	57%	75%	<ul style="list-style-type: none"> • ‘Unplanned Income’ 	£	Zero
SDC	78%	75%	<ul style="list-style-type: none"> • Total EKAP cost 	£	£424,150
TDC	89%	75%			
EKS	45%	75%			
EKH	118%	75%			
Overall	76%	75%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	36	-			
<ul style="list-style-type: none"> • Not yet due 	27	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	50	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS)	Partial	Full			

BALANCED SCORECARD – QUARTER 3

<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 3			Quarter 3	
Number of Satisfaction Questionnaires Issued;	64		Percentage of staff qualified to relevant technician level	88%	75%
Number of completed questionnaires received back;	20		Percentage of staff holding a relevant higher level qualification	43%	32%
Percentage of Customers who felt that;	= 31 %		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	3.14	3.5
	100%	100%	Percentage of staff meeting formal CPD requirements	43%	32%
	100%	100%			



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.