



QUARTERLY INTERNAL AUDIT UPDATE REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP

1.0 INTRODUCTION AND BACKGROUND

1.1 This report provides Members with an update of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 31st December 2017.

2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level	No. of Recs.	
2.1	Anti-Fraud & Corruption	Reasonable	C H M L	0 1 3 6
2.2	Car Parking Income and Cash Processes	Reasonable	C H M L	0 2 1 2
2.3	Risk Management	Reasonable	C H M L	0 3 5 2
2.4	East Kent Housing – Fire Risk Assessment Processes and Records Management*	Limited	C H M L	0 2 2 0
2.5	EK Services – Housing Benefit Quarterly Testing (Quarter 2 of 2017-18)	Not Applicable		

* Reasonable Assurance after follow-up – please see section 3

2.1 Anti-Fraud & Corruption – Reasonable Assurance:

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to prevent fraud and corruption.

2.1.2 Summary of Findings

As pressure on public finances continues to grow the risks to Local authorities from a wide range of fraud also increases as the fraudsters become more sophisticated. Known fraud risks that remain significant to local authorities are: -

Category of Fraud	Estimated value of fraud to the Public Purse for 2015/2016* (*The European Institute for Combatting Corruption And Fraud (TEICCAF) – Protecting the Public Purse 2016.)
Tenancy (application/allocation fraud, key selling fraud, subletting fraud and succession fraud)	£50m
Right to Buy	£46m
Council Tax	£31.4m
Insurance	£7.5m
Procurement	£3.8m
Business Rates	£2.7m
Other:	£11.8m
Payroll	
Grants	
Identity Fraud	
Money Laundering	
Local Enterprise Partnerships	
Cyber dependent crime and cyber enabled fraud	
Internal Fraud – Councillor and employee	£300,000

CiPFA published its Code of Practice on Managing the Risk of Fraud and Corruption in October 2014. The five key elements of the code are to:

- Acknowledge the responsibility of the governing body for countering fraud and corruption;
- Identify the fraud and corruption risks;
- Develop an appropriate counter fraud and corruption strategy;
- Provide resources to implement the strategy; and
- Take action in response to fraud and corruption.

In early 2016 the Local Government Counter Fraud and Corruption Strategy was updated to produce a forward look for 2016-2019. This extends the earlier requirement to transform counter fraud and corruption performance over the next three years and introduces the six C's; Culture, Capability; Capacity; Competence; Communication and Collaboration.

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

- The Council has an Anti-Fraud & Corruption policy and supporting policies in place to include, Anti-money Laundering, Anti-bribery and Whistleblowing.
- The Governance and Audit Committee has been tasked with oversight of the Anti-fraud & Corruption Policy.
- Fraud is reported to the Section 151 and the Monitoring Officer.
- The Council participates in national and sectoral initiatives to detect fraud such as data matching.
- The Council is proactive with preventative and detective controls in the fight against fraud and corruption.

Scope for improvement was however identified in the following areas:

- Not all types of fraud risk have been documented at a service level within the operational risk registers.
- The revised Anti-Money Laundering Policy requires formal approval.
- Staff training is not up to date.
- An annual assessment of whether the level of resource invested in counter fraud and corruption is proportionate for the level of risk and suspected frauds being raised was not produced for 2016/2017.
- Data on Fraud has not been published annually as laid down by the requirements of the Transparency Code 2015.

2.2 Car Parking Income and Cash Processes – Reasonable Assurance

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Car Park machine income (on-street and off-street), is adequately monitored and reconciled to expected income and that income trends are monitored for individual car parks for management information. Ensure the security of staff and cash, for all other sources of corporate income collected via the same system, is equally well controlled and reconciled in an efficient manner.

2.2.2 Summary of Findings

Income from car parks and on and off street parking forms a significant income stream to the Council. There is therefore a need to ensure that effective internal controls are in place to ensure that all income received is monitored and correctly accounted for.

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

- There are established processes and procedures for the day to day reconciliation of the car park income.
- Annual benchmarking is undertaken with other Kent local authorities and corporate performance indicators are in place.
- The cash collection contract has been re-tendered and a new contract is now in place.
- The use of the Ringo mobile payment process for car parking has increased year on year with the biggest use of Ringo being at the Dreamland car park where year on year the figures have increased from 10,739 uses in 2015/16 to 16,077 for the period April to September 2017. The income figure for the first six months of the 2017/18 financial year was £144,240.90p compared to £51,509.20p for the whole of 2015/16.

Scope for improvement was however identified in the following areas:

- Non-compliance with the procedures for cash collection have been identified through a separate report produced by the Operational Services Enforcement Manager, so Management now need to put in place regular monitoring (i.e. Spot Checks) to ensure that the procedures are being adhered to.
- The service level agreement with Your Leisure for the cash collection service provided by Thanet District Council needs to be reviewed on a regular basis

(including regular dialogue) to ensure that both parties are complying with it and also that the charges made for this service are being reviewed on an annual basis. These discussions could be included as part of the regular monitoring meetings that the authority has with Your Leisure in respect of the services being provided.

- Legislation is due to come into place that will mean that if the authority wants to increase its parking charges it will have to carry out a public consultation exercise before doing so. This will create extra work and also the timetabling of the consultation exercise will have to be planned and carried out before the fees and charges are approved by Members.
- Ringo income is not included on the car park income figures held on the in-house database but is accounted for separately. So that accurate information from one central source could be produced investigations should be carried out to see if the monthly Ringo information can be included within the in-house database when the figures are obtained each month.

2.3 Risk Management – Reasonable Assurance:

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the organisation adopts best practices in the identification, evaluation and cost effective control of risks to ensure that they are reduced to an acceptable level or eliminated, and also maximise opportunities to achieve the organisation's visions and priorities.

2.3.2 Summary of Findings

Part 2 – paragraphs 3 and 4 of the Accounts and Audit Regulations 2015 requires the Council to be responsible for ensuring that its financial management is adequate and that it has a sound system of internal control which facilitates the effective exercise of its functions including arrangements for the management of risk.

As at October 2017 the Council has identified and is managing: -

- 10 Corporate Risks; and
- 153 Service Risks;

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

- The Risk Management Strategy and Risk Management Process adopted by the Council are comprehensive documents;
- Risk identification is working effectively;
- Corporate risk scoring is documented in some directorates;
- The second line of defence is managing operational risks effectively; and
- Corporate Management Team regularly discusses corporate risks, including for example, in recent times the Local Plan, Limited Resources, Homelessness and Dreamland.

A number of improvements have been suggested as follows:

- Risk Management documentation (including risk identification, risk scoring and risk actions) needs to be improved at a corporate level to evidence that the Risk Management Strategy and Process are being consistently applied;
- Whilst there is evidence to show that risk identification was well employed the documentation to allow an independent assessment of risk management processes was incomplete. For example 6/10 of the corporate risk registers were last updated more than 6 months ago despite the risks being discussed at CMT in the meantime;
- Information presented to the Members could be more comprehensive;
- Risk management training, possibly e-learning, should be introduced; and
- Roles and responsibilities could be strengthened to further evidence that risk management is embedded within the Council.

Reliance has also been placed on a separate audit of Project Management carried out earlier in the year which identified a number of key actions which should help improve project risk management routines. As a result no in depth testing was carried out on project risk management.

2.4 Fire Risk Assessment Processes & Records Mgmt. - Limited Assurance

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the health and safety of tenants is safeguarded from the risk of fire.

2.4.2 Summary of Findings

Since the tragic event happened at Grenfell Tower in 2017, fire safety has become a high priority and East Kent Housing has been working to reassure the tenants that they live in a safe and secure environment. In particular work has been carried out on the tower blocks to test the cladding that they are covered in and that the fire risk assessments have been updated for these locations. Cladding has therefore not been looked at in this audit.

Management can place Limited Assurance on the system of internal controls in operation but there are processes now being carried out that are giving a positive direction of travel towards Reasonable Assurance. It should be noted that this review was carried out in September 2017 and a follow up review is to be carried out in January 2018.

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

- Fire risk assessments have not been kept up to date in respect of follow ups based on the suggested dates shown in the original assessments that were carried out in 2014 by an external company. This has meant that outside contractors are now being used with some internal resources to carry out new Type 3 fire risk assessments on all locations with an expected completion date of October 2017 to renew every fire risk assessment for each location whether or not it is in date or out of date.
- There has been no central pulling together of the works that have been carried out across locations to reflect the impact that they have had on the original fire risk assessments.

- There is no central monitoring of the outstanding actions for each location at the time of this audit.
- The new single system is not able to assist in record keeping of fire risk assessments which has meant that a separate software solution is being procured.
- There is a lack of monitoring by senior management either at East Kent Housing or the four partner authorities of the outstanding actions and the expected costs. A regular report should be produced for management that shows all of the actions that have been completed, the ones that are outstanding and also the same for the fire risk assessments. This report should also include the outcomes of equipment testing, issues that have arisen from the testing, what has been tested and what is outstanding.
- The resource required within East Kent Housing to be able to centrally pull together various records to ensure that monitoring is being carried out on fire risk assessments and the associated works may be addressed as part of a forthcoming restructure.

However, positive steps have been taken to address the above issues with the procurement of the new Pyramid system that will create a central database that can provide an ongoing monitoring process and that can also generate reports that can assist in both work that needs to be carried out and providing status reports to management.

All fire risk assessments are in the process of being redone as a Type 3 assessment (previous exercise in 2014 were Type 1 assessments) and from this a list of all the required works and costs will be produced.

Effective control was however evidenced in the following areas:

- Contracts are in place for the fire alarms / detection equipment, emergency lighting and extinguisher system servicing and records are held to confirm that the programme of inspections is being carried out.
- PEEP's are in place for residents where they are needed and they are reviewed on a regular basis and information is being kept in the fire boxes for the appropriate location.
- 100% post inspections of works being carried out that relate to fire safety are now being carried out.

Notwithstanding the findings above, a great deal of work is carried out at each of the four partner councils through a programme of works under Fire Prevention Work budgets. The value of work completed on behalf of each council varies, as does the way the available budget is allocated, however spend on replacement fire doors and other remedial works is well managed. Examples of this are detailed reviews that have been carried out at the tower blocks at Canterbury that have identified works that are needed and are currently being designed and specified. Also works are being carried out on two sheltered schemes in Shepway to address major issues that have been identified. It is the link between these works and the actions identified through the FRA's that should be made clearer and better management information regarding this process produced.

2.5 EK Services – Housing Benefit Quarterly Testing (Quarter 2 of 2017-18):

2.5.1 Background:

Over the course of 2017-18 financial year the East Kent Audit Partnership will be completing a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

2.5.2 Findings:

For the second quarter of the 2017-18 financial year (July to September 2017) 20 claims including new and change of circumstances of each benefit type were selected by randomly selecting the various claims for verification.

A fail is categorised as an error that impacts on the benefit calculation. However, data quality errors are also shown but if they do not impact on the benefit calculation then for reporting purposes the claim will be recorded as a pass.

2.5.3 Audit Conclusion:

For this quarter twenty benefit claims were checked and of these one had a financial error that impacted on the benefit calculation (5%) and no data quality errors.

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

3.1 As part of the period's work, three 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 fully implemented	
a)	Operational Services Vehicle Fleet Management	Reasonable	Reasonable	C	0	C	0
				H	2	H	0
				M	6	M	2
				L	5	L	2
b)	Local Code of Corporate Governance	Limited	Reasonable	C	0	C	0
				H	3	H	1
				M	3	M	1
				L	1	L	0
c)	East Kent Housing – Fire Risk Assessment Processes and Records Management	Limited	Reasonable	C	0	C	0
				H	2	H	2
				M	2	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.

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: Partnerships, Shared Service Monitoring, Performance Management, Data Protection, FOI & Information Management, Creditors & CIS, Income, Asset Management, Your Leisure, Garden Waste & Recycling Income, Pollution, Contaminated Land, Air & Water Quality, 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 nine-month period to 31st December 2017, 193.52 chargeable days were delivered against the planned target of 265.31 days which equates to 73% plan completion.

8.2 The financial performance of the EKAP is on target at the present time.

8.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has established a range of performance indicators which it records and measures. The performance against each of these indicators for 2015-16 is attached as Appendix 5.

8.4 The EKAP audit maintains an electronic client satisfaction questionnaire which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service. Current

feedback arising from the customer satisfaction surveys is featured in the Balanced Scorecard attached as Appendix 4.

Attachments

Appendix 1 Summary of Critical and High priority recommendations not implemented at the time of follow-up.

Appendix 2 Summary of services with Limited / No Assurances.

Appendix 3 Progress to 31st December 2017 against the agreed 2017-18 Audit Plan.

Appendix 4 EKAP Balanced Scorecard of Performance Indicators to 31st December 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>Local Code of Corporate Governance – January 2018:</i>		
<p>Ownership of the Code needs to be established in order to provide assurance and evidence on how the code is being implemented and controlled. A simple check list detailing what needs to be published, document owner, latest version, where this is published and date & time published should be kept.</p>	<p>This work has already been begun by the Council’s Information Governance and Equality Manager.</p> <p>Proposed Completion Date – 01 October 2017</p> <p>Responsibility - Director of Corporate Governance and Monitoring Officer and Information Governance and Equality Manager.</p>	<p>Clarity on ownership of the existing Code has been undertaken as part of the present assurance framework.</p> <p>This will be developed and explained in a new Code which will be published before the 31 March 2018. Work has been delayed to obtain CIPFA advice and support (including examples of good practice) for the drafting of the new Code.</p> <p>On the basis of that advice the assurance process is likely to be moving towards a more risk based approach.</p> <p>Partially Implemented</p>
<i>East Kent Housing – Fire Risk Assessment Processes and Records Management – February 2018:</i>		
<p>A management information quarterly report should be developed to provide ongoing information to management both at EKH and for each authority to give them an assurance that fire risk assessments are being carried out and that works are being carried out to address the issues identified from them.</p>	<p>This is being incorporated into the monthly KPI monitoring information and is also a standing item on the OMT agenda.</p> <p>Proposed Completion Date / Responsibility December 2017 / Operations Manager (Homeownership) (FS)</p>	<p>Fire Safety is a standing item on the fortnightly OMT agenda and currently in the monthly KPI’s the only information that is reported is the number of completed fire risk assessments that are in place.</p> <p>Recommendation is ongoing.</p>
<p>As part of the implementation of the new Pyramid software, review the resources that will be required to ensure that it is kept up to date and then a case should be made to Senior</p>	<p>When the FRA works needed are evaluated officer resource will be considered.</p> <p>Proposed Completion Date /</p>	<p>Short Term Resources To address the major exercise that is being carried out to complete Type 3 fire risk assessments and put in place schedules of</p>

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

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
<p>Management to address any shortfall.</p>	<p>Responsibility January 2018 / Operations Manager (Homeownership) (FS)</p>	<p>works from the findings of these assessments both internal staff and contractors / agency staff have been used. To date there are only a small number of fire risk assessments still to be completed where access has been an issue but these are being addressed.</p> <p>As a result of the fire risk assessments being carried out works have been identified that need to be carried out. The vacant post in the Compliance and Servicing Team will be used to appoint a specification writer (short term through an agency) for compartmentalisation issues in converted buildings, sheltered buildings and other general needs locations. These building specifications will include all other fireworks identified by the fire risk assessments and consider any others referred by the Fire Service. This will ensure that once work is completed the building requires no further works reducing the risk of compromising the buildings.</p> <p>Long Term Resources Going forward long term it is felt that the resources in place will be adequate to deliver the ongoing monitoring and follow up work on fire risk assessments.</p> <p>Recommendation is ongoing</p>

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

Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Building Control	March 2017	Limited	Work-in-Progress
Project Management	June 2017	Limited	Due in 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 31-12-2017	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking & Enforcement	12	12	12.57	Finalised - Reasonable
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	2	Work-in-Progress
Anti-Fraud & Corruption	10	10	14.96	Finalised - Reasonable
Performance Management	10	10	0	Work-in-Progress
Risk Management	10	10	13.69	Finalised – Reasonable
Shared Service Monitoring	10	10	0	Work-in-Progress
Partnerships	8	8	0	Work-in-Progress
Scheme of Officer Delegations	8	8	10.23	Finalised - Substantial
Corporate Advice/CMT	2	2	3.2	Work-in-progress throughout 2017-18
s.151 Officer Meetings and Support	9	9	9.8	Work-in-progress throughout 2017-18
Governance & Audit Committee Meetings and Report Preparation	12	12	10.37	Work-in-progress throughout 2017-18
2018-19 Audit Plan and Preparation Meetings	9	9	2	Work-in-Progress
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	2	Work-in-Progress

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2017	Status and Assurance Level
Land Charges	8	8	8.74	Finalised - Substantial
Asset Management	10	10	0	Work-in-Progress
Allotments	8	8	8.02	Finalised – Reasonable
Local Plan	10	10	0	Quarter 4
Your Leisure	12	12	0	Work-in-Progress
Sports Development	8	8	0	Quarter 4
Operational Services - Vehicle Fleet Management	15	15	17.59	Finalised - Reasonable
Garden Waste & Recycling Income	10	10	9.54	Work-in-Progress
OTHER :				
Liaison With External Auditors	1	1	0	Work-in-progress throughout 2017-18
Follow-up Reviews	15	16	14.73	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			10.72	Finalised - Substantial
Project Management			1.48	Finalised - Limited
Service Contract Management			12.01	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	8.04	Work-in-Progress
Social Housing – Fire Precaution Works	0	0	2.37	Work-in-Progress
TOTAL	285	265.31	193.52	73% as at 31-12-2017

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2017	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Ctte/EA Liaison	4	4	3.99	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	Work-in-progress
Leasehold Services	15	15	0.24	Work-in-progress
Fire Safety	15	18	17.10	Work-in-Progress
Safeguarding Children & Vulnerable Groups	10	15	14.59	Work-in-Progress
Anti-Fraud & Corruption	10	10	0	Work-in-Progress
Risk Management	10	10	4.16	Work-in-Progress
Performance Management	5	0	0	Postponed until 2018-19
Complaints Monitoring	10	10	3.67	Work-in-Progress
Single System – Post Implementation Review	10	13	12.18	Work-in-progress
Property Services Improvement Plan	20	0	0	Postponed
Finalisation of 2016-17 Work-in-Progress:				
Days under delivered in 2016-17	0	7.84	0	Completed
Performance Indicator Data Quality	0	0	8.62	Finalised - Reasonable
Responsive Assurance:				
Contract Management	0	14	0.31	Quarter 4
Total	140	147.84	65.82	44.52% at 31-12-2017

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-12-2017	Status and Assurance Level
EKS Reviews:				
Housing Benefits Payments	15	16	15.51	Completed - Substantial
DDC / TDC HB Testing	20	20	15.95	Work-in-progress throughout 2017-18
Business Rates	20	20	17.51	Completed - Substantial
Council Tax Reduction Scheme	15	15	0	Quarter 4
ICT – Data Management	15	15	16.38	Work-in-Progress
ICT – Procurement & Disposal	15	15	0.17	Quarter 4
EKHR Reviews:				
Payroll	15	15	0.23	Work-in-Progress
Employee Allowances & Expenses	15	15	0.07	Quarter 4
Employee Health & Safety	15	0	0	Responsibility transferred
Other;				
Corporate/Committee	8	10	4.16	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	Completed - Reasonable
EKHR – Payroll & BIK			7.33	Completed - Substantial
Total	177.7	177.70	97.04	55% at 31/12/2017

BALANCED SCORECARD – QUARTER 3

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Original Budget</u>
	Quarter 3		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	66%	75%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,530
DDC	73%	75%	<ul style="list-style-type: none"> • - ‘Unplanned Income’ 	£	Zero
SDC	61%	75%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 	£	£396,500
TDC	73%	75%			
EKS	55%	75%			
EKH	45%	75%			
Overall	64%	75%			
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	39	-			
<ul style="list-style-type: none"> • Not yet due 	29	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	17	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

BALANCED SCORECARD – QUARTER 3

<u>CUSTOMER PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2017-18 Actual</u>	<u>Target</u>
	Quarter 3				
Number of Satisfaction Questionnaires Issued;	45		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	26		Percentage of staff holding a relevant higher level qualification	38%	38%
	= 58%		Percentage of staff studying for a relevant professional qualification	14%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	3.19	3.5
<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%	Percentage of staff meeting formal CPD requirements (post qualification)	38%	38%
	100%	100%			
	100%	100%			

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.