



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 30th September 2017.

2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level	No. of Recs.	
2.1	Phones, Mobiles and Utilities	Substantial	C H M L	0 0 1 0
2.2	Scheme of Officer Delegations	Substantial	C H M L	0 0 1 3
2.3	Procurement	Substantial	C H M L	0 0 0 2
2.4	EKS – Business Rates	Substantial	C H M L	0 1 2 0
2.5	Right to Buy	Reasonable	C H M L	0 0 2 0
2.6	Operational Services – Vehicle Fleet Management	Reasonable	C H M L	0 2 6 5
2.7	East Kent Housing – Performance Indicator Data Quality	Reasonable	C H M L	0 0 1 2
2.8	EK Services – ICT Software Licencing	Reasonable	C H M L	0 2 6 0

2.1 Phones, Mobiles and Utilities – Substantial Assurance:

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Council expenditure on telephones, mobiles and utilities is adequately monitored and reviewed.

2.1.2 Summary of Findings

The Council currently has 450 mobile phones (including sims in iPads and smart phones) issued to TDC and EK Services staff. This is analysed across the organisation as follows:

- 115 - EK Services.
- 3 - Chief Executive;
- 84 - Community Services;
- 19 – Corporate Governance;
- 10 – Corporate Resources;
- 2 – Elected Members; and
- 217 – Operational Services.

Expenditure on Phones, mobiles and utilities over the past three years was as follows:

	2014-15	2015-16	2016-17
Telephones	£151,612	£156,598	£165,818
Mobile devices	£39,188	£31,054	£31,983
Electricity	£631,801	£769,520	£773,544
Gas	£81,369	£72,786	£67,707
Water	£216,417	£272,394	£271,972

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

- Market testing of telephone land line provision has been undertaken in accordance with Contract Standing Orders.
- Expenditure on land line telephone calls is monitored against budget and any variances investigated.
- A list is maintained of all mobiles devices in use.
- All requests for a new, or for the reallocation, of a mobile device are submitted on a designated form and signed by an authorised signatory.
- The terms and conditions surrounding the use of mobiles have been defined, and users are required to sign to confirm that they will adhere to these conditions.
- Employees are required to sign a declaration confirming that any private use of the Council Mobile phone is insignificant and are required to maintain a diary of any private use.
- Guidance on the use of mobile phones in motor vehicles is readily available to staff.
- Market testing of mobile phone provision has been undertaken in accordance with Contract Standing Orders.

- Expenditure on mobile phone calls is monitored against budget and any variances are investigated.
- Market testing of gas and electricity provision has been undertaken in accordance with Contract Standing Orders.
- Expenditure on gas, water and electricity is monitored against budget and any variances investigated.

Scope for improvement was however identified in the following areas:

- Expenditure monitoring arrangements should be established over the new telephone system.

2.2 Scheme of Officer Delegations – Substantial Assurance:

2.2.1 Audit Scope

To provide assurance that the approved Scheme of Delegations complies with any national guidance and best practice, is adequately advised to Officers and Councillors and that it is being complied with.

2.2.2 Summary of Findings

Under the Local Government and Housing Act 1989 the Monitoring Officer is responsible for the operation of the Council's Constitution; the Scheme of Delegations forms part of this document.

One outcome of the Peer Review process was a recommendation that the Constitution be reviewed. This review process gave an ideal opportunity to re-assess the Scheme of Delegations with a view to improve upon any shortcomings. As a result, the Standards Committee considered the constitution including the Scheme of Delegations at its meeting on 21 January 2016 and the Full Council approved the revised Constitution on 25 February 2016, the Constitution has been regularly reviewed and updated since then, with the latest version being published in April 2017.

The key difference in relation to the scheme of delegations is that the new scheme specifies those functions which have been reserved for committees, the Leader, Cabinet or Portfolio holders with the balance being delegated to Directors (who may then sub-delegate in their own scheme of delegations). The changes provide simplicity and clarity and avoid the need to specify all legislation and individual functions and responsibilities. Any legislative changes will be accommodated by the generic nature of the delegations. If new legal powers are given to the Council, the Council will only need to determine which powers are reserved to the Council or its committees etc.

This is a new way of working and places ownership across all levels of the Council whilst giving clarity on how a decision is to be made, reported and recorded.

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

- The Constitution and scheme of delegations are well written and up to date;
- The streamlined approach to the Scheme of Delegations provides more clarity and ownership for decisions at all levels;

- Compliance with the scheme is being monitored and recorded accordingly; and
- Training needs are continually being identified and met.

Scope for improvement was however identified in the following areas:

- Publication arrangements for the Constitution and Scheme should concord with those arrangements documented via Article 16 of the Constitution and webpages of the Council;
- Ensure that any Scheme for Corporate Governance is completed and published.

2.3 Procurement - Substantial Assurance

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to develop Procurement strategies and policies to improve benefits to the Council and its partners and stakeholders, including the development of e-procurement options.

2.3.2 Summary of Findings

Procurement is the process of acquiring goods, works and services, covering both acquisitions from third parties and from in-house providers. The process spans the whole cycle from identification of needs, through to the end of a service contract or the end of the useful life of an asset. The primary purpose of the Procurement team is to ensure that the Council gets the best value for money in all of its contracts, and that correct procedures are followed throughout the procurement and tendering process.

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

- Procurement processes and procedures are well established;
- Procurement controls are working effectively;
- Compliance with Regulation; Contract Standing Orders; Financial Procedure Rules and Purchasing Guide;
- The procurement card regime is working well; and
- Roles and responsibilities for both procurement activity and for purchasing are well established and help strengthen accountability.

Scope for improvement was however identified in the following areas:

- There is a need to review and clarify Contract Standing Order 3.6 which requires risk assessments to be undertaken for high value/profile contracts; and
- Purchase Order Processing training records suggest some officers setup on the system have not received training on the system.

2.4 EK Services Business Rates – Substantial Assurance:

2.4.1 Audit Scope

To ensure that the processes and procedures established by EK Services are sufficient to provide the level of service required by the partner councils and incorporate relevant internal controls regarding the administration of Business Rates, especially the recording of accounts, valuation, billing and monitoring of accounts including changes in responsible person.

2.4.2 Summary of Findings

Business rates are calculated using the rateable value of premises (set by the Valuation Office Agency) and the business rates multipliers as set by central government. East Kent Services as the collection agent for Canterbury City Council and Dover and Thanet District Councils collected over £125 million pounds in total (99% Collection Rate) for 2016/17 for the three authorities.

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

- A good collection rate of 99% for business rates reflects the hard work that the officers undertake to ensure actions are carried out in a timely manner and that revised bills are issued and monies are collected.
- Established and well documented testing schedules are in place when the CIVICA system is updated or year-end / year-end processes have to be carried out.

Scope for improvement was however identified in the following areas:

- Processes need to be put in place to ensure that the Business Rates staff are kept up to date with information, legislation etc. on a weekly basis when the Business Rates Team Leader goes on maternity leave.
- The Discretionary Relief Check Sheet should be revised to include a sign off section that is completed both by the Officer completing the application and the authorising officer thus giving a complete audit trail of the authorisation process.

2.5 Right to Buy – Reasonable Assurance

2.5.1 Audit Scope

To examine and evaluate the whole system of controls, both financial and otherwise, established by management in order to carry on the business of the enterprise in regard to Right to Buy applications in an orderly and efficient manner, ensure adherence to management policies, safeguard the Authority's assets and secure as far as possible the completeness and accuracy of its accounting records

2.5.2 Summary of Findings

East Kent Housing (EKH) provides housing management services for Canterbury, Dover, Shepway and Thanet councils. This includes processing right to buy applications from council tenants. EKH manage the full process for Dover, Shepway and Thanet. Until recently EKH only processed any Canterbury applications at their initial stage, after which Canterbury took over the processing of the application. Following agreement by Canterbury, EKH took on responsibility for the full right to buy application process from 1st September 2017

Council tenants have the right to purchase their home under prescribed criteria and the Government introduced increased discounts to tenants wishing to buy their home under the right to buy (RTB) scheme almost four years ago. This has made the scheme popular with tenants and potential fraudsters alike.

In 2016/2017 a total of 105 homes were sold in the East Kent district.

Council	Total applications received (includes live applications at year end)	Total applications withdrawn	Total Properties sold	Selling price net of discounts	Discounts allowed
Canterbury City Council	62	38	25	£3,013,000	£1,819,000
Dover District Council	59	15	37	£2,606,000	£2,438,000
Shepway District Council	37	18	21	£1,740,775	£1,442,725
Thanet District Council	46	7	22	£1,622,440	£1,467,310

There are no published figures yet for the councils for 2016/2017 in respect of investigated social housing fraud, these statistics do not just include right to buy fraud but also include other tenancy fraud such as tenancy fraud i.e. subletting. The exception to this is Shepway who have disclosed on their website that no social housing fraud had been investigated in 2016/2017. This is not to say that for each council action taken by EKH officers in validating a right to buy application has not prevented fraud; it means that the sale did not go ahead, often as the application was declined in the first instance due to checks made.

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

- Guidance is available to tenants via the EKH Website, including links to relevant government guidance.
- Tenancy agreements inform tenants of their right to buy their council property subject to specific criterion being met.
- Applications are being dealt with within prescribed timescales.
- Appropriate verification and qualification checks are in place.
- Property sale prices are being correctly calculated based on current data.
- Taking into account the resources available appropriate checks are being made to prevent and detect fraud.

Scope for improvement was however identified in the following areas:

- EKH should make use of county wide tenancy fraud resources available by regular attendance at the newly formed Kent Tenancy Fraud Forum.
- All pages from completed documents, including those where no data has been recorded, should be scanned and retained as an omission of information may be significant as the information provided in the event of future legal action being required.

2.6 Operational Services Vehicle Fleet Management – Reasonable Assurance:

2.6.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Waste & Recycling, and Street Cleansing service is performed in an efficient and effective manner which safeguards Council assets and minimises the risks associated with the management of a large vehicle fleet including the control of fuel stocks and materials, and the management of the Manston Road depot.

2.6.2 Summary of Findings

The Manston Road depot is the main location for the Council's fleet of refuse and street cleansing vehicles, equipment and staff. Maintenance, fuelling facilities, stores and administrative support are located in offices and workshops on the site. Data collected during the course of the audit shows that: -

- There is a fleet of 35 waste and recycling vehicles in operation which range from 7.5 Tonne to 26 Tonne vehicles, and 27 street cleansing vehicles ranging from 15 Tonne sweepers to small narrow road sweepers;
- The Manston Road Depot has the ability to hold up to 55,000 litres of white diesel in the underground tank & 10,000 litres of red diesel in the emergency fuel tank at any one time at the current cost of around £0.89 per litre;
- 40,210 litres of fuel is dispensed on average each month & recharged internally;

The area under review is directly linked to the Corporate Priority 1 (*A clean and welcoming environment*) which aims to:

- Continue to improve waste and recycling services, reducing waste and increasing recycling; and
- Keeping streets, parks and open spaces clean for residents and visitors.

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

- Most of the Critical and High priority service risks are being mitigated;
- Vehicle safety routines are well established (i.e. drivers are responsible for checking vehicles at the beginning and end of each day, a planned vehicle maintenance schedule is in place and pre-MOT testing is working effectively);
- Measures are in place that ensure the effective Control of Substances Hazardous to Health (COSHH) in accordance with regulations.
- Vehicle overloading (waste and recycling) has significantly reduced from 14% in 2014 to just 1.6% in 2017 with repeat offenders being identified and reported as part of this audit;
- Stock controls are generally operating flexibly but effectively; and

- Whilst there are many controls which require some form of improvement there is an adequate system of internal control in operation which is being managed effectively.

Scope for improvement was however identified in the following areas:

- There was not adequate physical security of the 55,000 litre fuel storage facility. This was rectified immediately when identified during the audit;
- The Council should take appropriate action against a number of staff identified as repeat vehicle overloading offenders during the course of this audit; and
- Administrative processes and staff record management could be improved to ensure the Council has robust evidence in place.

2.7 East Kent Housing Performance Indicator Data Quality – Reasonable Assurance:

2.7.1 Audit Scope

Assess the methodology of the collection and measurement of performance indicators particularly where data is subject to manual intervention and manipulation to calculate and provide assurance in this regard and in respect of any reporting information that has been adjusted. There is a desire to be able to compare apples with apples once the new single system is in place, so challenging (and fully understanding) the indicators now, is important.

2.7.2 Summary of Findings

There are in total 35 individual performance indicators in use by East Kent Housing (EKH). EKH record this performance information on a monthly basis and produce a selection of PI data in a formal quarterly report for debate at its management team. The report is useful for recognising achievement, addressing any issues and driving improvement.

The formal quarterly report is issued to the partner councils in accordance with their individual requirements and timetable deadlines.

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

- PIs are agreed, recorded, monitored, interpreted and challenged;
- The PI reports are submitted to partner councils within the agreed deadlines;
- PIs are checked where possible before being issued to clients, and;
- 14 PIs were tested; 96.3% (52/54) of the data was verified as correct (including PIs which are subject to manual intervention and manipulation); the maximum variance was 1.5% and did not change the status of the PI.

Scope for improvement was however identified in the following areas:

- Where there is not enough time to check the quarterly report, consider sending it out under the condition that data is provisional and should there be any significant revisions, the councils will be notified;
- If the Single System is for any reason unable to accommodate complaints recording, complaints should be recorded directly to Covalent,
- Once the new single system has been implemented, the method of calculating some PIs will need to be reviewed, and;
- All workings should be consistently recorded.

2.8 EK Services ICT Software Licensing – Reasonable Assurance:

2.8.1 Audit Scope

To ensure that the procedures and internal controls established by EK Services are sufficient to provide an effective, efficient, secure and economical ICT service to the three partner authorities of Canterbury CC, Dover DC and Thanet DC. An important aspect of this being the administration of software licencing of ICT applications on behalf of the partners.

2.8.2 Summary of Findings

Software Licensing is a complicated and difficult area to manage and control particularly across a shared service because there is always a risk in gaps of responsibility in respect of good software license management. There are approximately 100 back office ICT systems that are not managed or controlled by EK Services, therefore the management of licenses is also not under their control. Two of the major back office software packages that are managed and controlled by EK Services are Adobe, Microsoft Office and Google Suite.

EK Services are in the final stages of rolling out 'TOP desk' which is a helpdesk and facilities management software package used to manage and integrate IT functions and processes. The product includes a module for asset management (including a Software Asset Management Programme - SAM) and is due to be rolled out later this year. This functionality will eventually help EK Services and each Council identify, control, monitor and manage license numbers across the network. A large focus of this audit has therefore been on project governance, project controls, risk management and then the routine internal controls that need to be embedded once the SAM module is in place.

Management can place Reasonable Assurance on the systems of internal control in relation to the management and monitoring of Software Licenses in operation. This opinion is based on the limited scope of testing that could be undertaken without the assistance of the SAM module.

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

- No breach of license conditions was detected during testing;
- The Expression of Interest Process (EOI) is an effective control which helps prevent software from being purchased or installed without high level approval from a senior officer from within a Council;
- All devices across the network are set up to prevent software from being installed without administrator authorisation; and
- Sophos antivirus scanning ensures ICT are notified when certain types of software are detected.

Scope for improvement was however identified in the following areas:

- The Software Asset Management system has not yet been rolled out which will detect and help manage software and software licenses;
- There were some instances where software controlled by administrators with individual councils did not have access to the licensing agreement or thought that responsibility lay elsewhere;

- Roles and Responsibilities require re-assessment and re-evaluation to ensure there are no gaps.

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

3.1 As part of the period's work, four 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)	Grounds Maintenance	Limited	Limited	C	3	C	3
				H	11	H	8
				M	9	M	1
				L	0	L	0
b)	EK Services – Housing Benefit Payments	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	0	M	0
				L	1	L	0
c)	EK Services – Customer Services	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	1	M	0
				L	3	L	0
d)	EKH Tenancy & Estate Management	Substantial	Substantial	C	0	C	0
				H	5	H	0
				M	6	M	0
				L	3	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) Grounds Maintenance:

The Council's in-house Grounds Maintenance service is responsible for the maintenance and upkeep of parks and open spaces across the District. Corporate Priority 1 within the current Corporate Plan is 'keeping parks and open spaces clean for residents and visitors'. Therefore the Grounds Maintenance Service is key to the achievement of Corporate Priority 1 in the current Corporate Plan.

The initial audit in this area was finalised on 28th June 2016 with management agreement to implement all of the recommendations by 31st March 2017 and the follow-up review was originally scheduled for April 2017. However, due to changes in the establishment in this area, the follow-up review was delayed.

A new permanent Open Spaces Manager has only been in post since the 1 June 2017. Management have reported that within her first 3 months of employment she has made significant service improvement to parks and open spaces and indicates a positive direction of travel with the aim of having all of the recommendations fully implemented by revised implementation dates, the latest of which is June 2018. It should be noted that this is 2 years after the date of the initial audit and 15 months after the dates of the originally agreed dates for the implementation of the recommendations.

It has previously been reported that a common theme at Thanet District Council in recent years has been the lack of continuity of management, which has a detrimental impact upon the implementation of audit recommendations as well as upon the organisation's control and risk management environment. 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). This has certainly been the case with this follow-up as none of the officers who agreed the recommendations at the time of the initial audit are now employed by the Council. 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; this risk has previously been recognized in the corporate risk register.

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, Risk Management, Garden Waste & Recycling Income, and Service Contract Management.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2017-18 internal audit plan was agreed by Members at the meeting of this Committee on 8th March 2017.
- 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 six-month period to 30th September 2017, 131.33 chargeable days were delivered against the planned target of 265.31 days which equates to 50% 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 30th September 2017 against the agreed 2017-18 Audit Plan.
- Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 30th September 2017.
- 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>Grounds Maintenance:</i>		
<p>Critical - Develop service standards for all aspects of the Grounds Maintenance Service.</p>	<p>Work has started on service restructure and specification which will be implemented in early 2017.</p> <p>Proposed Completion Date: By 31/03/17</p> <p>Responsibility: Open Spaces Manager</p>	<p>The permanent Open Spaces Manager did not start at TDC until the 1st June 2017. This recommendation is now being prioritised.</p> <p>New Proposed Completion Date: June 2018</p> <p>Responsibility: Open Spaces Manager</p>
<p>Critical - Obtain Corporate approval of service standards for the Grounds Maintenance service.</p>	<p>Work has started on service restructure and specification which will be implemented in early 2017.</p> <p>Proposed Completion Date: By 31/03/17</p> <p>Responsibility: Open Spaces Manager</p>	<p>The permanent Open Spaces did not start at TDC until the 1st June 2017. This recommendation is now being prioritised.</p> <p>New Proposed Completion Date: By June 2018</p> <p>Responsibility: Open Spaces Manager</p>
<p>Critical - Develop suitable performance indicators to ensure delivery of the Grounds Maintenance service in accordance with approved Corporate standards</p>	<p>Draft Key Performance Indicators to be created for GM and then to be agreed by Head of Service and Director.</p> <p>Proposed Completion Date: By 31/03/17</p> <p>Responsibility: Open Spaces Manager</p>	<p>The permanent Open Spaces did not start at TDC until the 1st June 2017. This recommendation is now being prioritised.</p> <p>New Proposed Completion Date: By March 2018</p> <p>Responsibility: Open Spaces Manager</p>
<p>Ensure that procedures are developed, and resources identified to facilitate ongoing monitoring and review of the work carried out by Grounds Maintenance crews.</p>	<p>Round sheets and better supervision. A review of the current supervision is also taking place.</p> <p>Proposed Completion Date: By</p>	<p>Full review of grass cutting and gardeners round scheduled for Oct 17th 2017.</p> <p>Winter works programme has been drafted.</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.
	31/12/2016 Responsibility: Open Spaces Manager	Partially Implemented
Develop unit costs, and from there cost related performance indicators for the Grounds Maintenance Service.	Budget management vs SOR. Rationalising of the budgets is taking place. Proposed Completion Date: 31/03/2017 Responsibility: Open Spaces Manager	The permanent Open Spaces did not start at TDC until the 1 st June 2017. This recommendation is now being prioritised. New Proposed Completion Date: By March 2018 Responsibility: Open Spaces Manager
Ensure that there are sufficient numbers of trained drivers available to maintain a normal service provision at all times across all aspects of the Grounds Maintenance Service	Potential drivers being put forwards for driving lessons and test. Better use of current drivers also being reviewed Proposed Completion Date: 30-09-2016 Responsibility: Open Spaces Manager	Drivers' course booked for staff starting 11 th September 2017. Partially Implemented
Fit vehicle trackers to all vans; ride on mowers, tractors and JCB's as soon as practical.	Prices gained and business case completed. Once order approved then as new vehicles arrive Proposed Completion Date: Ongoing Responsibility: Open Spaces Manager	As part of the Capital Vehicle Replacement Programme new vehicles have arrived and are being used by the service. Trackers to be fitted. Via Manston Rd Depot. Proposed Completion Date: Ongoing Responsibility: Open Spaces Manager Partially implemented – on-going.
Update the driver declarations form so that it states the vehicle cannot be used for personal	Driver declarations form to be signed explaining the permitted usage of the	Declaration sheet in log book to be reprinted.

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>journeys and then ensure that all drivers sign the revised declaration.</p>	<p>council's vehicles.</p> <p>Proposed Completion Date: 31/07/2016</p> <p>Responsibility: Open Spaces Manager</p>	<p>Outstanding Proposed Completion Date: : March 2018</p>
<p>Update chemical safety data sheets for all chemicals held at the Dane Park Depot.</p>	<p>Work in progress and new form being agreed. MSDS have been collated.</p> <p>Proposed Completion Date: 31/07/2016</p> <p>Responsibility: Open Spaces Manager</p>	<p>Survey of chemicals being used currently being done, this includes Crematorium, Cemeteries and the Foreshore teams. Forms to be returned by Sept 15th 2017). COSHH sheets will be re issued following this.</p> <p>Partially Implemented.</p>
<p>Provide a means for operatives to report near misses and accidents while away from Dane Park.</p>	<p>New form being created and will be implemented after a toolbox talk explaining what a near miss is.</p> <p>Proposed Completion Date: 31/07/2016</p> <p>Responsibility: Open Spaces Manager</p>	<p>New tool box talks in place, will be rolled out to staff during winter months.</p> <p>Partially Implemented</p>
<p>Provide a toolbox talk to all operatives on the requirements to report near misses.</p>	<p>New form being created and will be implemented after a toolbox talk explaining what a near miss is.</p> <p>Proposed Completion Date: 31/07/2016</p> <p>Responsibility: Open Spaces Manager</p>	<p>Toolbox talks data updated by Health and Safety Advisor Stewart Bundy, talks scheduled to take place from Oct 2017.</p> <p>Partially Outstanding.</p>

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

Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Officers' Code of Conduct and Gifts & Hospitality	March 2017	Limited	Winter 2017
Building Control	March 2017	Limited	Winter 2017
Local Code of Corporate Governance	June 2017	Limited	Winter 2017
Project Management	June 2017	Limited	April 2018

PROGRESS TO DATE AGAINST THE AGREED 2017-18 AUDIT PLAN – APPENDIX 3

THANET DISTRICT COUNCIL:

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-09-2017	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking & Enforcement	12	12	1.18	Work-in-Progress
Creditors & CIS	10	10	0.21	Work-in-Progress
Income	10	10	0.21	Work-in-Progress
Insurance & Inventories of Portable Assets	12	0	0	Postponed
RESIDUAL HOUSING SERVICES:				
Right to Buy	8	0	0	See 2016-17 Finalisation work below
GOVERNANCE RELATED:				
Data Protection, FOI & Information Management	14	14	0.18	Quarter 4
Anti-Fraud & Corruption	10	10	6.46	Work-in-Progress
Performance Management	10	10	0	Work-in-Progress
Risk Management	10	10	1.18	Work-in-Progress
Shared Service Monitoring	10	10	0	Quarter 4
Partnerships	8	8	0	Quarter 4
Scheme of Officer Delegations	8	8	10.23	Finalised - Substantial
Corporate Advice/CMT	2	2	2.45	Work-in-progress throughout 2017-18
s.151 Officer Meetings and Support	9	9	6.89	Work-in-progress throughout 2017-18
Governance & Audit Committee Meetings and Report Preparation	12	12	7.43	Work-in-progress throughout 2017-18
2018-19 Audit Plan and Preparation Meetings	9	9	0.41	Quarter 4
CONTRACT RELATED:				
Receipt & Opening of Tenders	8	8	6.18	Finalised - Substantial
SERVICE LEVEL:				
Inward Investment	10	10	0	Quarter 4
S11 Safeguarding Return to KCC	1	0	0	Not Required
Pollution, Contaminated Land, Air & Water Quality	10	10	0.18	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-09-2017	Status and Assurance Level
Land Charges	8	8	8.74	Finalised - Substantial
Asset Management	10	10	0	Quarter 4
Allotments	8	8	8.02	Finalised – Reasonable
Local Plan	10	10	0	Quarter 4
Your Leisure	12	12	0	Quarter 4
Sports Development	8	8	0	Quarter 4
Operational Services - Vehicle Fleet Management	15	15	16.88	Finalised - Reasonable
Garden Waste & Recycling Income	10	10	0.18	Work-in-Progress
OTHER :				
Liaison With External Auditors	1	1	0	Work-in-progress throughout 2017-18
Follow-up Reviews	15	16	12.32	Work-in-progress throughout 2017-18
FINALISATION OF 2016-17 AUDITS:				
Days over delivered in 2016-17	0	-19.69		
Local Code of Corporate Governance	5	25	0.27	Finalised - Limited
Procurement			10.08	Finalised - Substantial
Project Management			1.48	Finalised - Limited
Service Contract Management			11.13	Finalised - Limited
Phones, Mobiles & Utilities			9.19	Finalised - Substantial
Right to Buy			3.4	Finalised - Reasonable
RESPONSIVE ASSURANCE:				
Social Housing – External Decorations Contract	0	0	4.43	Work-in-Progress
Social Housing – Fire Precaution Works	0	0	2.02	Work-in-Progress
TOTAL	285	265.31	131.33	50% as at 30-09-2017

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2017	Status and Assurance Level
Planned Work:				

Review	Original Planned Days	Revised Planned Days	Actual days to 30-09-2017	Status and Assurance Level
CMT/Audit Sub Ctte/EA Liaison	4	4	1.8	Work-in-progress throughout 2017-18
Follow-up Reviews	4	4	0.78	Work-in-progress throughout 2017-18
Finance Systems & ICT Controls	15	15	0	Quarter 4
Data Protection & Information Management	12	12	0.18	Quarter 4
Leasehold Services	15	15	0	Quarter 4
Fire Safety	15	15	14.46	Work-in-Progress
Safeguarding Children & Vulnerable Groups	10	10	10.55	Work-in-Progress
Anti-Fraud & Corruption	10	10	0	Work-in-Progress
Risk Management	10	10	0.18	Work-in-Progress
Performance Management	5	5	0	Quarter 4
Complaints Monitoring	10	10	0.18	Work-in-Progress
Single System – Post Implementation Review	10	10	0	Quarter 4
Property Services Improvement Plan	20	20	0	Quarter 3/4
Days under delivered in 2016-17		7.84	0	Completed
Responsive Assurance:				
Performance Indicator Data Quality	0	0	8.62	Finalised - Reasonable
Total	140	147.84	36.75	25% at 30-09-2017

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 30/09/2017	Status and Assurance Level
EKS Reviews;				
Housing Benefits Payments	15	16	15.51	Completed - Substantial
DDC / TDC HB Testing	20	20	11.10	Work-in-progress throughout 2017-18
Business Rates	20	20	10.10	Work-in-progress
Council Tax Reduction Scheme	15	15	0	Quarter 3

Review	Original Planned Days	Revised Planned Days	Actual days to 30/09/2017	Status and Assurance Level
ICT – Data Management	15	15	0.17	Quarter 3
ICT – Procurement & Disposal	15	15	0	Quarter 4
EKHR Reviews;				
Payroll	15	15	0.07	Quarter 3
Employee Allowances & Expenses	15	15	0	Quarter 3
Employee Health & Safety	15	0	0	Responsibility transferred
Other;				
Corporate/Committee	8	10	2.38	Ongoing
Follow up	7	12	6.02	Ongoing
Days under delivered in 2016-17	17.70	24.70		Completed as below
Finalisation of 2016/17 Audits:				
Housing Benefit Subsidy			7.92	Completed - Substantial
ICT Change controls			2.34	Completed – Substantial
ICT Software Licensing			3.45	WIP -Draft Report
EKHR – Payroll & BIK			7.33	Completed - Substantial
Total	177.7	177.70	66.39	37% at 30/09/2017

BALANCED SCORECARD – QUARTER 2

INTERNAL PROCESSES PERSPECTIVE:	2017-18 Actual	Target	FINANCIAL PERSPECTIVE:	2017-18 Actual	Original Budget
	Quarter 2		Reported Annually		
Chargeable as % of available days	83%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£309.77
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£385,970
CCC	54%	50%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,530
DDC	46%	50%			
SDC	40%	50%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
TDC	49%	50%			
EKS	37%	50%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 	£	£396,500
EKH	25%	50%			
Overall	43%	50%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	34	-			
<ul style="list-style-type: none"> • Not yet due 	21	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	18	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

BALANCED SCORECARD – QUARTER 2

<u>CUSTOMER PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Target</u>
	Quarter 2		Quarter 2	Quarter 2	
Number of Satisfaction Questionnaires Issued;	31		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	16 = 52%		Percentage of staff holding a relevant higher level qualification	38%	38%
Percentage of Customers who felt that;			Percentage of staff studying for a relevant professional qualification	14%	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	1.71	3.5
	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	38%	38%

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.