

**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 2019.

**2.0 SUMMARY OF REPORTS**

Service / Topic		Assurance level	No. of Recs.	
2.1	East Kent Housing – Welfare Reform	Substantial	C H M L	0 0 0 3
2.2	EK Services – Business Rates Credits & Reliefs	Substantial	C H M L	0 0 3 2
2.3	Compliance with Contract Standing Orders	Reasonable	C H M L	0 0 1 1
2.4	East Kent Housing - Compliance Indicators Data Quality	Reasonable	C H M L	
2.5	Street Cleansing	Limited	C H M L	2 5 2 0
2.6	EK Services – Housing Benefit Quarterly Testing - Quarters 1 & 2 2019/20	Not Applicable		

**2.1 East Kent Housing; Welfare Reform - Substantial Assurance:**

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to guard against the potential risks arising from the introduction of Welfare Reform Act in terms of increased caseload, rent arrears and higher debt levels.

### 2.1.2 Summary of Findings

The Welfare Reform Act 2012 is an Act of Parliament in the United Kingdom which makes changes to the rules concerning a number of benefits offered within the British social security system. It was enacted by the Parliament of the United Kingdom on 8 March 2012.

The Department of Work and Pensions started work on Universal Credit (UC) in 2010 with an original completion date of October 2017. However, the government reset the programme in 2013 after a series of problems with managing the programme and developing the necessary technology. There have been many revised completion dates and in June 2018 it announced a further delay to the completion of the programme to March 2023.

East Kent Housing manages the housing portfolio for Canterbury, Dover, Folkestone & Hythe, and Thanet Councils. This means that they have to manage the expectations of the tenants and as such are one of the main points of contact for tenants who may be affected by changes in the welfare system. As part of the reforms one of the main changes has been the introduction of UC, as part of the new system tenants are now expected to manage their benefits payments and pay their rent direct. In addition to which there is an expectation that the first payments under the new regime will be delayed having a knock-on effect on the tenant's capability to meet normal household costs, pay their essential bills and their rent. This will all have to be sensitively managed.

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

- There is an up to date Risk Strategy Process in place;
- Up to date Action Plans are in place to detail how the roll out of Universal Credit and its impact is to be managed and reported on;
- Information, advice and assistance relating to the Welfare Changes have been made available to tenants and the general public via the website and staff have been kept up to date via the intranet and staff meetings; and
- Benefit & Money advisors have been put in place to assist tenants during the changeover process.

Scope for improvement was however identified in the following areas:

- Staff procedures relating to the Welfare Reform need to be made more accessible to staff, perhaps via a link on the intranet pages; and
- Training needs of staff involved with the new scheme need to be more comprehensive and customer focused.

## **2.2 EK Services; Business Rates Credits & Reliefs – Substantial Assurance:**

### 2.2.1 Audit Scope

To ensure that the processes established by EK Services/CIVICA, on behalf of the partner councils, are sufficient to adequately manage the monitoring of Business Rates accounts where these are in credit and that these procedures comply with legislation. Also to ensure the accurate documentation, proper approval and allocation of relevant reliefs from liability in compliance with government legislation.

### 2.2.2 Summary of Findings

The Local Government Finance Act 1988 and subsequent legislation requires each Council to grant discretionary relief for premises occupied by Charities and similar organisations that own or occupy them wholly or mainly for charitable purposes. Likewise, certain premises situated within a rural settlement area will be eligible for relief. Powers have also been granted under the Localism Act 2011, which allow for the granting of discretionary rate relief to any premises where a Council feels the granting of such relief would be of benefit to the local community.

In addition to the above, Central Government is keen that in certain cases, assistance should be provided to businesses that have had increases in their rate liability due to the revaluation of premises in April 2017. In these cases, and where a Council meets Central Government guidelines, grants are available under section 31 of the Local Government Act 2003. Whilst all Councils are obliged to grant relief to premises, which fall within the mandatory category, the Partnership Councils also have powers to grant discretionary relief and reductions to ratepayers, subject to certain criteria being met.

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

- Established working practices have been in place for a considerable period of time even prior to the transfer to an outside contractor for the service provision.
- Supporting policies are in place that inform the public of both the mandatory and discretionary business rate reliefs that are available. However the policies when updated could show the version of the document, and the date of issue. They should also be easily accessible on each authority's website however currently they are not easily found on the Canterbury City Council website.

Scope for improvement was however identified in the following areas:

- Historic credits going back a number of years are being investigated on an ad-hoc basis by CIVICA therefore a timetable for this work being carried out should be considered and agreed; this could be reflected within the SLA / Contract that is in place.
- The Business Rates Officers need to ensure that copies of any bespoke letters sent from outside of the main systems are recorded so that a full audit trail is in place for each business rate account.

## **2.3 Compliance with Contract Standing Orders – Reasonable Assurance:**

### 2.3.1 Audit Scope

To provide assurance to Management that the Council's practices for the procurement of goods and services achieves economic cost and good value for money and that Contract Standing Order guidance and supporting procurement practices/user instructions are relevant and complied with as appropriate.

### 2.3.2 Summary of Findings

The purpose of the Council's Contract Standing Orders (CSOs) is to provide a structure within which procurement decisions are made and implemented. This is to ensure that resources are used efficiently, value for money is sought, corporate objectives are met, and transparency is evident. The CSOs specify financial limits which determine, prior to purchase, the number of quotes that must be obtained or whether a full tender process should be followed. In addition, high value tenders for works and services are governed by EU procurement laws and must be advertised in the OJEU (Official Journal of the European Community).

As at October 2018 local CSO rules are as follows:

<b>Value</b>	<b>Type of contract</b>	<b>Procedure</b>
£1,000 - £9,999	Works, supplies and services	At least one written quote in advance
£10,000 - £99,999	Works, supplies and services	At least three written quotes in advance
£100,000 - £181,301.99	Works, supplies and services	At least three written tenders in advance

EU rules apply for sums of £181,302 or more.

The data for this audit included all creditor transactions for the period April 2016 to March 2019 and amounted to expenditure of £293,969,874 gross.

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

- The Council reviewed its Contract Standing Orders in October 2018, where the threshold for the requirement to obtain three written tenders was increased from £75,000 to £100,000.
- Procurement training has recently been provided however only 42% of invited officers attended.
- 66.7% of orders between the value of £1,000 and £9,999 sampled had been market tested in accordance with CSOs.

- 71.4% of orders between the value of £10,000 and £99,999 sampled had been market tested in accordance with CSOs.
- 100% of orders greater than £100,000 had been market tested and evaluated in accordance with CSOs

Scope for improvement was however identified in the following areas:

- Record keeping by budget holders could be improved to ensure that procurement information is readily accessible, and handed over especially where the responsible procurement officer is no longer employed by the Council.
- In order to evidence the effectiveness of controls, it may be useful to record rejected waivers, including reasons for rejection, on the annual waiver registers.

## **2.4 East Kent Housing – Compliance Indicators Data Quality Reasonable Assurance:**

### 2.3.1 Audit Scope

To provide assurance to Management that the Council's practices for the procurement of goods and services achieves economic cost and good value for money and that Contract Standing Order guidance and supporting procurement practices/user instructions are relevant and complied with as appropriate.

### 2.3.2 Summary of Findings

Following concerns being raised around the integrity of Health & Safety compliance data streams being reported to each of the East Kent Councils, this audit has been undertaken to review systems and processes in place in East Kent Housing (EKH) to produce compliance reports to establish the level of reliance which can be placed on the reports by each Council.

Having reviewed and assessed the methodology, accuracy of collection and measurement of performance indicators relating to tenant health & safety, there is emerging evidence that management can have reasonable assurance in the information being reported to them each week.

It is the following findings which result in a conclusion of Reasonable Assurance.

- EKH is making considerable improvement in the monitoring and reporting of compliance for properties which it is responsible for.
- EKH recognised that it still has some work to do to ensure that the new compliance monitoring and reporting processes become embedded across the organisation.

Audit testing identified the following weaknesses resulting in a marginal level of risk to the achievement of the system objectives.

- Cloned data from a partial stock condition survey means that EKH cannot place full reliance on the data it has and properties it is responsible for compliance on. Until a 100% survey has been undertaken on all properties, this will remain the case.
- Partner Councils have not given EKH any guidance on the format and content of compliance reports, other than to accept the reports EKH are presenting them with. This could mean that there are other areas where weak compliance is not being reported.
- Current reporting arrangements are placing a significant burden on EKH which is not only unsustainable, but also, detracting resources away from making improvements in overall compliance performance.
- Some compliance reports contain minor differences in the property populations being reported across different compliance streams from week to week.

A number of errors were identified in compliance figures being reported when comparing the Word Based compliance report to the Scorecard report for the corresponding week. Whilst the differences in the compliance percentage may have changed, none of the differences were to such an extent that the story being told was any different. In some cases tested the difference between the two reports was less than 1%. In most areas of compliance being reported, levels of compliance are so far away from 100% that a 1% or even 5% difference in the two reports means very little.

For example, in one reporting period on Domestic EICR's. The MS Word report reported 65.38% whilst the Scorecard reported compliance at 65.31%. For the purposes of audit testing this was noted as an error. However, both reports give the council the same important information that compliance on Domestic EICR's is a long way from where it needs to be.

A large reason for the changes being made to property population numbers and errors in reports is down to EKH having a partial stock condition survey, and the differences/ gaps being made up by cloned data.

## **2.5 Street Cleansing – Limited Assurance:**

### 2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the street cleansing functions are being carried out efficiently and effectively within an appropriate control framework which reduces any risks to an acceptable level.

### 2.5.2 Summary of Findings

Street Cleansing is a statutory function but also a key part of the Council's 'Environment Objective of 'Having a clean and well maintained environment''. The Environmental Protection Act 1990 imposes duties under section 89(1)

and (2) on certain landowners and occupiers to keep specified land clear of litter and refuse, and on local authorities and the Secretary of State to keep clean public highways for which they are responsible. The DEFRA Code of Practice provides a practical guide to the discharge of these duties.

The 2006 Code sets out the framework each litter authority should be implementing in England. It includes expected street cleansing grades to be met, how the litter authority should organise and implement zoning arrangements; and how long the litter authority has to rectify issues. There are discretionary elements to the code (such as the sweeping of pavements) which the Council needs to determine its policy in respect of which should be approved at an elected Member level.

Performance is managed through the reporting of Key Performance Indicators (KPIs) to elected members and Thanet District Council have decided to report on two performance indicators which are: -

- OS4 - % of streets with litter below acceptable levels Target - 5%
- OS5 - % of streets with detritus below acceptable levels Target - 7%

Management can place Limited Assurance on the system of internal controls in operation. The last audit on Street Cleansing (finalised in June 2016) also concluded a Limited Assurance opinion (as did the subsequent follow-up review in March 2017) and contained many of the same key issues highlighted within this audit report. A number of critical priority recommendations (which were escalated to Governance & Audit Committee in June 2017 at the time the last follow-up review was reported) remain outstanding and these have been reiterated as part of this review.

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

- There is not currently a formal street cleaning strategy in place which will help strengthen governance and accountability for street cleansing service standards - a critical priority recommendation remains outstanding from the last review. Elements of the Defra code are discretionary and having formal approved standards would enable the Council to 'be clear with our residents on what we will do' - as stated in the Corporate plan Environment objective;
- The Council cannot currently demonstrate compliance with the DEFRA Code of Practice due to the absence of publication of information on zones;
- An examination of the street cleansing rounds revealed that approximately 50% of the street cleansing activity each day is planned and 50% is in response to service requests. The way rounds are organised and structured has however not been reviewed in over ten years and therefore the implementation of a new strategy presents an opportunity for management to carry out a SWOT analysis on the current rounds and amend them if deemed necessary;
- The Council should introduce other performance indicators to help detect poor service / performance;

- In April 2019 the Auditor surveyed 20 streets picked at random across the district resulting in 10% failure for litter and 20% failure for detritus. The Council reported no failures for the same period. Audit findings may therefore suggest that street cleansing performance in practice is not as good as the street cleansing performance figures being reported suggest. No photos are being taken to evidence each inspection for management purposes.
- Inspections are undertaken by the same employee, who is a member of the operational services team. The result of each inspected street is currently recorded on a scale A, B+, B, B-, C or D in accordance with the now defunct national indicator. EKAP have obtained guidance from Defra and, for the purposes of compliance with legislation, the Council should be grading A, B, C, D.
- A number of the performance monitoring techniques used to support performance reporting mechanisms are not working effectively; and
- The Council needs to make it easier to submit a street cleaning complaint through the website.
- The Code requires the Council to publish details of zones for their land and make them available to the public on request. The website does not currently have zoning information contained within it which should be rectified if the Council is to be compliant with the Code.

Effective control was however evidenced in the following areas:

- The vehicle security and vehicle maintenance arrangements are operating effectively;
- Health and Safety controls are helping to reduce health and safety risks; and
- The Council is operating in compliance with PUWER ( Provision and Use of Work Equipment Regulations) and LOLER (Lifting Operations and Lifting Equipment Regulations) regulations.

The Audit was unable to cover the following parts of the agreed Audit Scope above due to lack of timely Operational Service Management responses to facilitate the audit review within the allocated time budget: -

- Undertake an analytical review of changes in the levels of expenditure over the last three years and use the results of this review to target compliance testing;
- Review a sample of overtime claims (where applicable).; and
- Review any trends in the complaints, comments or compliments received from the public in respect of the service.

### **Management Response:**

The observations of the audit report and content of the actions are generally accepted however the priority ratings given to a number of the points in the Audit Action Plan are not accepted. There are two actions listed as being of Critical priority and a further five indicated as being of High priority.



The definition of critical is described in the report as follows: "A finding which significantly impacts upon a corporate risk or seriously impairs the organisation's ability to achieve a corporate priority". This is not considered to be representative of the urgency of the actions described and furthermore does not appear to be a good fit with a service which is currently exceeding on performance against 2 of its 3 existing performance indicators. A similar argument applies to those actions designated as being of High priority.

In summary the proposed actions in the plan are accepted and will be implemented but it is considered that the Priority of Recommendation Rating attributed to several of the items is not aligned with the definition given on page 21 of the report.

Head of Maritime & Technical Services

<b>2.6 EK Services – Housing Benefits Quarterly Testing Quarters 1 &amp; 2 2019/20 – An assurance is not applicable for this work</b>
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2.6.1 Introduction

Over the course of 2019/20 financial year the East Kent Audit Partnership will complete a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

2.6.2 Findings

For the quarters one and two of 2019/20 financial year (April 2019 to September 2019) 40 claims including new and change of circumstances of each benefit type were selected by randomly selecting the various claims for verification.

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

2.6.3 Audit Conclusion

For this period forty benefit claims were checked and two had a financial error (5%) 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, two 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)	East Kent Housing - Tenant Health & Safety (Electrical Safety)	No	Limited	C H M L	1* 1* 0 0	C H M L	0 0 0 0
b)	EK Services / ICT Procurement & Disposals	Reasonable	Reasonable	C H M L	0 0 7 0	C H M L	0 0 1 0

- Partially implemented at the time of follow-up.

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 3 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 recommendations 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) East Kent Housing – Tenant Health & Safety (Electrical Safety):

There were two main issues identified in the original audit which needed to be addressed. The first being around undertaking action to immediately review and rectify the C1 category faults identified on EICR certificates in Communal blocks and then C2 faults. Discussions with EKH have established that immediate action has been taken to address C1 faults on EICR's held by EKH. Then EKH would be able to work to address C2 faults on EICR's. This work is still ongoing, and therefore the first recommendation is considered to be partially implemented with a positive direction of travel towards full implementation. It is acknowledged however by EKH that due to the number of potential C2 faults, this work is likely to be ongoing until at least March 2020.

The second recommendation that was originally agreed was around moving to a 5 yearly EICR process. All four Councils have agreed and moved to a 5 yearly process, but in doing so, overall levels of compliant EICR's are lower than desired. Compliance reports in early November reported EICR compliance in domestic properties varying between 66% (Dover) and 27% (Folkestone and Hythe). This means that there is still a significant amount of work required to ensure that EICR compliance reaches an acceptable level. For this reason, the second recommendation is also considered to be only

partially implemented with a positive direction of travel. See below for levels of EICR compliance as at early November.

#### **Communal Blocks**

	<b>CCC</b>	<b>DDC</b>	<b>F&amp;H</b>	<b>TDC</b>
Compliant	302	132	143	204
Non Compliant	178	242	3	0
Total props	480	374	146	204
Compliant %	63%	35%	98%	100%

#### **Domestic properties**

	<b>CCC</b>	<b>DDC</b>	<b>F&amp;H</b>	<b>TDC</b>
Compliant	2495	2852	930	892
Non Compliant	2611	1465	2466	2119
Total props	5106	4317	3396	3011
Compliant %	48%	66%	27%	30%

EKH recognised the need for better compliance reporting around EICR's and have purchased software to aid with EICR compliance reporting. Compliance staff have undertaken a significant amount of work to implement the software, but that work is still ongoing, and not likely to be completed until around March 2020. Whilst the software will not improve levels of EICR compliance as that can only be achieved by undertaking work on properties. It will however ensure that EICR compliance is accurately reported more easily and that outstanding remedial work and EICR renewals is better and more efficiently planned.

The controls around the addressing of faults initially raised on EICR certificates have improved significantly, particularly around C1 faults. Analysis undertaken by staff has identified large numbers of non-existent EICR's in both Communal blocks and Domestic properties. While a significant amount of work has already been complete, there remains a significant amount of work still outstanding.

EKH expect that by March 2020, the Corgi software will be fully operational and reporting on EICR compliance, which should have also significantly improved by that point in time.

#### **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: Printing, Postage and Photocopying, Housing Repairs & Maintenance and Rents.

#### **5.0 CHANGES TO THE AGREED AUDIT PLAN:**

- 5.1 The 2019-20 internal audit plan was agreed by Members at the meeting of this Committee on 6<sup>th</sup> March 2019.
- 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 nine month period to 31st December 2019, 227.3 chargeable days were delivered against the revised target of 323.98 days which equates to 70.16% 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 Progress to 31st December 2019 against the agreed 2019-20 Audit Plan.
- Appendix 2 Definition of Audit Assurance Statements & Recommendation Priorities
- Appendix 3 Summary of Critical and High priority recommendations not implemented at the time of follow-up.
- Appendix 4 Summary of services with Limited / No Assurances.
- Appendix 5 Balanced Scorecard to 31st December 2019.

**PROGRESS TO DATE AGAINST THE AGREED 2019-20 AUDIT PLAN –  
APPENDIX 1**

**THANET DISTRICT COUNCIL:**

<b>Area</b>	<b>Original Planned Days</b>	<b>Revised Budgeted Days</b>	<b>Actual days to 31-12-2019</b>	<b>Status and Assurance Level</b>
<b>FINANCIAL SYSTEMS:</b>				
Capital	10	10	0.18	Work-in-progress
Treasury Management	10	10	5.89	Work-in-progress
External Funding Protocol	10	10	6.97	Work-in-progress
Insurance & Inventories of Portable Assets	12	12	0.18	Postpone till 2020-21
<b>RESIDUAL HOUSING SERVICES:</b>				
HRA Business Plan	10	0	0	Postponed to accommodate responsive reviews
<b>GOVERNANCE RELATED:</b>				
GDPR Compliance	13	13	0	Postpone till 2020-21
Anti-Fraud & Corruption	2	2	0.51	Finalised
Shared Service Monitoring	10	10	0	Postpone till future year
Partnerships	8	8	0	Postpone till future year
Risk Management - Review of Mitigation Controls	10	10	0	Postpone till future year
Corporate Advice/CMT	2	2	23.11	Work-in-progress throughout 2019-20
s.151 Officer Meetings and Support	9	9	11.68	Work-in-progress throughout 2019-20
Governance & Audit Committee Meetings and Report Preparation	12	12	10.62	Work-in-progress throughout 2019-20
2020-21 Audit Plan and Preparation Meetings	9	9	4.35	Work-in-progress
<b>CONTRACT AUDITS</b>				
CSO Compliance	12	12	18.67	Finalised - Reasonable
<b>SERVICE LEVEL:</b>				
Environmental Health & Safety at Work	10	10	0	Postpone till 2020-21
Grounds Maintenance	12	12	10.6	Work-in-progress
Grants	10	10	0	Quarter 3

Commercial Let Properties & Concessions	10	10	0.61	Work-in-progress
Ramsgate Marina	12	12	10.29	Work-in-progress
Ramsgate Harbor Accounts Audit	3	3	5.24	Finalised
Planning Applications, Income & s106 Agreements	12	12	14.38	Finalised - Reasonable/Limited
Building Control	10	10	17.58	Finalised - Reasonable/Limited
Printing & Post	10	10	9.26	Work-in-progress
Sports & Community Development	10	10	0	Postpone till future year
Visitor Information Arrangements	10	0	0	Postponed to accommodate responsive Homelessness review
Waste & Street Cleansing Vehicle Fleet Management	10	10	0	Work-in-progress
Climate Change	6	6	0	Quarter 4
<b>OTHER :</b>				
Liaison With External Auditors	1	1	0	Work-in-progress throughout 2019-20
Follow-up Reviews	15	15	6.88	Work-in-progress throughout 2019-20
<b>FINALISATION OF 2018-19 AUDITS:</b>				
Days under delivered in 2018-19	0	38.98	0	Allocated
Income	5	5	0.18	Finalised
Dog Warden & Street Scene Enforcement			11.39	Finalised
Street Cleansing			19.26	Work-in-progress
Business Continuity & Emergency Planning			0.44	Finalised
Community Safety			0.36	Finalised
Employee Health & Safety			14.04	Finalised
<b>RESPONSIVE WORK:</b>				
Homelessness	0	14	14.17	Finalised
Electoral Registration	0	6	10.37	Finalised
<b>TOTAL</b>	<b>285</b>	<b>323.98</b>	<b>227.3</b>	<b>70.16% as at 31-12-2019</b>

**EAST KENT HOUSING LIMITED:**

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual days to 31-12-2019</b>	<b>Status and Assurance Level</b>
<b>Planned Work:</b>				
CMT/Audit Sub Ctte/EA Liaison	4	4	11.11	Work-in-progress throughout 2019-20
Follow-up Reviews	4	4	10.24	Work-in-progress throughout 2019-20
Rent Accounting, Collectio & Debt Mngmt.	40	40	32.44	Work-in-progress
Rechargeable Works	10	10	0	Postpone till future year
Tenant Health & Safety	15	15	21.89	Finalised - Limited/No
Customer Contact	12	12	0	Postpone till future year
Improvement Plan	10	10	0	Postpone till future year
Estate Management Inspections	15	15	0	Postpone till future year
Anti-Social Behaviour	15	15	0	Postpone till future year
Employee Health, Safety & Welfare	15	15	5.02	Work-in-progress
<b>Finalisation of 2018-19 Audits:</b>				
Days under delivered in 2018-19	0	19.50	0	Allocated as below
Staff Performance Management	0		9.12	Work-in-progress
Welfare Reform	0		8.23	Work-in-progress
Repairs & Maintenance	0		37.33	Work-in-progress
Service Level Agreements	0		0.97	Finalised
<b>Responsive Work:</b>				
None thus far				
<b>Total</b>	<b>140</b>	<b>159.50</b>	<b>140.81</b>	<b>88.28% at 31-12-2019</b>

**EKS, EKHR & CIVICA:**

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual days to 31-12-2019</b>	<b>Status and Assurance Level</b>
<b>EKS &amp; Civica Reviews:</b>				
Housing Benefit Appeals	15	15	13.54	Finalised - Substantial
Housing Benefit Testing	15	15	13.15	Finalised - N/A
Business Rate Reliefs & Credits	15	15	16.76	Finalised - Substantial
Council Tax	20	20	0	Quarter 34
ICT Disaster Recovery	15	15	0	Quarter 4
ICT - Physical & Environment	15	15	13.81	Finalised - Substantial
KPIs	5	5	5.44	Work-in-progress
<b>EKHR Reviews:</b>				
Payroll	15	15	0.25	Work-in-progress
Recruitment	15	15	0.17	Quarter 4
Employee Benefits-in-kind	15	15	8.99	Work-in-progress
<b>Other;</b>				
Corporate/Committee	8	8	6.46	Work-in-progress throughout 2019-20
Follow up	7	7	5.74	Work-in-progress throughout 2019-20
Days under delivered in 2018-19	0	27.26	-	Allocated as below
<b>Finalisation of 2018/19 Audits:</b>				
Housing Benefit Testing 2018-19	0		8.70	Finalised
Payroll			2.22	Finalised - Reasonable
PCI-DSS Compliance			10.64	Finalised - Reasonable/Limited
<b>Total</b>	<b>160</b>	<b>187.26</b>	<b>105.87</b>	<b>57% at 31/12/2019</b>



## 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.



**SUMMARY OF CRITICAL & HIGH PRIORITY RECOMMENDATIONS NOT IMPLEMENTED AT THE TIME OF FOLLOW-UP – APPENDIX 3**

<b>Original Recommendation</b>	<b>Agreed Management Action , Responsibility and Target Date</b>	<b>Manager’s Comment on Progress Towards Implementation.</b>
None to report this quarter		



**SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED – APPENDIX 4**

Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Tenancy & Right to Buy Fraud	March 2019	Limited	Autumn 2019
East Kent Housing - Tenant Health & Safety	September 2019	Limited/No	Work-in-Progress
Planning Applications, Income and s.106 Agreements	December 2019	Reasonable/Limited	Spring 2020
EK Services – PCI-DSS	December 2019	Reasonable/Limited	Spring 2020

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**AUDIT PARTNERSHIP**

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Original Budget</u>
	<b>Quarter 3</b>		<b>Reported Annually</b>		
Chargeable as % of available days	85%	80%	<ul style="list-style-type: none"> <li>• Cost per Audit Day</li> </ul>	£	£332.50
Chargeable days as % of planned days			<ul style="list-style-type: none"> <li>• Direct Costs</li> </ul>	£	£428,375
CCC	62.82%	75%	<ul style="list-style-type: none"> <li>• + Indirect Costs (Recharges from Host)</li> </ul>	£	£10,530
DDC	60.72%	75%	<ul style="list-style-type: none"> <li>• - 'Unplanned Income'</li> </ul>	£	Zero
F&HDC	56.71%	75%			
TDC	79.75%	75%			
EKS	56.52%	75%			
EKH	88.28%	75%	<ul style="list-style-type: none"> <li>• = Net EKAP cost (all Partners)</li> </ul>		£438,905
Overall	64.55%	75%			
Follow up/ Progress Reviews;					
• Issued					
• Not yet due	29	-			
• Now due for Follow Up	12	-			
	28	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

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**AUDIT PARTNERSHIP**

<u>CUSTOMER PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>	<u>INNOVATION &amp; LEARNING PERSPECTIVE:</u>	<u>2019-20 Actual</u>	<u>Target</u>
	Quarter 3				
Number of Satisfaction Questionnaires Issued;	46		Percentage of staff qualified to relevant technician level	74%	75%
Number of completed questionnaires received back;	14		Percentage of staff holding a relevant higher level qualification	38%	36%
	= 30%		Percentage of staff studying for a relevant professional qualification	15%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	4.1	3.5
<ul style="list-style-type: none"> <li>● Interviews were conducted in a professional manner</li> <li>● The audit report was 'Good' or better</li> <li>● That the audit was worthwhile.</li> </ul>	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	36%	36%
	100%	90%			
	100%	100%			