



QUARTERLY 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 2016.

2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level	No. of Recs.	
2.1	Coastal Management	Substantial	C H M L	0 0 0 0
2.2	Budgetary Control	Substantial	C H M L	0 0 2 2
2.3	East Kent Housing - Tenancy & Estate Management	Substantial	C H M L	0 0 2 1
2.4	Ramsgate Marina	Substantial	C H M L	0 0 4 0
2.5	EKHR - Recruitment	Substantial	C H M L	0 0 0 3
2.6	EK Services ICT Management & Finance	Substantial	C H M L	0 0 0 2
2.7	Building Control	Limited	C H M L	0 7 5 0
2.8	Officers' Code of Conduct and Gifts & Hospitality	Limited (Reasonable after follow-up)	C H M L	0 5 2 3

2.9	EK Services – Housing Benefit Quarterly Testing (Quarter 2 & 3 of 2016-17)	Not Applicable
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2.1 Coastal Management – Substantial Assurance:

2.1.1 Audit Scope

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

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

2.1.2 Summary of Findings

The Technical Services Section is responsible for coastal management along Thanet's 16 miles of coastline. 11 miles of this coastline is protected by concrete sea walls which protect the land behind from erosion or flooding by the sea. About 85% of the Thanet coastline is at risk from erosion, but some low lying areas are at risk of flooding such as the Old Town area of Margate.

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

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

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

- The Council has an appropriate policy on '*Flood and Coastal Defence*', which was recently reviewed and updated in September 2013, authorised by the Director of Operational Services and a copy placed on the Council's internet.
- The Council has formally adopted the Isle of Grain to South Foreland Shoreline Management Plan.
- The Council has informative pages pertaining to coastal protection on its internet site.
- A comprehensive database is maintained of all coastal zone assets which is cross-referenced to an Ordnance Survey map of the district's coastline.
- All areas of the district's coastline are inspected twice per annum and these inspections are well documented with any identified repairs being prioritised.

- The Council has an excellent track record of delivering major capital flood improvement schemes e.g. the recent Margate Flood and Coast Protection scheme.
- Annual bids are submitted to the Environment Agency for funding for future capital schemes; and
- Effective flood warning systems are in place.

The Head of Maritime and Technical Services is already undertaking a refresh of the Council's *Flood and Coastal Erosion Risk Management Policy Statement*. No additional scope for improvement was identified during this review

2.2 Budgetary Control – Substantial Assurance:

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that budgetary control is exercised across the Council on a corporate wide basis.

2.2.2 Summary of Findings

The Council's opening net base budget for 2016/17 was just over £19m. Given the economic context in which the Council finds itself, the overarching approach to developing the budget was to keep budgetary growth to a minimum to reduce the need to find compensating savings in order to deliver a balanced budget.

The area under review is not directly linked to any corporate objectives but as a service function supports all of them. The area under review has some direct linkage to the corporate risk of managing 'Limited Resources'.

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

- Budgets are controlled in accordance with Service Reporting Code of Practice (SeRCOP) and in accordance with CIPFA guidelines;
- The Budget and Policy Framework is consistently applied;
- Effective financial governance arrangements are in place in terms of the approval of the budget;
- The budget preparation process is well established and documented with clear roles and responsibilities identified throughout.
- Budget monitoring processes are adequate; and
- The process for managing budgetary savings is adequate.

Scope for improvement was however identified in the following areas:

- The Budget Managers' Handbook should be updated and reviewed; and
- Use of the budget preparation timetable could be improved.

2.3 East Kent Housing - Tenancy & Estate Management.

2.3.1 Audit Scope

In order to review the organisation's arrangements across the four partner Council sites for tenancy and estate management including looking after housing estates such as managing grass cutting, gardening contracts, cleaning and maintenance of communal areas etc.

2.3.2 Summary of Findings

East Kent Housing (EKH) was set up in April 2011 to deliver the council housing services on behalf of Canterbury, Dover, Shepway and Thanet councils. EKH manages over 18.000 properties owned by the four partner councils.

EKH's tenancy and estate management responsibilities include:

- Making sure that tenants adhere to their tenancy agreements.
- Involving and communicating with tenants including producing newsletters, leaflets and supporting community groups and activities.
- Working with the police, the council and other agencies to reduce anti-social behaviour.
- Re-letting empty properties, approving mutual exchanges and changes to tenancies.

EKH's 2016-17 delivery plan includes the following objectives:

- Single system; completing the implementation and planning for changes in service delivery post implementation.
- Improving estate conditions – responding to the aspirations of residents and staff to have better maintained estates.

The 2016-17 delivery plan supports the EKS corporate priorities which, for tenancy and estate management, include to:

- Maintain clean, well looked-after estates.
- Create consistent and targeted customer contact.
- Develop a better insight in to the characteristics and needs of residents.
- Provide consistent and effective customer contact.

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

- All tenants are required to sign a tenancy agreement which clearly sets out the terms of the tenancy, the rights and responsibilities of each party and the consequence of any breaches of the rules.
- There is clear advice to tenants about the consequences of not complying with the tenancy agreement and the sanctions which may be imposed.
- There are clear guidelines addressing mutual exchanges.
- Policies are in place for dealing with terminations and successions.
- Anti-social behaviour (ASB) is clearly defined, identified promptly, recorded accurately, and addressed in accordance with current procedures and policies.

- There are suitable forums in place within each authority and across EKH for sharing information on clients and best practices for dealing with ASB.
- Complaints are addressed quickly and the complainants kept informed of the progress and outcome of their complaint. There is the facility to learn from and to address issues raised within complaints. The Single system will improve standardisation of processes in this area.
- Front line housing staff are suitably trained in effective customer relations.
- There is a clear communication policy in place to promote effective dialogue with tenants on general day to day issues. General communication with tenants and leaseholders involves as many media formats as possible.
- The preferred method of communication with each tenant and leaseholder is to be identified and used wherever possible.
- Tenants and leaseholders are involved in the service decision making process via formal and informal consultation processes.
- There is a regular programme of meetings with tenants and leaseholders to review the individual estates overall condition on cleanliness, graffiti, grounds maintenance and estate improvements (e.g. regular walkabouts etc.).
- There are formal contracts in place for estate cleaning with standards to be achieved clearly defined. There is also a regular review programme to ensure that contracts are kept and standards maintained, and that effective communications with the contractor are maintained.
- There are formal contracts in place for grounds maintenance including the standards to be achieved being clearly defined at three of the four sites.
- There is a regular review programme to ensure that contracts are kept and standards maintained and effective communications with the contractor is maintained.
- EKH are about to commence the roll out of a new single system across all four partner Council sites – a 2016-17 delivery plan objective.
- The Tenant Scrutiny Panel recently undertook a review of EKH's compliance with the Tenant Involvement and Empowerment Standard. The panel found that 13 out of the 17 specific expectations have been met and an action plan has been put in place to deal with the outstanding issues.

Scope for improvement was however identified in the following areas:

- The named Primary Designated Officer (on the sharing protocol) needs to be updated to reflect the change in Chief Executive at EKH.
- As part of the introduction of the new single system the same sign off processes for introductory tenancies should be reviewed in terms of standardisation.

2.4 Ramsgate Marina – 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 income arising from the Council's maritime operations at Ramsgate Marina is completely and correctly accounted for.

2.4.2 Summary of Findings

Thanet District Council is the owner and operator of Ramsgate's Royal Harbour Marina and the adjoining Port. The stunning Royal Harbour Marina was developed in 1976. The Four Gold Anchor Award complex now offers 700 finger moorings,

serviced by first class amenities and security, in a picturesque and historic harbour. This is backed up by the fact that there are 410 permanent boats berthed in the harbour and a waiting list for permanent berths. In addition the Harbour Office and Dockmasters take and process payments in excess of £1.2 million pounds out of an estimated income of over £2 million per annum.

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

- Cash collection and cash receipting arrangements are robust;
- Arrangements in place for invoicing for use of permanent berths, boat lifting, boat parking, commercial fishing boats, storage facilities and car parking are sufficient and well exercised;
- All services provided are well documented (but could be further enhanced); and
- Correct administration of fees and charges was found to be in place

Scope for improvement was however identified in the following areas:

- Fees and charges could be enhanced to show additional increases are applied to some services if they are carried out after hours.
- Carry out an annual review on the fuel surcharge to ensure that is correct for the service provided.
- Consider replacing those containers that are no longer useable with replacement ones to generate additional income from renting them out.
- To reduce the amount of paper records held within the Harbour Office consider utilising the use of scanning documentation and storing it electronically.

2.5 EKHR Recruitment - Substantial Assurance:

2.5.1 Audit Scope

To provide assurance that the partner Councils' internal controls and procedures are robust, in order to ensure that the Council selects the best candidates for the available positions and that those applicants are of good character, experienced and are professionally qualified where required.

2.5.2 Summary of Findings

EK Human Resources (EKHR) is responsible for giving advice on, and the administration of, recruitment across all partners – Canterbury City Council (CCC), Dover District Council (DDC), East Kent Housing (EKH), EK Services (EKS) and Thanet District Council (TDC). Total employees at each of the above partners at 9 September 2016 is:

CCC	748
DDC	308
EKH	195
EKS	306
TDC	440
Total	<u>1,997</u>

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

- The EKHR SLA is the process of being revised and a 'Recruitment Toolkit' makes clear where responsibilities lie;
- Performance indicators are provided to partners on a quarterly basis;
- The recruitment process is, in the main, consistently documented;
- Pre-employment checks were, in the sample tested, consistently carried out; and
- The recruitment process, in the areas tested, complies with the Equality Act 2010 and Data Protection Act 1998.

Scope for improvement was however identified in the following areas:

- As a shared service, consider the option to arrange a contract for advertising which could bring savings to partners; and
- It would be useful if EKHR requested confirmation/evidence that all vacant posts are approved to be filled, particularly as each partner has a slightly different process in this regard.

2.6 EKS ICT Management & Finance - Substantial Assurance:

2.6.1 Audit Scope

To ensure that the controls over the management tasks and financial administration of the ICT function within EK Services are robust and sufficient to enable the partner councils to place reliance upon them.

2.6.2 Summary of Findings

EK Services is a shared service function which supplies various services to the councils of Canterbury, Dover and Thanet with one of those service functions being ICT.

The ICT annual budget is £2.4M and the total spend on ICT across the partnership is around £4.5M. The EK Services ICT service supports around 1500 users across the partner organisations.

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

- There are formal agreements in place regarding the ICT service, including the Collaboration Agreement and specific ICT Service Level Agreements.
- There are approved staffing structures in place for the service.
- Staffing and financial processes are undertaken in compliance with Thanet Council's approved policies and procedures as the hosting authority.
- There is a risk management system in place regarding ICT specific risks.
- The East Kent Corporate Information Governance Group is currently reviewing and approving the raft of ICT Policies for adoption by the Councils by users.
- Information and performance is supplied to the client officers, East Kent Strategic Board and the East Kent Services Committee.

Scope for improvement was however identified in the following area:

- Additional guidance could be added to the Thanet HR policy regarding disciplinary procedures in respect of ICT officers and system administrators.

2.7 Building Control - Limited Assurance.

2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Building Control procedures are operated in accordance with the Building Act 1984, and the Council's Financial Regulations and approved policy.

2.7.2 Summary of Findings

Building Control's primary objective is to secure a safe and healthy built environment for the benefit of the community. Building Control charges should be set to "recover the cost" of the fee earning element of Building Control work and local authorities are required to ensure that their income from fees and charges as near as possible equates to the costs incurred in carrying out their chargeable functions, i.e. taking one year with another to break even and achieve full cost recovery over a 3 year period.

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

- The Building Control Policy has not been reviewed since 1994.
- There is no documentation in place to support the Buildings Regulation Charge scheme that requires Member approval as this sets the building control fees. A review of the fees and charges for 2016 has not been carried out, including the hourly rate calculation for quotes.
- The Building Control system (Uniform), which went live in June 2015, has some duplicate plot records, due to issues with the integration of the data from the old system. Because of this, inaccurate multi plot history data is held on the system up until May 2016.
- Staff require training to be able fully utilise the reporting functions available on the Uniform system. Furthermore efficiency benefits may be gained from an assessment to see if mobile technology can be used on site (i.e. tablets) which could give access to the Building Control Officers to applications, plans, documents and a diary system.
- When quotes for building control services are produced there should be a standard template used so that a consistent approach to the calculation is used and to also provide an audit trail if it is challenged.

Effective control was however evidenced in the following areas:

- Processes are in place for taking payments to support applications that have been received.
- Applications are processed in accordance with statutory guidelines.
- Invoice processes have recently been reviewed to ensure that a better routine with supporting documentation is in place for the Building Control Officers to follow.

2.8 Officers' Code of Conduct and Gifts & Hospitality – Limited Assurance (increased to Reasonable after follow-up).

2.8.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the highest standards of officer conduct and probity are maintained.

The area under review is not directly linked to corporate objectives but does have some linkage to Corporate Value 1: Ensuring that we operate in an open, honest and accountable manner.

2.8.2 Summary of Findings

The Nolan Principles, the seven principles of public life, form the basis of the ethical standards expected of all public office holders. The principles are selflessness, integrity, objectivity, accountability, openness, honesty and leadership.

Every employee has a duty to ensure public funds are safeguarded, whether they are involved with cash or payments systems, receipts, stocks or dealings with contractors or suppliers. As such, all staff are required to comply strictly with all regulations, rules and instructions that are promulgated with the objective of preventing fraud and corruption. Principal amongst these is 'The Employee's Code of Conduct and Gifts and Hospitality rules'.

As stewards of public funds, employees must have, and be seen to have, high standards of personal integrity. Staff should not accept gifts, hospitality or benefits of any kind from a third party that might be seen to compromise this. The Officers' Code of Conduct, last reviewed in August 2015, details the obligations placed upon staff to ensure that the Council and employees are safeguarded.

Other related Council Policies are:

- Contract Standing Orders and Financial Procedure Rules;
- Anti-Fraud & Corruption Policy;
- Anti-Bribery Policy & Procedure; and
- Whistle Blowing Policy.

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

- Awareness of the obligations on staff to declare interests is not being maintained;
- Information on the Code of Conduct was difficult to find, the use of notice boards, clip-frames and intranet is not being utilised to its fullest;
- The declaration forms to be used by staff contain out of date information, are not within the corporate format and are not required to be signed off by line managers before being forwarded to the Monitoring Officer;
- The recording system is a paper-based system and consideration should be given to making this an electronic process;
- Retention schedules are out of date and detailed timescales have not been set out within the Code of Conduct;
- There is no effective monitoring process in place.

Effective control was however evidenced in the following areas:

- There is a robust induction process that managers should implement as part of the recruitment process for new employees; if it is followed and documented correctly, this should raise awareness of officers' responsibilities under the Code of Conduct;
- Recent training has been made available and delivered to Members and heads of service, although there is no evidence that this has filtered down to 'shop floor' level; and
- Politically restricted and sensitive posts have been recognised and adequately documented.

Note: The follow-up audit of this area has been undertaken in the same quarter and has concluded a revised opinion of Reasonable Assurance. Please see below.

2.9 EK Services – Housing Benefit Quarterly Testing (Quarter 2 & 3 of 2016-17):

2.9.1 Background:

Over the course of 2016/17 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.

2.9.2 Findings:

For the second and third quarters of 2016/17 financial year (July to December 2016) 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.

2.9.3 Audit Conclusion:

Forty benefit claims were checked and of these one (2.5%) had a financial error that impacted on the benefit calculation.

3.0. FOLLOW UP OF AUDIT REPORT ACTION PLANS:

- 3.1 As part of the period's work, six follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. Those completed during the period under review are shown in the following table.

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs. Not yet implemented	
a)	Disabled Facilities Grants	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	1	M	1
				L	3	L	1
b)	EKS – ICT PC Controls	Reasonable	Reasonable	C	0	C	0
				H	0	H	0
				M	6	M	0
				L	0	L	0
c)	EKS – ICT External Review	Reasonable	Reasonable	C	0	C	0
				H	0	H	0
				M	1	M	0
				L	7	L	4
d)	Officer Code of Conduct and Gifts & Hospitality	Limited	Reasonable	C	0	C	0
				H	5	H	0
				M	2	M	0
				L	3	L	1
e)	Planning Applications, Income & s106	Reasonable /Limited	Reasonable	C	0	C	0
				H	1	H	0
				M	7	M	0
				L	1	L	0
f)	Playgrounds	Limited	Limited	C	0	C	0
				H	6	H	3
				M	7	M	1
				L	1	L	0

3.2 Details of any individual Critical and High priority recommendations still to be implemented at the time of 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 high-priority recommendation which have not been implemented 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) Playgrounds:

There were a number of high and medium risk control failures identified during the initial audit that needed to be addressed in order to mitigate the risk of public injury and also subsequent financial loss from personal claims particularly if a claim was rejected by the insurance company on the grounds of poor maintenance and inspection controls.

It should be noted that since the initial audit was completed in September 2016 the two staff overseeing the play areas facility have left the Council. The current interim manager has started to affect change; as a result the improvements to the administrative arrangements and resilience within the team are significantly better.

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: Local Code of Corporate Governance, Project Management, Private Sector Housing (HMO and Selective Licensing), and Homelessness.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

5.1 The 2016-17 internal audit plan was agreed by Members at the meeting of this Committee on 15th March 2016.

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 2016, 253.17 chargeable days were delivered against the planned target of 295.36 days which equates to 86% 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 Critical and High priority recommendations not implemented at the time of follow-up.

Appendix 2 Summary of services with Limited / No Assurances.

Appendix 3 Progress to 31st December 2016 against the agreed 2016-17 Audit Plan.

Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 31st December 2016.

Appendix 5 Definition of Audit Assurance Statements & Recommendation Priorities

SUMMARY OF CRITICAL & HIGH PRIORITY RECOMMENDATIONS NOT IMPLEMENTED AT THE TIME OF FOLLOW-UP – APPENDIX 1

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
<i>Playgrounds – February 2017:</i>		
<p>All high risk areas outlined in the ROSPA annual report should be addressed as soon as possible after the annual report has been passed to the Open Spaces Officer.</p>	<p>Recommendation accepted.</p> <p>January 2017 – Open Spaces Manager (RW) & Open Spaces Officer (MH)</p>	<p>Since the initial audit the Open Spaces Officer has since left the Council and the position is currently vacant. The responsibility has been passed to a Parks Operative (KH) who has been given formal training on the tier one and tier two inspection routines. The training was completed in November 2016 which is the same time as the RoSPA inspection. As a result there are some high risk defects that still require action. At the next annual inspection 2017 management will ensure RoSPA reports are checked and prioritised as soon as they arrive. Immediate action will be taken to correct, make safe or seal off areas/equipment, that is categorised as ‘high risk’.</p> <p><u>Audit Findings:</u></p> <p>Examination of the November 2016 annual RoSPA inspection report (at 30th January 2017) showed that the Lymington Road Skate Park was still marked as high risk (same as in November 2015) and the Viking Ship in Cliftonville has also had its risk rating increased to high. The Viking Ship Play Area still requires urgent action to be taken.</p>

SUMMARY OF CRITICAL & HIGH PRIORITY RECOMMENDATIONS NOT IMPLEMENTED AT THE TIME OF FOLLOW-UP – APPENDIX 1

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
<p>Management should seek a second professional opinion from a building control officer or inspector or wood rot specialist on the longevity and structural safety of the Viking Ship which forms part of the Viking Play Area in Margate. This professional opinion should be sought annually until the play area is closed or replaced.</p>	<p>Recommendation accepted.</p> <p>January 2017 – Open Spaces Manager (RW) & Open Spaces Officer (MH)</p>	<p>Recommendation Outstanding – Revised implementation date May 2017.</p> <p>The Council's Technical Services department have commissioned the East Kent Engineering Partnership to undertake an urgent survey of the Viking Ship at the Viking Play Area in Cliftonville.</p> <p><u>Audit Findings</u></p> <p>Examination of the November 2016 annual RoSPA inspection report (at 30th January 2017) showed that the Viking Ship in Cliftonville has had its risk rating increased to high. The Viking Ship Play Area still requires urgent action to be taken.</p> <p>Recommendation Outstanding – Revised implementation date April 2017.</p>
<p>Senior Management should assess and plan for the Viking Play Area to be closed on safety grounds in the near future either due to age related structural damage (wood rot or rust) or due to poor installation or both.</p>	<p>Recommendation accepted.</p> <p>January 2017 – Open Spaces Manager (RW) & Open Spaces Officer (MH)</p>	<p>See response to recommendation above.</p> <p>Recommendation Outstanding – Revised implementation date April 2017.</p>

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

Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Museums	March 2016	Limited	April 2017 follow-up to be reported to Ctte. in June 2017
Street Cleansing	September 2016	Limited	Work-in-Progress – awaiting evidence from Management
Grounds Maintenance	September 2016	Limited	April 2017
EKS – PCI DSS	September 2016	Limited	Spring 2017
Officers' Code of Conduct and Gifts & Hospitality	March 2017	Limited	Summer 2017
Building Control	March 2017	Limited	Spring 2017

PROGRESS TO DATE AGAINST THE AGREED 2016-17 AUDIT PLAN – APPENDIX 3

THANET DISTRICT COUNCIL:

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2016	Status and Assurance Level
FINANCIAL SYSTEMS:				
Main Accounting System	10	10	2.31	Work-in-Progress
Budgetary Control	10	10	7.26	Finalised - Substantial
RESIDUAL HOUSING SERVICES:				
Homelessness	10	10	17.63	Work-in-Progress
GOVERNANCE RELATED:				
Member Code of Conduct & Standards Arrangements	10	10	9.04	Finalised - Substantial
Officer Code of Conduct, Register of Interests, and Gifts and Hospitality	10	11	11.25	Finalised - Limited
Local Code of Corporate Governance	7	7	4.15	Work-in-Progress
Anti-Fraud & Corruption	9	0	0	Postpone until 2017-18
Performance Management	10	0	0	Postpone until 2017-18
Project Management	10	0	0.24	Work-in-progress
Corporate Advice/CMT	2	2	2.47	Work-in-progress throughout 2016-17
s.151 Officer Meetings and Support	9	9	9.22	Work-in-progress throughout 2016-17
Governance & Audit Committee Meetings and Report Preparation	12	12	10.82	Work-in-progress throughout 2016-17
2017-18 Audit Plan and Preparation Meetings	9	9	5.9	Work-in-Progress
CONTRACT RELATED:				
Service Contract Management	10	10	0	Work-in-Progress
Procurement	10	10	0.17	Work-in-Progress
SERVICE LEVEL:				
Cemeteries & Crematoria	10	10	9.96	Finalised - Substantial
S11 Safeguarding Return to KCC	1	0	0	Not Required
HMO & Selective Licensing	10	10	1.23	Work-in-Progress
Coastal Management	10	10	9.99	Finalised - Substantial
Public Health Burials	6	6	6.59	Finalised - Reasonable

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2016	Status and Assurance Level
Environmental Protection Service Requests	10	10	11.66	Finalised - Substantial
Playgrounds	8	8	9.76	Finalised - Limited
Events Management	10	10	0	Postpone until 2017-18
Disabled Facilities Grants	10	10	9.36	Finalised - Substantial
Asset Management	10	10	0	Work-in-Progress
Ramsgate Marina	12	12	9.6	Finalised - Substantial
Members Allowances & Expenses	10	10	5.53	Finalised - Substantial
Building Control	10	10	12.47	Finalised - Limited
Imprest Floats & Travel Warrants	6	6	6.03	Finalised - Substantial
Phones, Mobiles & Utilities	7	3	0	Work-in-Progress
OTHER :				
Liaison With External Auditors	2	0	0	Work-in-progress throughout 2016-17
Follow-up Reviews	10	10	19.09	Work-in-progress throughout 2016-17
FINALISATION OF 2015-16 AUDITS:				
Days under delivered in 2015-16	0	-4.64	0	Completed
Grounds Maintenance	5	32	10.52	Finalised – Limited
Street Cleansing			9.74	Finalised – Limited
Planning Applications, Income & s106 Agreements			13.61	Finalised – Reasonable/Limited
Museums			1.28	Finalised - Limited
Recruitment			5.56	Finalised - Substantial
UNPLANNED:				
Car Parking – Key Control Testing	0	2	2.37	Finalised
Dreamland – Post Implementation Review	0	5	12.54	Finalised
CSO Compliance Query	0	0	0.84	Finalised
Safeguarding referral	0	0	3.44	Finalised
Referendum – 1 Presiding Officer	0	1	1	Finalised
EK HUMAN RESOURCES:				
Payroll	5	5	0.2	Work-in-Progress
Employee Benefits-in-Kind	5	5	0	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2016	Status and Assurance Level
Leavers/Disciplinary	5	5	0.34	Work-in-Progress
TOTAL	300	295.36	253.17	86% as at 31-12-2016

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2016	Status and Assurance Level
Planned Work:				
Governance	15	0	0	Postponed to future audit plan
Finance Systems and ICT Controls	15	10	0	Postponed to future audit plan
Finance & Audit Sub Cttee/Plan/CMT	3	4	3.61	Work-in-progress throughout 2016-17
Follow-up Reviews	3	4	4.96	Work-in-progress throughout 2016-17
Rent Accounting & Collection	15	0	0	Postponed to future audit plan
Tenancy & Estate Management	29	22	20.35	Finalised - Substantial
Days over delivered in 2015-16	0	-18.15		Completed
Unplanned Work:				
Procurement	0	15	14.92	Finalised
Repairs and Maintenance Contract Query	0	0	0.6	Finalised
Performance Indicator Data Quality	0	10	0	Work-in-Progress
Single System Controls	0	15	2.12	Postponed until 2017-18
Total	80	61.85	46.55	75% at 31-12-2016

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2016	Status and Assurance Level
Planned Work:				

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2016	Status and Assurance Level
Housing Benefit Overpayments	15	14	13.85	Finalised - Substantial
Fraud Investigations	15	0	0.64	No longer required
Housing Benefit Subsidy	15	10	0.26	Quarter 4
Council Tax	30	15	0.37	Quarter 4
Customer Services	15	15	15.31	Finalised - Substantial
ICT Change Controls	12	11	3.56	Work-in-progress
ICT Software Licensing	12	11	0.5	Quarter 4
ICT Network Security	12	11	0.37	Quarter 4
Corporate/Committee	8	7	5.4	Ongoing
Follow-up	6	4	2.63	Work-in-progress throughout 2016-17
Housing Benefit +40 testing	0	17	17.95	Completed
DDC / TDC Quarterly Housing Benefit Testing	20	20	9.28	Work-in-progress throughout 2016-17
Finalisation of 2015-16 work-in-progress	0	25	26.25	Completed
Days under delivered in 2015-16	7.33	7.33	7.33	Completed
Total	167.33	167.33	103.7	62% at 31-12-2016

BALANCED SCORECARD – QUARTER 3

INTERNAL PROCESSES PERSPECTIVE:	2016-17 Actual	Target	FINANCIAL PERSPECTIVE:	2016-17 Actual	Original Budget
	Quarter 3		Reported Annually		
Chargeable as % of available days	85%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£326.61
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£419,420
CCC	76%	75%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£11,700
DDC	72%	75%	<ul style="list-style-type: none"> • - ‘Unplanned Income’ 	£	Zero
SDC	68%	75%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 	£	£431,120
TDC	86%	75%	<ul style="list-style-type: none"> • Saving Target 	£	10%
EKS	62%	75%			
EKH	75%	75%			
Overall	73%	75%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	57	-			
<ul style="list-style-type: none"> • Not yet due 	19	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	35	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

BALANCED SCORECARD – QUARTER 3

<u>CUSTOMER PERSPECTIVE:</u>	<u>2016-17 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2016-17 Actual</u>	<u>Target</u>
	Quarter 3			Quarter 3	
Number of Satisfaction Questionnaires Issued;	59		Percentage of staff qualified to relevant technician level	83%	75%
Number of completed questionnaires received back;	29 = 49 %		Percentage of staff holding a relevant higher level qualification	36%	32%
Percentage of Customers who felt that;			Percentage of staff studying for a relevant professional qualification	28%	N/A
<ul style="list-style-type: none"> • Interviews were conducted in a professional manner • The audit report was 'Good' or better • That the audit was worthwhile. 	100%	100%	Number of days technical training per FTE	0.91	3.5
	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	36%	32%

Definition of Audit Assurance Statements & Recommendation Priorities

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.

Priority of Recommendations Definitions:

Critical – A finding which significantly impacts upon a corporate risk or seriously impairs the organisation's ability to achieve a corporate priority. Critical recommendations also relate to non-compliance with significant pieces of legislation which the organisation is required to adhere to and which could result in a financial penalty or prosecution. Such recommendations are likely to require immediate remedial action and are actions the Council must take without delay.

High – A finding which significantly impacts upon the operational service objective of the area under review. This would also normally be the priority assigned to recommendations relating to the (actual or potential) breach of a less prominent legal responsibility or significant internal policies; unless the consequences of non-compliance are severe. High priority recommendations are likely to require remedial action at the next available opportunity or as soon as is practical and are recommendations that the Council must take.

Medium – A finding where the Council is in (actual or potential) breach of - or where there is a weakness within - its own policies, procedures or internal control measures, but which does not directly impact upon a strategic risk, key priority, or the operational service objective of the area under review. Medium priority recommendations are likely to require remedial action within three to six months and are actions which the Council should take.

Low – A finding where there is little if any risk to the Council or the recommendation is of a business efficiency nature and is therefore advisory in nature. Low priority recommendations are suggested for implementation within six to nine months and generally describe actions the Council could take.