



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 May 2018.

2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level	No. of Recs.	
2.1	EKS – ICT Data Management	Substantial	C H M L	0 1 1 0
2.2	Environmental Protection	Substantial	C H M L	0 1 2 1
2.3	Garden Waste & Recycling Income	Reasonable	C H M L	0 1 3 0
2.4	Service Contract Monitoring	Reasonable	C H M L	0 0 1 2
2.5	East Kent Housing – Leasehold Services	Reasonable	C H M L	0 0 5 1
2.6	East Kent Housing - Risk Management	Reasonable	C H M L	0 0 3 1
2.7	East Kent Housing – Complaints Monitoring	Reasonable	C H M L	0 1 3 3

2.8	East Kent Housing – Data Protection & Records Management	Reasonable	C H M L	0 3 1 0
2.9	East Kent Housing – Property Services Improvement Plan	Reasonable	C H M L	0 0 1 0
2.10	East Kent Housing – Safeguarding Children and Vulnerable Groups	Reasonable/Limited	C H M L	0 4 0 0
2.11	EK Services – Housing Benefit Quarterly Testing (Quarter 3 of 2017-18)	Not Applicable		
2.12	EK Services – Housing Benefit Quarterly Testing (Quarter 3 of 2017-18)	Not Applicable		

2.1 EKS: ICT Data Management –Substantial Assurance:

2.1.1 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 to ensure that the controls over the administration of ICT electronic files, for data protection purposes and back ups are robust and sufficient to enable EK Services to provide the level of ICT service required by the partner Councils.

2.1.2 Summary of Findings

EK Services is currently made up of Customer Services, Income and Payments, ICT and EKHR. Customer Services and Income and Payments are shortly due to be transferred to Civica. This audit focuses on data management within EKS ICT Services and the partner councils, since the councils are the data controllers.

The partner councils formed the East Kent Corporate Information Governance Group (CIGG) in 2016. EKS, ICT and EKHR are represented at this group. The CIGG set up a Data Protection sub group to deal with the new General Data Protection Regulations (GDPR) which take effect in May 2018.

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

- ICT is not a data controller or processor but provides the partner councils with the means to store data and maintain a secure network, as per the Service Level Agreement;
- Many up to date ICT policies are in place which have been lead by ICT and agreed by CIGG; the policies are displayed on the partner councils' intranet sites;
- Network access is password protected and an up to date password policy is in place;
- Back-ups take place on an incremental change basis and there is a back-up of the back-up;

- An ICT disaster recovery procedure is in place and each partner council has its own disaster recovery/business continuity plan linked to this;
- ICT will advise on cloud security though this is outside of its current remit.

Scope for improvement was however identified in the following areas:

- It is advisable for EKS as a whole to investigate the GDPR requirement to appoint a Data Protection Officer, which could be part of shared service.
- Partner councils and/or CIGG should consider the adoption of the draft cloud policy/guidance, particularly if cloud is to be used more increasingly in the future.

2.2 Environmental Protection –Substantial Assurance:

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established by the Council in the following areas of environmental protection:

- Air Quality Management and Air Quality Monitoring;
- Contaminated Land;
- Polluting Industrial Processes (Pollution prevention and control regime); and
- Drinking Water.

2.2.2 Summary of Findings

The Safer Neighbourhoods service area is responsible for complying with a number of Environmental Protection Regulations; these include:

- Environmental Protection Act 1990;
- The Environment Act 1995;
- Contaminated Land (England) Regulations (2000, 2006 & 2012);
- Environmental Permitting (England and Wales) Regulations 2016; and
- Private Water Supplies Regulations 2016.

Air Quality:

In accordance with Part IV of the Environment Act 1995 the Council has set up Air Quality Management area to meet EU and UK air quality objectives. The national air quality objective for levels of Nitrogen Dioxide is an annual average of below 40 ug/m³. There are three monitoring stations within the district which have consistently breached this air quality objective over the past five years. These are at the Square in Birchington and at two locations at High Street, St Lawrence. Uniquely to East Kent, Thanet has established a large Urban Air Quality Management area covering most of the district to help tackle the issue.

Contaminated Land:

Legislation requires local authorities to take a strategic approach in relation to the identification, assessment and mitigation of contaminated land in the district. There are no instances of Contaminated Land in Thanet as defined by the regulations.

Water Quality:

To meet the Water Supply (Water Quality) Regulations 2016 the Council must have processes in place to be able to identify, risk assess and monitor Private Water Supplies which could cause harm to humans. No Private Water Supplies have been

identified within the district. An annual return has to be submitted to the Drinking Water Inspectorate on an annual basis.

Environmental Permitting:

The Environmental Permitting (England and Wales) Regulations 2016 provides a single, streamlined, risk-based framework for permitting in respect of industries and activities which could cause contamination through poor management practice or accidental spills. 29 permits have been issued to businesses and operators throughout the district and these are inspected at intervals which are dependant on the outcome of a documented risk assessment.

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:

- The air quality monitoring arrangements in place ensure the Council is compliant with the Environmental Act 1995. There are 25 Air quality monitoring stations strategically placed across the district two of which are fixed air quality monitoring stations at the Square, Birchington and in Boundary Road in Ramsgate;
- Procedures are well documented and are consistently applied;
- There are no cases of Contaminated Land or Private Water Supplies in each of the corresponding registers and this reduces the amount of pro-active work that needs to be carried out in these two areas;
- Effective key processes and strategies are in operation to help the Council comply with all major legislation requirements; and
- The governance arrangements in place are sufficient.

Scope for improvement was however identified in the following areas:

- The ongoing need for a large Urban Air Quality Management Area needs to be reviewed annually taking in to consideration any guidance provided by DEFRA;
- Whilst the Council has a Contaminated Land Strategy in place, this needs to be approved by the Cabinet; and
- A Contaminated Land Register needs to be formally introduced to satisfy Section 78R of the Environmental Protection Act 1990.

2.3 Garden Waste & Recycling Income – 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 green waste service is being correctly charged for, in accordance with Council policy and that all income is correctly received and reconciled where the green waste service is being provided.
- The waste recycling income, comprising green waste, food waste, paper/ card, glass, tin and plastic is being correctly charged for, in accordance with Council policy / agreements and that all income is correctly received and reconciled.

2.3.2 Summary of Findings

One of the Council's Corporate Priorities is 'A Clean and Welcoming Environment'. The Council offers a Garden Waste Recycling Scheme for an annual subscription fee, together with a bin hire charge. The Council also operates a free household waste recycling collection scheme; items that TDC are unable to collect can be taken to a waste recycling centre. Full details of the scheme are available on Council's Website. The service contributes towards the Council's target to increase the '% of household waste sent for reuse, recycling and composting'.

At January 2018 there were 9,880 subscribers to the garden waste scheme, some with multiple bins, with the total number of bins being collected 10,101.

At January 2018 the income received for garden waste subscriptions and bin hire for 2017/2018 was:

<u>code</u>	<u>description</u>	<u>Actual</u>	<u>Original budget</u>	<u>variance</u>
11456 8328	Garden Waste Bins	£25,095	7,500	+17,595
11456 8952	Garden Waste Subscriptions	£481,859	400,000	+81,859

The service is generally working well with an effective service being delivered to a significant number of customers. However, manual 'work arounds' developed to manage the service and its income collection are currently labour intensive; the Waste & Recycling section has already identified these concerns and is looking at new systems which would improve the management and income collection processes, not just for garden waste and recycling but across the waste management service.

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

- Fees have been appropriately approved and are advertised along with full scheme terms and conditions.
- Income is received in advance of services being provided.
- Income is banked promptly on receipt.
- Agreements are in place for sale of recyclables.
- Regular performance monitoring is undertaken.

Scope for improvement was however identified in the following areas:

- Processes in place to manage garden waste subscriptions are predominantly manual, resource intensive and, although working, are inefficient.
- There is a lack of full control over bin stocks.
- The recovery of garden waste bins when the service is cancelled is not being undertaken in line with terms and conditions.
- There is a lack of full reconciliation of garden waste subscription and bin hire fees.

2.4 Service Contract Monitoring - Reasonable Assurance:

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council derives the maximum possible value and the highest level of performance and customer satisfaction from its service contracts.

2.4.2 Summary of Findings

Although the initial awarding of contracts is done via Procurement, the subsequent contract monitoring is undertaken by various members of staff across the organisation.

The following sample of five service contracts was selected and reviewed:

- a) Contract ID: 291 – Cleaning Services at Ramsgate Port and Royal Harbour, Ramsgate;
- b) Contract ID: 305 – Cleaning Services – Public Conveniences;
- c) Contract ID: 458 – Provision of Security Services – Ramsgate Harbour, Leopold St Multi Storey Car Park and all Ad Hoc security requirements;
- d) Contract ID: 469 – Cleaning of Communal Area to TDC Dwellings; and
- e) Contract ID: 477 – Provision of Security Services – Council Offices and Mill Lane Multi Storey Car Park, Margate.

It should be noted that only three of the five Internal Control Questionnaires were returned during the process, two of which were from the same manager. No responses were received in respect of Contracts 305 and 469.

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

- All contract documentation is held with Legal Services; and
- The Procurement process is well documented and evidenced.

Scope for improvement was however identified in the following areas:

- Guidance/Procedural notes were not in place; and
- A training regime needs to be implemented for staff involved in this process, regardless of spends levels.

2.5 East Kent Housing: Leasehold Services – Reasonable Assurance:

2.5.1 Audit Scope

To provide assurance that the service costs incurred by the partner council in respect of relevant properties within the housing portfolio, for which the Council owns the freehold, and which are occupied on lease, or have been sold are appropriately re-charged to the tenants/leaseholders/owners in accordance with statutory provisions and Council policy.

2.5.2 Summary of Findings

There are approximately 1,414 leaseholders within the four partner councils' housing stock. This equates to 9.8% of the total 'general needs' housing stock managed by East Kent Housing (EKH). EKH provide a management service to these leaseholders in accordance with the conditions of lease. Conditions of lease vary between councils, as does the level of service provided by EKH due to the varying degrees of ownership retained by each council.

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

- Service charges are calculated in accordance with the lease agreements;
- All 33 no. invoices tested had been sent out in accordance with the 18 month rule;
- The S20 consultation process had been followed for the testing sample (TDC) and was evident for major works outside of the testing sample;
- Charging proportions have been consistently applied for blocks tested, and;
- Debt recovery is good at CCC and TDC, and improving at DDC.

Scope for improvement was however identified in the following areas:

- Consideration should be given to handing CCC billing responsibility to EKH as they hold the information and buildings knowledge;
- The leaseholder administration fee at CCC should be reviewed as it is out of date;
- The councils should monitor the progress of the development of the capital plan to ensure the full benefits are achieved.

2.6 East Kent Housing: Risk 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 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.

2.6.2 Summary of Findings

Under the Companies Act it is a legal requirement to have a sound system of internal control, including adequate and effective risk management. The EKH Finance & Audit Sub-Committee has delegated responsibility through their terms of reference to manage risk which includes the risk register, risk strategy and risk management process.

At November 2017 East Kent Housing were managing 9 strategic risks and 17 operational risks on their Strategic Risk Register. The five highest scoring risks after mitigation scored by senior management were: -

- Higher Debt Levels when the Welfare Reform changes are introduced (4/9);
- Safeguarding of vulnerable adults & children (3/9);
- Data Protection breach – (3/9);

- Non-Compliance with legislation and regulation (3/9); and
- Failure to address control issues with contracts to Council satisfaction (3/9).

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

- The fundamental risk management processes are working well and meet the requirements of the Companies Act 2006;
- A Risk Management Strategy has been formally adopted and contains a good level of guidance and information;
- Roles and responsibilities are well documented and well established;
- Risk identification routines are working effectively; and
- Risk scoring is generally good and the audit trail of changes made to the Strategic Risk Register is well documented.

A number of areas for improvement have been identified in the following areas:

- A new comprehensive risk scoring matrix could be adopted which will solve a number of the issues identified within this risk management audit report; and
- Some misalignment was identified between practices set out in the Risk Management Strategy and operational risk management practices.

2.7 East Kent Housing: Complaints Monitoring– Reasonable Assurance:

2.7.1 Audit Scope

Complaints, comments and compliments are an important source of feedback; they can tell an organisation a lot about the way they work, and provide opportunities to improve and affect perception. How an organisation handles complaints is therefore crucial; handling them well can have a lasting positive effect on reputation; handling them poorly can be very damaging and can make a negative perception even worse.

2.7.2 Summary of Findings

The regulatory standard on tenant involvement and empowerment sets out the minimum requirements for a housing organisation's handling of complaints. It sets out the required outcome that: *'Registered providers shall have an approach to complaints that is clear, simple and accessible and that ensures that complaints are resolved promptly, politely and fairly.'*

An effective approach to complaints handling can have a significant impact on the quality of the services provided and on the satisfaction of tenants: -

- An opportunity to put right any service failures; and a well handled complaint can turn a dissatisfied customer into a satisfied one.
- For tenants, making a complaint is the simplest way of holding their landlord to account and letting them know when they perceive that services need to be improved.
- Complaints are a useful source of information about service delivery, identify where recurring and underlying problems are, and therefore provide the opportunity to make improvements.

Complaints, feedback and compliments received since a designated Complaints Officer has been in post from 01/10/2017 to 03/01/2018 are as follows:

	Canterbury	Dover	Folkestone & Hythe	Thanet	Housing Management	TOTAL
Cllr/ MP	31	10	5	3	0	49
Complaints	19	23	15	5	0	62
Ombudsmen	0	0	0	1	0	1
Compliments	1	1	2	2	2	8
TOTALS	52	34	22	11	2	121

Management can place Reasonable Assurance on the system of internal controls in operation, based on the proactive action currently being taken by EKH to develop an effective complaints management, monitoring and lessons learnt process. These processes are however yet to be fully embedded into EKH.

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

- A dedicated Complaints Officer is now in post to enable a consistent approach to be applied to dealing with, and recording complaints.
- Clear timescales have been set for processing and responding to complaints; which are being met.
- EKH is being proactive in developing effective complaints reporting to enable lessons to be learnt from recurring themes and issues; this is a new process which is evolving now that a dedicated Complaints Officer is in post and complaints recording and monitoring processes are improving.

Scope for improvement was however identified in the following areas:

- Although there are both Comments, Complaints and Compliments Policy, and a Vexatious Complaints Policy, both require updating to reflect changes to process and procedures.
- Complaints data should be regularly published.
- Information to customers and staff regarding the complaints process must be kept up to date.

2.8 East Kent Housing: Data Protection & Records Management – Reasonable Assurance:

2.8.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that:

1. The organisation creates, holds, and maintains personal information about living individuals in accordance with the requirements of the legislation and deals with subject access requests and information sharing requests correctly; and
2. The authenticity, reliability, integrity and usability of the organisation's records are adequately maintained.

2.8.2 Summary of Findings

The General Data Protection Regulation (GDPR) 2018 comes in to effect from 25th May 2018 and replaces the Data Protection Act 1998. If an organisation or any one of

its third parties breaches the data of a European citizen, the organisation could face a fine of 4% of annual global revenue or €20 million, whichever is greater. Accordingly, organisations will need to ensure that they effectively manage training, technical controls, and ongoing monitoring of employees as well as third parties. According to the ICO, infringements of the organisation's obligations, including data security breaches will be subject to the lower fine level, whereas infringements of an individual's privacy rights will be subject to the higher fine level.

This audit review focused on the implementation of GDPR because this is where the higher risk resides for East Kent Housing. The audit methodology and approach has been to work through all of the documentation used by management to evidence the work carried out to date in preparation for GDPR.

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

- Management have established a realistic GDPR Implementation Plan which is currently being worked through;
- The Chief Executive has been appointed as the Data Protection Officer and is leading the organisation through the changes required to comply with the new regulations;
- East Kent Housing has carried out a review on personal data assets which has been mapped out in the form of an Information Asset Register;
- Most major roles and responsibilities have also been mapped out;
- Management have the capacity and capability to deal with Subject Access Requests within the new timescales in accordance with the new regulations; and
- East Kent Housing has been compliant with the Data Protection Act 1998 and no data breaches have been recorded since East Kent Housing formed in 2011.

Some project risks have however been identified. Due to the large financial penalties which could be imposed for non-compliance and the tight deadline (25th May 2018) many of the recommendations have been given a high priority in order to assist in the successful completion of the project. A small number of potential issues have been raised in the following areas:

- As a precaution, management should review the GDPR Implementation Plan with a view to addressing a number of potential key project risks namely: liaising with third party contractors; adequate engagement with IT & the roll-out and testing of data breach plans;
- Roles and legal responsibilities for identifying and reviewing existing data sharing agreements with contractors and third parties should be clarified; and
- EKH needs to ensure privacy notices are easily located online.

2.9 East Kent Housing: Property Services Improvement Plan – Reasonable Assurance:

2.9.1 Audit Scope

To provide assurance in respect of the implementation to date of the agreed actions within the 'Property Service Improvement Plan October 2016 to December 2017', by the target dates or progress towards thereto.

2.9.2 Summary of Findings

The Property Services Improvement Plan for the period October 2016 to December 2017 was developed to address recommendations flowing from a review of the HRA capital, cyclical and planned investment commissioning and delivery process, and activities managed by East Kent Housing on behalf of the Local Authorities, undertaken by HQN. This identified thirty three action points across six areas.

Work has been carried out or is ongoing on a number of the actions. Below is a summary table of the thirty three original actions and their status based on the information that has been reported to the Property Services Improvement Plan Task and Finish Group as at January 2018. It is expected that at the next meeting of the Task and Finish Group in May 2018 the number of completed actions will have increased.

Area of Improvement Plan	Original No of Action Points	Actions			
		Completed	In Progress	Delayed	Started
Stock Data	9	4	2	3	
Project Management and Delivery	7		3	3	1
Communication and Liaison	3		2	1	
Contract Management	3		1	2	
Procurement	5	1		3	1
Staffing and Resources	6	4		2	
Totals	33	9	8	14	2
%		27.27	24.24	42.42	6.07

Although fourteen of the actions have been delayed, from discussions with EKH Officers, and the evidence provided, Management can place Reasonable Assurance on the system of internal controls in operation and the future delivery of the action plan.

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

- A significant amount of work has been carried out to implement the Strategic Asset Management (SAM) system which will assist Property Services in delivering a timetable for works and costing for them which can then be used for forecasting expenditure for each of the client authorities.
- A 2020 Procurement project is in place which is a programme that has buy in from all of the authorities that will look at how contracts are let (including response and proposed works) and will look to have possible services provided by several providers that are both large and local. Five work streams have been identified for various types of work. Information from the SAM system will also provide information to assist with this project.
- The Auditor has reviewed a sample of completed actions to ensure that the information reported to the Task and Finish group is correct and that there is

evidence in place to support this. In all instances there is evidence to support them being completed.

Scope for improvement was however identified in the following areas:

- Consideration should be given to showcasing the Strategic Asset Management (SAM) system to the Client Officers and the Task and Finish group to show them the information that it is able to produce. This includes forward plans to assist in procuring contracts including expected costs for budget purposes, decent homes works, and identify future spikes of expenditure.

2.10 East Kent Housing: Safeguarding Children & Vulnerable Groups – Reasonable/Limited Assurance:

2.10.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the organisation fulfils its legal obligations under section 11 of the Children Act 2004 and under the Safeguarding Vulnerable Groups Act 2006.

2.10.2 Summary of Findings

East Kent Housing, on behalf of the four district councils, has a legal obligation to comply with all statutory requirements in connection with its services and this includes the Children Act 2004 and the Safeguarding Vulnerable Groups Act 2006. The following shows some of the duties which should be demonstrated under the legislative framework:

- Management commitment to the importance of safeguarding and promoting the welfare of children and young people.
- Clear statement of the organisation's responsibilities towards children and young people.
- Clear line of accountability within the organisation for reporting safeguarding concerns.
- Safe recruitment procedures.
- Training on safeguarding and promoting the welfare of children and young people for all staff commensurate with their level of contact with children, young people and vulnerable adults.
- Safeguarding policies and procedures for contracted services.
- Effective inter-agency working to safeguard and promote the welfare of children, young people and vulnerable adults.
- Effective information sharing.

The Safeguarding Vulnerable Groups Act 2006 places a statutory duty on all those working with vulnerable groups to undergo an advanced vetting process.

Whilst Management can generally have Reasonable assurance in this area, there is some evidence of non-compliance with significant key controls resulting in a risk to the achievement of the system objectives, which suggests at least a partially limited assurance conclusion.

Effective controls which support the Reasonable Assurance opinion were evidenced in the following areas:

- Safeguarding policies and procedures are in place and are currently being reviewed and updated;
- Safeguarding training is being undertaken on a regular basis, however as above, evidence of attendance and level of training is difficult to establish;
- Posts that require a DBS check have been identified and as a result of a staffing restructure, more staff are now in the process of being DBS checked.
- The revised structure provides a clear focus on supporting vulnerable households, with a dedicated Sustainment Team which brings together roles from across the organisation.

The primary finding giving rise to a partially Limited assurance opinion in this area however is as follows:

- EKH is going through a staffing restructure and is in a state of transition; at the time of the audit there was no central and consistent record of training and DBS checks for all of EKH making it difficult to reconcile the records that are held, against the latest establishment list and the DBS approved list. A combined central record of training undertaken, linked to DBS checks/holders, would provide a consistent format that could more easily be monitored and controlled to ensure that all staff had received the right level of training and DBS checks commensurate with their post.
- Centralising of records has been affected by the restructure, and priority was given to ensuring that staff with new responsibilities were DBS checked. EKH are therefore working towards a centralised record.

Scope for improvement was identified in the following areas:

- Enquiries found that partner councils wish to support EKH with safeguarding and that local steering groups are not always attended by the invited EKH representative.
- The safeguarding profile on the EKH website should be raised and also include a Senior Management/Board Member statement of commitment. Safeguarding policies are currently lost under the heading of 'Disabled Policy Adaptations'.

2.10.3 Management response - Following this review EKH have been able to confirm that all of the items identified within the action plan have been actioned including revised DBS processes following service restructure, provision of additional information on the website and the adoption of a new safeguarding policy framework.

2.11 EK Services – Housing Benefit Quarterly Testing (Quarter 3 of 2017-18):

2.11.1 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.

2.11.2 Findings:

For the third quarter of the 2017-18 financial year (October to December 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.

2.11.3 Audit Conclusion:

For this quarter twenty benefit claims were checked and all were correctly calculated and there were no data quality errors.

2.12 EK Services – Housing Benefit Quarterly Testing (Quarter 4 of 2017-18):

2.12.1 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.

2.12.2 Findings:

For the fourth quarter of the 2017-18 financial year (January to March 2018) 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.

2.12.3 Audit Conclusion:

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

For 2017-18 in total, eighty benefit claims have been checked of which two (2.5%) had a financial error that impacted on the benefit calculation and there were no data quality errors.

3.0. FOLLOW UP OF AUDIT REPORT ACTION PLANS:

- 3.1 As part of the period's work, five 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)	Allotments	Reasonable	Substantial	C	0	C	0
				H	0	H	0
				M	1	M	0
				L	1	L	0
b)	Building Control	Limited	Reasonable	C	0	C	0
				H	7	H	0
				M	5	M	0
				L	0	L	0
c)	Project Management	Limited	Limited	C	0	C	0
				H	13	H	4
				M	0	M	0
				L	0	L	0
d)	Procurement	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	0	M	0
				L	2	L	0
e)	Receipt & Opening of Tenders	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	3	M	1
				L	1	L	0

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

The purpose of escalating high-priority recommendation which have not been implemented is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

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

a) Project Management:

The main issue, at the time of the initial review, which needed to be addressed, was that the Council does not yet have a clear project management strategy and methodology which has been formally approved by management – this remains the case. The Council is however in the process of developing a project management toolkit which will be promoted to relevant staff once adopted. It is anticipated that the toolkit will be in place by July 2018.

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: Performance Management, Data Protection, FOI & Information Management, Creditors & CIS, Income, Asset Management, and Your Leisure.

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 responsive assurance / unplanned work is summarised in the table contained at Appendix 3.

8.0 INTERNAL AUDIT PERFORMANCE

8.1 For the period to 31st May 2018, 21.13 chargeable days were delivered against the revised target of 323.36 days which equates to 6.53% 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.

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.

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 May 2018 against the agreed 2018-19 Audit Plan.

Appendix 4 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>Project Management – June 2018</i>		
<p>1. The Council should develop a clear project management strategy and methodology which should be approved by management.</p>	<p>To obtain agreement for CMT to formulate an across service ‘working party’ to bring together the wide range of functions to formulate the PM ‘Guide’.</p> <p>Working party to include Procurement/Finance/Comm’s/Monitoring/Risk</p> <p>Proposed Completion Date</p> <p>9 months - Apr 2018</p> <p>Responsibility Working Party - TBA</p>	<p>The Council should develop a PM toolkit, approved by management. There is no need for a strategy or a Working Party.</p> <p>The original action has not therefore been completed. The revised action will be in place by December 2018.</p> <p>Responsibility: to be determined, subject to organisational change.</p> <p>Recommendation Outstanding.</p>
<p>2. Once approved, the project management strategy/methodology should be adequately communicated to staff.</p>	<p>The TDC Intranet site will be updated once a PM ‘Guide’ has been agreed and approved.</p> <p>An agreed single point signpost will be incorporated within the TDC Intranet. Additional PM information meetings will be held in rolling out the PM ‘Guide’.</p> <p>Proposed Completion Date</p> <p>Follows ‘Guide’ months – April 2018 onwards</p> <p>Responsibility</p>	<p>The PM “Guide” or toolkit will be communicated through TOM, other internal communications channels and through training.</p> <p>The original action has not been completed. The revised action will be in place by December 2018.</p> <p>Recommendation Outstanding.</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>3. Relevant staff should be further trained in project management once the PM methodology and strategy has been fully developed and approved.</p>	<p>Comm’s Team/Procurement/PM</p> <p>Training has taken place and been given to all staff requesting through their Manager.</p> <p>Additional PM information meetings will be held in rolling out the PM ‘Guide’ to key officers.</p> <p>Proposed Completion Date</p> <p>Follows ‘Guide’ months – April 2018 onwards</p> <p>Responsibility</p> <p>HR/Comm’s</p>	<p>Training will be provided to relevant staff, once the toolkit is complete.</p> <p>The original action has not been completed. Training/mentoring will be available from December 2018.</p> <p>Recommendation Outstanding.</p>
<p>4. The arrangements for all project risks should be consistently documented, monitored, managed and reported upon, should be agreed and finalised.</p>	<p>Arrangements for monitoring of project risk to be agreed with CMT. Project data base of individual projects to be constructed from projects within Service Plans.</p> <p>Proposed Completion Date</p> <p>3-6 months – Feb 2018</p> <p>Responsibility</p> <p>PM/Monitoring Officer/Finance</p>	<p>Project risks will be managed through the use of the PM toolkit, which will include a risk template that integrates with the council’s risk management approach.</p> <p>The original action has not been completed. There is no revised action beyond that set out in Recommendation 1.</p> <p>Recommendation 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
East Kent Housing – Safeguarding Children and Vulnerable Groups	July 2018	Reasonable/Limited	Autumn 2018

PROGRESS TO DATE AGAINST THE AGREED 2018-19 AUDIT PLAN – APPENDIX 3

THANET DISTRICT COUNCIL:

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-05-2018	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking & Enforcement	10	10	0	Quarter 3
VAT	10	10	0	Quarter 3
RESIDUAL HOUSING SERVICES:				
Housing Allocations	10	10	0	Quarter 2
HRA Business Plan	10	10	0	Quarter 2
GOVERNANCE RELATED:				
Anti-Fraud & Corruption Assurance Mapping	10	10	0	Quarter 2
Complaints Monitoring	10	10	0	Quarter 2
Corporate Advice/CMT	2	2	0.07	Work-in-progress throughout 2018-19
s.151 Officer Meetings and Support	9	9	2.93	Work-in-progress throughout 2018-19
Governance & Audit Committee Meetings and Report Preparation	12	12	1.91	Work-in-progress throughout 2018-19
2019-20 Audit Plan and Preparation Meetings	9	9	0	Quarter 4
SERVICE LEVEL:				
Thanet Lottery	10	10	0	Quarter 4
Safeguarding Children & Vulnerable Groups	10	10	0	Quarter 4
Community Safety	10	10	0	Quarter 2
CCTV	10	10	0	Quarter 3
Dog Warden & Environmental Crime Enforcement	10	10	0	Quarter 4
Electoral Registration & Election Management	10	10	0.24	Work-in-Progress
Food Safety	10	10	0	Quarter 2
Pest Control	7	7	0	Quarter 4

EAST KENT
DOVER • SHEPWAY • THANET • CANTERBURY



AUDIT PARTNERSHIP

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-05-2018	Status and Assurance Level
Business Continuity & Emergency Planning	10	10	0	Quarter 3
Equality & Diversity	10	10	0.18	Work-in-Progress
Events Management	10	10	0	Quarter 3
Grounds Maintenance	15	15	0	Quarter 4
Licensing	10	10	0	Quarter 2
Museums	10	10	0	Quarter 2
East Kent Opportunities	10	10	0	Quarter 2
Street Cleansing	10	10	0	Quarter 3
Employee Health, Safety & Welfare	10	10	0	Quarter 4
OTHER :				
Liaison With External Auditors	1	1	0	Work-in-progress throughout 2018-19
Follow-up Reviews	15	15	1.7	Work-in-progress throughout 2018-19
FINALISATION OF 2017-18 AUDITS:				
Days under delivered in 2017-18	0	38.36	0	
Service Contract Management			0	Finalised - Reasonable
GDPR, FOI & Information Management			2.34	Work-in-Progress
Cash Collection, Income & bank Reconciliation	5	5	0.27	Work-in-Progress
Performance Management			8.05	Work-in-Progress
Asset Management			2.49	Work-in-Progress
TOTAL	285	323.36	21.13	6.53% as at 31-05-2018

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-05-2018	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Ctte/EA Liaison	4	4	1.07	Work-in-progress

Review	Original Planned Days	Revised Planned Days	Actual days to 31-05-2018	Status and Assurance Level
				throughout 2018-19
Follow-up Reviews	4	4	0.27	Work-in-progress throughout 2018-19
Repairs & Maintenance	30	30	0	Quarter 2
Void Property Management	20	20	0	Quarter 3
Health & Safety	20	20	0	Quarter 4
Contract Monitoring	17	17	11.73	Work-in-Progress
Performance Management	15	15	0.34	Work-in-Progress
Welfare Reform	10	10	0	Quarter 2
Resident Involvement	10	10	0	Quarter 3
Service Level Agreements	10	10	0	Quarter 4
Finalisation of 2017-18 Audits:				
Days under delivered in 2017-18	0	10.94	0	Allocated
Complaints Management	0	0	0.36	Finalised - Reasonable
GDPR & Information Management	0	0	3.59	Finalised - Reasonable
Leasehold Services	0	0	1.15	Finalised - Reasonable
Tenancy & Fraud Prevention	0	0	1.32	Work-in-Progress
Property Services Action Plan	0	0	8.07	Finalised - Reasonable
Total	140	150.94	27.9	18.48% at 31-05-2018

EK SERVICES:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-05-2018	Status and Assurance Level
EKS Reviews:				
Housing Benefit Assessment	15	15	0	Quarter 3
Housing Benefit Testing	15	15	0	Quarter 3
Housing Benefits – DHPs	15	15	0	Quarter 2
Debtor Accounts	20	20	0	Quarter 3

Review	Original Planned Days	Revised Planned Days	Actual days to 31-05-2018	Status and Assurance Level
ICT – Network Security	15	10	0	Quarter 2
ICT – PSN Review	0	5	3.54	Work-in-Progress
ICT – PCI-DSS Compliance	15	15	0	Quarter 4
KPIs	5	5	0	Quarter 4
EKHR Reviews:				
Payroll	15	15	0	Quarter 4
Apprenticeships	15	15	0	Quarter 2
Absence Management	15	15	0	Quarter 3
Other;				
Corporate/Committee	8	8	1.55	Work-in-progress throughout 2018-19
Follow up	7	7	0.27	Work-in-progress throughout 2018-19
Days under delivered in 2017-18	0	47.79	0	Allocated
Finalisation of 2017/18 Audits:				
Housing Benefit Testing	0		6.82	Finalised
Payroll			4.86	Draft report
Employee Allowances & Expenses			0.68	Draft report
ICT Procurement & Disposal			9.19	Work-in-Progress
Council tax Reduction Scheme			1.64	Work-in-Progress
Total	160	207.79	28.55	13.74% at 31/05/2018

Appendix 4

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.