



**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.

**2.0 SUMMARY OF REPORTS**

| Service / Topic |  | Assurance level | No. of Recs.     |                   |
|-----------------|--|-----------------|------------------|-------------------|
| 2.1             | Main Accounting System                               | Substantial     | C<br>H<br>M<br>L | 0<br>0<br>0<br>1  |
| 2.2             | Homelessness   | Substantial     | C<br>H<br>M<br>L | 0<br>0<br>5<br>3  |
| 2.3             | Private Sector Housing (HMO and Selective Licensing) | Substantial     | C<br>H<br>M<br>L | 0<br>0<br>0<br>1  |
| 2.4             | EKHR – Leavers                                       | Substantial     | C<br>H<br>M<br>L | 0<br>0<br>0<br>0  |
| 2.5             | EKS – ICT Change Control                             | Substantial     | C<br>H<br>M<br>L | 0<br>0<br>0<br>0  |
| 2.6             | Project Management                                   | Limited         | C<br>H<br>M<br>L | 1<br>12<br>0<br>0 |
| 2.7             | Local Code of Corporate Governance                   | Limited         | C<br>H<br>M<br>L | 0<br>3<br>3<br>1  |

**2.1 Main Accounting System – 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 main accounting system provides complete and accurate data for the production of the annual accounts and financial returns.

### 2.1.2 Summary of Findings

Cedar e-financials (e-fin) is the Council's main accountancy system and is setup to compliment business processes and internal controls to ensure income and expenditure is coded as accurately as possible which in turn then helps with the production of final accounts at year end.

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:

- Processes and procedures are well documented;
- The feeder system configuration is used effectively;
- Accountancy practices are well established;
- Year-end processes are currently good however a change in regulation means the biggest risk facing local authority finance departments for 2017/18 is the change to the final accounts deadline.

Some small scope for improvement was identified in the following area:

- Journal entry controls should be reviewed to improve the I?????.

## **2.2 Homelessness – Substantial Assurance:**

### 2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council deals fairly and efficiently with all homelessness applications and provides advice and/or housing accommodation where appropriate, whilst complying with the Council's Homelessness Strategy and Policies.

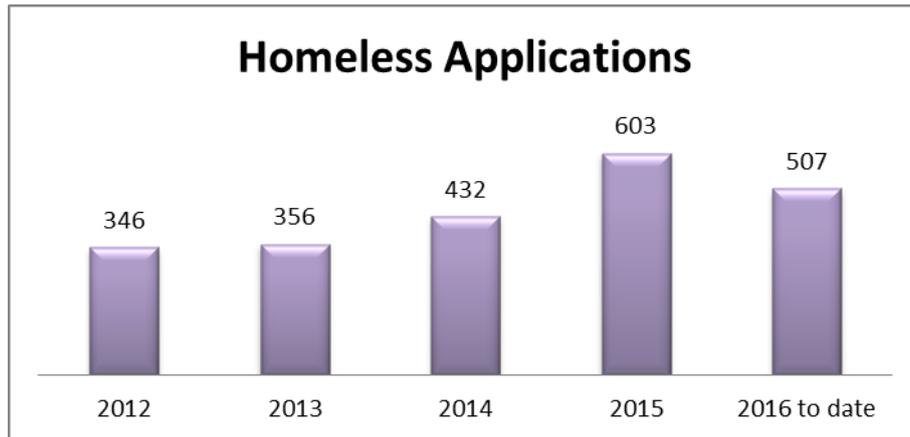
### 2.2.2 Summary of Findings

As a local authority Thanet District Council has a statutory duty to provide advice and assistance to households that are either homeless now or in threat of becoming homeless. The legislative requirements placed upon Local Authorities has been summed up by Department of Communities and Government via a booklet; Homelessness Code of Guidance for Local Authorities.

As part of this statutory duty the Council has a responsibility to carry out specific investigations in order to determine whether the Council owes the household a duty to rehouse them. The five areas of the investigation are:

1. Eligibility;
2. Homeless/Threat of Homelessness;
3. Priority Need;
4. Intentional or Unintentional; and
5. Local Connection.

Over the past 5 years Thanet District Council has seen a significant increase in the amount of households approaching the Council as either homeless or in threat of homelessness. The table below shows the amount of 'Homeless decisions' the Council has made over the past 5 years.



In order to meet with this continued demand the Housing Service has been approved for recruitment for two housing officer posts.

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

- A joint homelessness strategy is in place between the four East Kent authorities, (Canterbury, Dover, Shepway and Thanet) and was last updated in March 2015.
- The Council is leading a new initiative to provide rapid help to those at risk of homelessness across East Kent funded by a successful £400k grant secured by the Council from the Department for Communities and Local Government in partnership with Shepway and Dover District councils and Porchlight.
- There are various protocols in place to ensure the needs of the applicant are met in a fair and appropriate manner; the main ones of which are the Emergency Accommodation Placing Protocol; Kent Protocol CF intentionally homeless families with children and Joint Protocol to address the needs of homeless young people aged 16 to 21 in Kent.
- The sharing of information with other agencies and Data Protection compliance is covered via statements on the back of the registration form.
- The Councils webpages detail the help and assistance that is available for those facing housing difficulties.
- Procedure notes have been established for dealing with homeless applications in accordance with the prevailing legislation.
- An interview is undertaken and a questionnaire is completed which assists the officer in providing the best advice and accommodation available at the time.
- There is a Help to Move scheme in operation and details of how this is operated is contained within the Claims Guide and Landlords Guide.

- Procedural notes for the completion of the housing spreadsheet have been established which allows for monitoring and data collection purposes and comprehensive guidance on the use of the Civica system which is the main documented system used by the Housing Team;
- Project work and outreach work has been considered and used to ensure the best outcome for those persons in need and the procurement process has been followed and documented;
- Appropriate performance indicators relevant to homelessness have been established and are maintained.

Scope for improvement was however identified in the following areas:

- Seek ratification from the current Director of Corporate Resources and s151 Officer of the waiver of the Financial Procedure Rule requirements to raise (and subsequently write off if irrecoverable) the debts arising from the shortfall between benefit and the cost of the accommodation having first advised him of the annual amount involved.
- Some updating and housekeeping of the Strategy and Council web pages is required

## **2.3 Private Sector Housing (HMO and Selective Licensing) - 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 effectively works with landlords and tenants to ensure the legal standards for housing are met.

### 2.3.2 Summary of Findings

Corporate priority 2 (Supporting Neighbourhoods) includes the Council's aim to: *'Ensure local residents have access to good quality housing, which meets people's changing needs and aspirations that is safe and affordable'*.

As the Local Housing Authority, Thanet District Council has a duty to ensure that all private sector homes in Thanet are maintained in a safe condition.

#### Mandatory HMO Licensing

Houses in Multiple Occupation (HMO) licensing aims to improve the standards of management and repair within HMOs.

It is now a mandatory duty for:

- All Local Authorities to have a licensing scheme; and
- Owners of certain types of HMOs to have a licence.

HMOs present a particular problem in the rented sector and although there are many good landlords, there are some who are unable or unwilling to manage their properties properly

As at February 2017, there were 47 licensed HMO properties within Thanet (excluding those within the Selective Licensing Area). Legislation in this area is expected to change later this year affecting the definition of a mandatory HMO; if the

legislation is changed as expected this may result in the number of mandatory HMOs within the District increasing to approximately 150 to 200.

#### Selective Licensing Scheme:

In 2011, the Council designated parts of the electoral wards of Margate Central and Cliftonville West as a selective licensing area. Unless subject to exemption, all privately rented properties within the area were required to be licensed with the Council. The scheme was introduced to help tackle low housing demand and anti-social behaviour. The scheme required landlords to comply with a range of conditions to ensure good property management.

On 19 January 2016, the Council's Cabinet decided to make a further five year selective licensing designation. The designation concerns an area similar to that in the previous scheme; however, additional properties in Trinity Square and Northdown Road have now been included. The further designation came into force on 21 April 2016 (the day after the previous scheme expired) and will expire on 20 April 2021, unless revoked early by the Council.

As at February 2017, there were 1,593 licensed properties within the Selective Licensing Area.

Management can place Substantial Assurance on the system of internal controls in operation.

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

- *A Private Sector Housing: Enforcement Policy and Guidance* has been adopted.
- All complaints of housing disrepair are investigated and a range of proactive interventions are undertaken.
- Housing Health and Safety Rating System (HHSRS) inspections are undertaken.
- A database is maintained of all licensable HMOs within the district and proactive steps are undertaken to identify new ones.
- All HMOs are inspected before a licence is issued
- Unlike HMO licensing, there is no duty to inspect properties within the Selective Licensing area, however the Council is of the opinion that inspections are key to success and around 1,400 inspections have been completed since 2013.
- The Council completes 100s of Housing Health and Safety Rating System ("HHSRS") inspections every year, which are fully recorded on the integrated Northgate M3 computer system, as are all activities.
- The Council maintains a list of all properties licensed within the selective licensing area.
- Applications for an HMO or selective licence are supported by an completed application form.
- A routine inspections programme is pursued whenever possible. Conditions are checked on inspection, and gas/electrical/fire certificates requested as necessary, through a reminder/enforcement process. Over a 1,000 breach of condition notices have been served since 2013 with circa 25 prosecutions, and the highest fine levied of £20,000.

Scope for improvement was however identified in the following area:

- The Private Sector Housing: Enforcement Policy and Guidance should be reviewed, updated and submitted for approval by the current administration once the governing legislation in this area has been updated.

## 2.4 EKHR – Leavers - Substantial Assurance

### 2.4.1 Audit Scope

To provide assurance that the internal controls and procedures are robust, in order to ensure that the Council correctly processes staff leaving the councils to include accurate calculation of last pay including any outstanding holiday pay or debts to the Council and the issuing of the P45 documentation.

### 2.4.2 Summary of Findings

East Kent Human Resources (EKHR) is responsible for giving advice as required on the termination of employment and, the administration of all leavers across the partner authorities – Canterbury City Council (CCC), Dover District Council (DDC), East Kent Housing (EKH), EK Services (EKS) and Thanet District Council (TDC). Statistics below show the number of starters and leavers in 2015/16 and 2016/17 to date, which gives an indication of growth and/or reduction in the establishment and staff turnover rates:

| Partner authority | No. of leavers 2016/17 (at Jan 2017) | No. of starters 2016/17 (at Jan 2017) | No. of leavers 2015/16 | No. of starters 2015/16 |
|-------------------|--------------------------------------|---------------------------------------|------------------------|-------------------------|
| CCC               | 172                                  | 160                                   | 116                    | 99                      |
| DDC               | 28                                   | 29                                    | 58                     | 64                      |
| EKH               | 23                                   | 10                                    | 17                     | 24                      |
| EKS + TDC         | 116                                  | 94                                    | 121                    | 106                     |

#### Total staff and turnover:

| Partner authority | Total no. of employees 2016/17 (at Jan 2017) | Average staff turnover % |
|-------------------|--|--------------------------|
| CCC               | 608  | 28.3                     |
| DDC               | 343  | 8.2                      |
| EKH               | 180  | 12.8                     |
| EKS + TDC         | 827  | 14.0                     |
| <b>Total</b>      | <b>1958</b>                                  |                          |

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

- Managers are responsible for ensuring that the leaver process is followed correctly; information and advice is available to managers in the EKHR toolkit and HR can be contacted directly;
- In the testing sample of 30 leavers, 96.7% of managers had completed a leaver notification form; 90% of email accounts had been closed at the time of the audit;
- 96.3% of available final payslips (26/27) had been calculated correctly;
- 100% of P45's processed by EKHR payroll had been issued accordingly (27/27).

## 2.5 EKS – ICT Change Control - Substantial Assurance

### 2.5.1 Audit Scope

To ensure that the procedures and internal controls established by EK Services used in relation to change controls are sufficiently robust to safeguard the partner councils where new systems and upgrades are introduced.

### 2.5.2 Summary of Findings

EK Services undertake the ICT function for DDC, CCC, TDC and EKH. They have a Service Level Agreement (SLA) in place for ICT.

A common cause of system or security failures is inadequate control of changes to information processing facilities and systems. Formal management responsibilities and procedures should be in place to ensure satisfactory control of all changes.

Change control can be separated into three areas 'standard changes', 'normal changes' and 'emergency changes': -

Standard changes – changes to a service or to the IT infrastructure where the implementation process and the risks are known upfront. These changes should be managed according to policies that the IT Team should already have in place. Since these changes should be subject to established policies and procedures, they are the easiest to prioritise and implement, and often don't require approval from a risk management perspective.

Normal changes – are those that should go through the change process before being approved and implemented, based on the risk category applied.

Software vendors issue patches to their software as errors are identified and corrected, and also to prevent security breaches as possible attackers develop new ways of breaking into computer systems. These may be issued as one off patches or a number may be grouped together as a service pack release. All patches should be downloaded and tested in a development environment. These tests should be documented and repeatable.

Emergency changes – arise when an unexpected error or threat occurs, such as a flaw in the infrastructure related to services and needs to be addressed immediately.

ICT systems change control is not directly linked to the corporate objectives of the partner councils however, efficient and effective ICT resources are key to them providing services.

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

- Standards have been set and procedures are in place and followed.
- Policies are documented.
- Project management processes are in place for major upgrades, new system installations etc.
- Peer review and approval processes are in place where required.
- Role Based Access Controls and privileged user accounts are in place to manage access to process changes.

- Change requests, action taken, by whom and approval where required are recorded, providing a management trail; although this information is spread across three systems. The systems are generally cross referenced and ICT staff are able to locate documentation. There may be small benefits from recording all the information from the three systems in one place and this could be given consideration for the future. However, the current processes generally work well with no additional charges (i.e. software licences, maintenance etc.) being incurred.
- Third part access procedures are in place and controls are currently being strengthened under the new Network Access and Availability Policy.

## **2.6 Project Management – Limited Assurance:**

### 2.6.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council adopts best practice in the identification, evaluation and cost effective control of project risks to ensure that they all projects are delivered on time, on budget and that all relevant project objectives are achieved

### 2.6.2 Summary of Findings

Project management is the discipline of initiating, planning, executing, controlling, and closing the work of a team to achieve specific goals and meet specific success criteria. A project is a temporary endeavour designed to produce a unique product, service or result with a defined beginning and end undertaken to meet unique goals and objectives, typically to bring about beneficial change or added value. The temporary nature of projects stands in contrast with business as usual, which are repetitive, permanent, or semi-permanent functional activities to produce products or services. In practice, the management of these two systems is often quite different, and as such requires the development of distinct technical skills and management strategies.

The Council is currently in the process of establishing the requisite controls for an effective system of project management. When commissioning this audit, the Council recognised that this is currently a work-in-progress and that further work was required to fully establish and embed within the organisation an effective system of project management controls.

Management can currently only place Limited Assurance on the system of internal controls in operation. The direction of travel is however positive and, if the Council continues to build upon the good work already undertaken in this area, a future audit conclusion of Reasonable Assurance should be achievable.

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

- The Council does not yet have a clear project management strategy and methodology which has been formally approved by management.
- Whilst staff guidance exists on the intranet, some of this dates back to 2015 and it will need to be updated once a new project management strategy and methodology has been formally adopted.

- Whilst a database of current projects is being developed, this is still a work-in-progress that requires further development, as do the reporting arrangements to CMT.
- Whilst CMT are managing the overall approval process for both Capital and ICT projects, all remaining projects currently fall outside this formal procedure and are managed on a service by service basis.
- Whilst monitoring of Service Plans is maintained, individual projects within the service plans fall outside the current monitoring arrangements; measures are being put in place for quarterly updates to be included to CMT meetings.
- The project risk management arrangements require further development to incorporate individual projects within service areas and feed these into the current processes for risk management and service plan monitoring.
- Whilst there has been initial work to formalise and pull together a suite of documents to assist with Project Management, this is currently work in progress and will require further development and approval through CMT.
- Whilst post implementation reviews have been undertaken, the format and reporting thereof needs to be formalised and consistently adhered to.

Effective control was however evidenced in the following areas:

- A project scoring matrix has been developed.
- Training of key officers on project management took place in mid-March 2017.
- Service Plans, which contain details of service level projects are signed off by CMT and the relevant Cabinet Portfolio holder.

## **2.7 Local Code of Corporate Governance - Limited Assurance.**

### **2.7.1 Audit Scope**

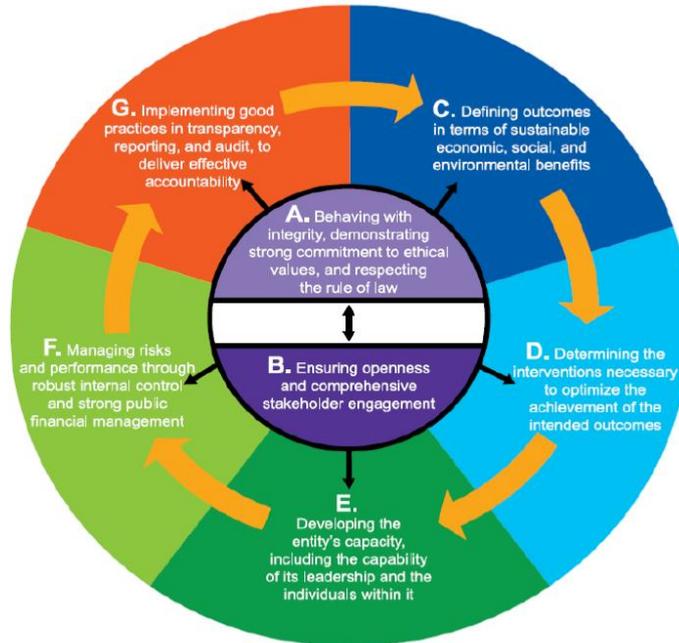
To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council's governance arrangements are adequately designed to lead to good management, good performance, good stewardship of public money, good public engagement and, ultimately, good outcomes for citizens and service users.

Good governance should enable the Council to pursue its vision effectively as well as underpinning that vision.

### **2.7.2 Summary of Findings**

In April 2016 CIPFA/SOLACE provided a framework for good governance in which it identified seven core principles:

**Achieving the Intended Outcomes  
While Acting in the Public Interest at all Times**



This Framework has been formally recognised by Thanet District Council and as such it is up to the Council to:

- Set out its commitment to the principals of good governance included within this framework;
- Determine its own governance structure, or local code, underpinned by these principals, and
- Ensure that it operates effectively in practice.

The Council has in place a Local Code of Corporate Governance which demonstrates all of the above. This is currently in Version 11 and was accepted by Members on 8<sup>th</sup> March 2017, but is yet to be published on the Council's website.

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

- The Local Code of Governance, currently in Version 11, would need to be expanded upon to include how, when and by who will the core principals are being monitored.
- The internet pages need to be up to date to reflect the true position of the Council and to be in line with the 2016 CIPFA/SOLACE Framework. Also a refresh on 'key words' used within each document is required to ensure a successful hit can be accurately made when typing these into the search engine on the Council's website.
- There was little evidence provided to demonstrate that The Local Transparency Code is being met or delivered.

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

3.1 As part of the period's work, nine 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)             | Members' Code of Conduct & Standards Arrangements | Substantial              | Substantial             | C                       | 0 | C                               | 0 |
|                |   |                          |                         | H                       | 0 | H                               | 0 |
|                |   |                          |                         | M                       | 0 | M                               | 0 |
|                |   |                          |                         | L                       | 1 | L                               | 0 |
| b)             | Street Cleansing                                  | Limited                  | Limited                 | C                       | 3 | C                               | 3 |
|                |   |                          |                         | H                       | 4 | H                               | 4 |
|                |   |                          |                         | M                       | 5 | M                               | 3 |
|                |   |                          |                         | L                       | 0 | L                               | 0 |
| c)             | Main Accounting System                            | Substantial              | Substantial             | C                       | 0 | C                               | 0 |
|                |   |                          |                         | H                       | 0 | H                               | 0 |
|                |   |                          |                         | M                       | 0 | M                               | 0 |
|                |   |                          |                         | L                       | 1 | L                               | 0 |
| d)             | Insurance and Inventories of Portable Assets      | Reasonable               | Substantial             | C                       | 0 | C                               | 0 |
|                |   |                          |                         | H                       | 5 | H                               | 0 |
|                |   |                          |                         | M                       | 3 | M                               | 0 |
|                |   |                          |                         | L                       | 1 | L                               | 1 |
| e)             | Environmental Protection Service Requests         | Substantial              | Substantial             | C                       | 0 | C                               | 0 |
|                |   |                          |                         | H                       | 0 | H                               | 0 |
|                |   |                          |                         | M                       | 0 | M                               | 0 |
|                |   |                          |                         | L                       | 3 | L                               | 1 |
| f)             | Public Health Burials                             | Reasonable               | Substantial             | C                       | 0 | C                               | 0 |
|                |   |                          |                         | H                       | 1 | H                               | 0 |
|                |   |                          |                         | M                       | 2 | M                               | 0 |
|                |   |                          |                         | L                       | 2 | L                               | 0 |
| g)             | EKS – Business Rate Reliefs                       | Reasonable               | Substantial             | C                       | 0 | C                               | 0 |
|                |   |                          |                         | H                       | 0 | H                               | 0 |
|                |   |                          |                         | M                       | 3 | M                               | 0 |
|                |   |                          |                         | L                       | 2 | L                               | 0 |
| h)             | EKS – Business Rate Credits                       | Reasonable               | Reasonable              | C                       | 0 | C                               | 0 |
|                |   |                          |                         | H                       | 2 | H                               | 0 |
|                |   |                          |                         | M                       | 2 | M                               | 0 |
|                |   |                          |                         | L                       | 0 | L                               | 0 |
| i)             | Museums   | Limited                  | Limited                 | C                       | 0 | C                               | 0 |
|                |   |                          |                         | H                       | 3 | H                               | 1 |
|                |   |                          |                         | M                       | 4 | M                               | 2 |
|                |   |                          |                         | L                       | 0 | 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:

c) Street Cleansing:

Corporate Priority 1 within the current Corporate Plan is 'keeping streets and open spaces clean for residents and visitors'. The Street Cleansing Service is therefore key to the achievement of Corporate Priority 1.

Management can however continue to have Limited Assurance in this area due to the lack of evidence of the implementation of the recommendations in the following key areas:

- Service standards for the Street Cleansing service have not been corporately defined, and consequently no performance or cost indicators are in place for the service.
- Little or no information on service standards, rounds etc. is available to the public via the Council Internet etc. to allow them to report complaints.

The Council has recently purchased four mechanical street sweepers and these came into service in late January 2017. These machines completed a full cycle of cleansing across the District in mid-March. At the Meeting of the Governance and Audit Committee on 8<sup>th</sup> March 2017, the Director of Operational Services advised Members that some roads had probably not been swept for circa 15 years; given that street cleaning has been a corporate priority of the Council for all of that time, the Council needs to seriously consider whether or not it is adequately allocating resources to the achievement of its corporate priorities. Clearly the purchase of four mechanical street sweepers is not a panacea for all of the service failings in this area and it is likely that it will be some time before standards have increased sufficiently across the District.

In their responses to the recommendations made, Management have indicated that many of these recommendations have been implemented however there is little, if any evidence to support these assertions and this is also a real cause for concern

Clear service standards need to be defined for street cleansing and these should then be formally approved by Members and actively publicised so that the public are aware of what levels of cleanliness they can expect, and also how to complain if those standards are not met.

This audit has also identified a common theme at Thanet District Council in recent years and that is the lack of continuity of management, which has a detrimental impact upon the implementation of audit recommendations. So often, at the time of

follow-up the auditor finds that the Manager who originally agreed to the recommendations is no longer in the Council's employ and that they are now dealing with a replacement (often an interim). Members of Governance and Audit Committee should be aware of this risk as it impacts upon the risk management and internal control framework of the organisation.

i) Museums:

The Council's Museums processes have now moved forward in that the charitable status has been obtained in respect of the Margate Museums Trust; however, the Memorandum of Understanding is still outstanding and the cataloguing of pictures and artefacts at the Museum, and also at Dickens House, have not been completed.

Management response - The volunteers who support the delivery of our museums continue to work hard to maintain the collection and open the doors to customers. The commitment shown by them is enormous and this report should not be seen as any reflection on their hard work.

The follow-up report comes at a time when we have started to implement all of the recommendations that are currently due.

Within TDC we no longer have a Community Regeneration Officer and this severely impacted on our ability to make the progress we would have liked across the recommendations. However, we do now have a clear plan to get the recommendations completed timeously using additional resource from our HLF Resilient Heritage Fund application and working more closely with the volunteers/curators.

Working with the Sector Growth Manager over the last few months to refine and itemise all the needs from the HLF Resilient Heritage Fund to satisfactorily complete the recommendations and more.

With the work that we have underway we feel that the level of work remaining and the plans in place to complete the work mean that the assurance level is reasonable rather than limited.

We will continue to work to get the recommendations completed as soon as possible or before their due date.

- 3.4 The follow-up reviews of Grounds Maintenance is now overdue, however no update on progress against the agreed recommendations has been received from management to enable the follow-up to be undertaken; accordingly this issue is being escalated to Governance & Audit Committee. This area gave rise to Limited Assurance conclusions at the time of the original review.

**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: Procurement, Service Contract Management, Scheme of Officer Delegations, Land Charges, Allotments, Garden Waste & Recycling Income, and Anti-Fraud and Corruption.

**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 15<sup>th</sup> 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.

#### **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 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>Street Cleansing – April 2017</i>   |   |  |
| <p>Develop prescribed levels of cleanliness and response times for specific streets using a GIS based mapping tool.</p>                          | <p>Formally adopt a code of practice on litter and refuse. GIS is an aspiration capital bid required.</p> <p><b>Proposed Completion Date:</b> End of Quarter 3.</p> <p><b>Responsibility:</b> Director of Operational Services.</p>                                       | <p><b>Management Response:</b><br/>A Capital bid application was made in 2016/17 for an In-Cab GIS system. – Completed.</p> <p><b>Audit conclusion:</b> Whilst a capital bid has been made for an In Cab GIS system, no evidence of resultant ‘prescribed levels of cleanliness and response times’ has been provided. It seems unlikely that these will be in place for some time.</p> <p><b>Recommendation Outstanding.</b></p>              |
| <p>Obtain corporate approval for the prescribed levels of cleanliness and response times for all areas across the district.</p>                  | <p>Street cleansing schedules are being formulated to comply with the code of practice, once completed submit to head of services for approval.</p> <p><b>Proposed Completion Date:</b> End of Quarter 3.</p> <p><b>Responsibility:</b> Head of Operational Services.</p> | <p><b>Management Response:</b><br/>Corporate approval was obtained for £60,000 for a Capital investment bid for In-Cab technology for the financial year starting 2017-2018. – Completed.</p> <p><b>Audit conclusion:</b> No evidence of the approval of ‘prescribed levels of cleanliness and response times’ has been provided. It seems likely that these will not be in place for some time.</p> <p><b>Recommendation Outstanding.</b></p> |
| <p>Develop cleansing rounds which take into account corporate requirements for levels of cleanliness and response times across the district.</p> | <p>Detailed round scheduling in progress.</p> <p><b>Proposed Completion Date:</b> End of Quarter 3.</p> <p><b>Responsibility:</b> Street Cleansing Manager.</p>   | <p><b>Management Response:</b> Completed.</p> <p><b>Audit conclusion:</b> No evidence of cleansing rounds which take into account the aforementioned ‘prescribed levels of cleanliness and response times’ has been</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>provided. It seems likely that these will not be in place for some time.</p> <p><b>Recommendation Outstanding.</b></p>  |
| <p>Ensure that street cleansing rounds are reviewed and where necessary revised once mechanical sweepers have been introduced.</p>                  | <p>Ongoing process, Rounds for Mechanical sweepers are being devolved these will be reviewed and amended when Mechanical sweeping starts. Review head count and manual sweepers once Mechanical sweepers arrive.</p> <p><b>Proposed Completion Date:</b> End of Quarter 3.</p> <p><b>Responsibility:</b> Street cleaning supervisors.</p> | <p><b>Management Response:</b><br/>Mechanical sweepers in place from January 2017, training is currently taking place. Rounds have been developed and will commence on the 30th January 2017. – Completed.</p> <p><b>Audit conclusion:</b> No evidence of these revised rounds has been provided. Whilst the street sweepers have been seen in operation, it seems likely that the rounds will need time to become established over the coming months.</p> <p><b>Recommendation Outstanding.</b></p> |
| <p>Ensure that sufficient drivers are in place to enable mechanical sweepers to operate for more than the working hours of one driver each day.</p> | <p>Full time staff have been identified and additional drivers will be trained for Holiday &amp; sickness cover.</p> <p><b>Proposed Completion Date and Responsibility:</b></p> <p>Working to ensure all staff are trained for the equipment when it’s delivered.</p>   | <p><b>Management Response:</b><br/>Named drivers in place – Completed.</p> <p><b>Audit conclusion:</b> No evidence provided.</p> <p><b>Recommendation Outstanding.</b></p>   |
| <p>Liaise with refuse collections to identify problematic communal bins and ensure that those bins are emptied as frequently as practical.</p>      | <p>Directors are working on a project to supply more recycling bins for the area.</p> <p><b>Proposed Completion Date:</b> December</p>  | <p><b>Management Response:</b> Completed.</p> <p><b>Audit conclusion:</b> No evidence provided.</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.   |
|---|---|---|
|   | 2016.<br><br><b>Responsibility:</b> Street Cleansing Manager.   | <b>Recommendation Outstanding.</b>  |
| Provide extra communal bin space at bin locations where insufficient capacity is resulting in side waste causing a knock on effect to the local environment.  | Directors are working on a project to supply more recycling bins for the area.<br><br><b>Proposed Completion Date:</b> December 2016.<br><br><b>Responsibility:</b> Street Cleansing Manager.   | <b>Management Response:</b> Completed.<br><b>Audit conclusion:</b> No evidence provided.<br><br><b>Recommendation Outstanding.</b>  |
| <i>Museums – June 2017:</i>   |   |   |
| A timetable should be put in place to complete the artefact schedules at all locations as without them there is no way of knowing if any artefacts are missing and also if the valuations for insurance purposes are correct. | Grant funding secured to catalogue the collection<br><br><b>Proposed Completion Date / Responsibility</b><br><br>Collection to be catalogued by Sept 2017 / Community Regeneration Officer (KW) | Grant funding for £33k has been accessed from HLF for the Margate Museum. A project called Picture Margate is being delivered from Jan-Sept 2017 for cataloguing the pictures. A database system has been purchased/ licensed for the cataloguing and the volunteers are using it and will be able to continue to use the database after the end of the HLF project.<br><br><b>Recommendation is Ongoing</b><br><br>This project is not being delivered at Dickens House. The group of volunteers are no longer working on the archiving because they wanted a TDC employee to be working on the project alongside them. To facilitate the continuation of this and as part of the governance of the museums we are bidding |

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

| <b>Original Recommendation</b> | <b>Agreed Management Action ,<br/>Responsibility and Target Date</b> | <b>Manager's Comment on Progress<br/>Towards Implementation.</b>  |
|--------------------------------|--|---|
|                                |  | for HLF resilient heritage grant to review the collections. This will include the provision of a project officer.<br><br><b>Recommendation is still Outstanding</b> |

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

| Service   | Reported to Committee | Level of Assurance | Follow-up Action Due   |
|---|-----------------------|--------------------|--|
| Grounds Maintenance                               | September 2016        | Limited            | This follow-up is now overdue, however no update on progress against the agreed recommendations has been received from management to enable the follow-up to be undertaken |
| 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  |
| Local Code of Corporate Governance                | June 2017             | Limited            | Autumn 2017  |
| Project Management                                | June 2017             | Limited            | Autumn 2017  |

## 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.