

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 2020.

2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level	No. of Recs.	
2.1	Treasury Management	Substantial	C H M L	0 0 0 0
2.2	Ramsgate Marina	Substantial	C H M L	0 0 1 1
2.3	Insurance and Inventories	Substantial	C H M L	0 0 1 2
2.4	Capital	Substantial	C H M L	0 0 0 0
2.5	East Kent Housing - Rent	Substantial	C H M L	0 0 2 1
2.6	Printing, Postage & Photocopying	Substantial	C H M L	0 0 0 0
2.7	East Kent Housing – Employee Health & Safety	Limited	C H M L	0 3 6 2
2.8	East Kent Housing – Repairs, Maintenance & Void Property Management	Substantial/ Reasonable/Limited	C H M L	0 6 2 2

2.9	Building Control	Limited	C H M L	0 5 4 3
2.10	EK Services – Housing Benefit Quarterly Testing - Quarters 3 & 4 2019/20	Not applicable		

2.1 Treasury Management - Substantial Assurance:

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the various Treasury Management matters within the remit of the accountancy office are performed effectively & efficiently, in furtherance of the Council's Policies.

2.1.2 Summary of Findings

The Council is required to operate a balanced budget and part of the treasury management operation is to ensure that the cash flow is adequately planned for, with cash being available when it is needed and any surplus monies are invested in low risk investments in accordance with the Council's low risk appetite. In addition part of the treasury management function is to ensure that the Council can meet its capital spending obligations and to do this may involve arranging long or short term loans.

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

- Treasury management at the authority is conducted within the framework of the CIPFA Treasury Management in the Public Services Code of Practice 2017 Edition.
- Established day to day processes are in place for the monitoring of the cash flow position and carrying out either investments (when surplus funds allow) or withdrawing funds when a negative cash flow may occur.
- Reports (Yearly and half yearly) and supporting strategies (Treasury, Capital and Investment) are presented to Members in accordance with the CIPFA Code of Practice.
- Processes are in place to ensure that when borrowing is needed to support the capital program it is obtained at the best favourable rate to the authority.
- Prudential indicators are reviewed on a regular basis as part of the monitoring of the authority's finances to ensure that it is not exposing itself to unnecessary risk.

2.2 Ramsgate Marina – Substantial Assurance:

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that all income arising from the Council's operations at Ramsgate Marina and Port are completely and correctly accounted for.

2.2.2 Summary of Findings

The Royal Harbour Ramsgate has 700 berths and supports a fishing fleet of around 26 vessels, 18 commercial day angling vessels and four wind farms (which have a total of 320 offshore wind turbines). The port is also used by companies to store imported cars before transporting them to the customer.

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

- A new harbour management system/database (Harbour Assist) was installed in 2018, this has improved many processes, reducing time, paper and printing costs;
- Income is robustly and consistently recorded;
- As a registered dealer of controlled oils, the port is meeting its HMRC obligations having recently satisfied all HMRC enquiries in their recent audit;
- Dockmaster income is reconciled on a daily basis and cash income is stored securely for collection;
- Fees for non-commercial invoicing have been charged in line with approved fees and charges in 97.3% of the sample tested, and;
- Fees for commercial invoicing have been charged in line with approved fees and charges in 100% of the sample tested;

Scope for improvement has been identified in the following areas:

- To include the fee for Ramsgate Week in the annual approved fees and charges.
- To consider producing some process notes for succession planning.

2.3 Insurance & Inventories – Substantial Assurance:

2.3.1 Audit Scope

- To ensure that sufficient insurance coverage is in place for the Council to limit the risks that face the authority in carrying out its many and varied functions.
- To ensure that all Council assets are completely and accurately accounted for and safely held.

2.3.2 Summary of Findings

The objectives of the audit have been to ensure that sufficient insurance coverage is in place for the Council to limit the risks that face the authority in carrying out its many and varied functions and also to ensure that all Council assets are completely and accurately accounted for and safely held.

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

- Responsibility for Insurance has been clearly defined, and is the responsibility of a suitably experienced officer.
- The insurance service has been procured in accordance with Financial Procedure Rules.
- All activities, property and assets that were tested are appropriately insured.
- Effective procedures are in place to keep the insurance providers aware of changes to activities or assets.
- Well practiced procedures are in place to review potential insurance claims and to subsequently submit those claims to the relevant insurance provider.
- Inventories detailing assets owned by the Council are kept up to date and checked before each insurance renewal.
- The Insurance Officer is aware of higher and lower risk areas relating to insurance claims.

Some scope for improvement was however identified in the following areas:

- Insurance Limits for cash held in safes should be reviewed so that the Council is only insuring cash it is likely to hold.
- Action should be taken to implement the recommendations made in the Fleet and Driver Risk Management review.
- Service Managers should be reminded that it is their responsibility to keep asset inventories updated.

2.4 Capital - Substantial Assurance:

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that there is an effective and efficient evaluation and approval procedure for capital projects and robust financial procedures to enable sufficient budgetary provision to be made available for their funding.

2.3.2 Summary of Findings

Maintaining and improving the Council's infrastructure requires considerable resources and typically it covers three types of investment:

- Premises;
- Information and communication systems; and
- Vehicles and equipment.

Investment, in excess of £10k, in such infrastructure qualifies as capital expenditure when it results in acquisition or enhancement of an asset that has a useful life of more than one year. It can be funded from loans, capital

receipts, capital grants and contributions from revenue. It should be noted that the Council engages the services of an external provider for treasury advice.

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

- There is an approved and up to date Capital Strategy in place;
- Suitable procedures are in place to evaluate and approve capital projects;
- Capital budgets are being regularly reported to and monitored by Senior Management and elected Members; and
- Post Project Implementation Reviews are being carried out to ensure any lessons learnt can be monitored and managed.

Scope for improvement was however identified in the following areas:

- Ensure adequate access is given within the public domain to key documents by improving the links on the webpages;
- Provide a 'knowledge pack' to Councillors to aide in the decision and scrutiny process for capital bids;
- Report more regularly to members the progress on asset disposals and the impact this is having on the delivery of the capital program.

2.5 East Kent Housing (Rents) – Substantial Assurance

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the rent accounting, collection and recovery functions are carried out efficiently and effectively.

2.5.2 Summary of Findings

East Kent Housing collects rent on behalf of the four East Kent authorities and is also responsible for the collection of current and former tenant arrears. The figures below highlight the values for these key areas at 31 March 2019:

- The total current residential arrears for all four authorities at 31 March 2019 was £2,445,864 (3.51% of the annual debit) compared to £745,221 in 2016/17 (1.03% of the annual debit). This rise is due to the impact of tenants transitioning to Universal Credit (UC);
- The total former tenant arrears for all four authorities at 31 March 2019 was £1,104,404, and;
- A total of 30 evictions took place due to rent arrears at 31 March 2019.

The Income team is centrally based at Garrity House, Aylesham. Rent accounts for all four authorities are held in the Northgate Single System and apart from rent refunds and some cash posting routines, processes are harmonised on behalf of the four councils.

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

- Clear and up to date rent management policies are in place and available to all staff;
- Review of 41 tenant accounts across the four local authorities, with both rent arrears and court costs attached, were 100% satisfactory in terms of monitoring and managing recovery of both rent arrears and courts costs;
- Court costs and tenant issues were suitably recorded in 100% of the 41 accounts reviewed;
- Rent refunds are only paid once all checks confirm there are no outstanding arrears on any other accounts e.g. council tax, HB, former tenancies;
- A variety of payment methods are available to tenants and tenants should soon be able to view their accounts online;
- Performance information is provided to the four authorities to the level, detail and timescales required.

Scope for improvement was however identified in the following areas:

- Attempts should be made to bring Canterbury district cash posting processes in line with the three other local authorities.
- There is potential to streamline and harmonise the rent refund process; issuing rent refunds electronically/directly from the Northgate system could be explored.
- Historically, statements were issued quarterly however this has stopped since the Single System was recently introduced. The Income team are currently awaiting an upgrade to the Single System which will allow tenants to view their accounts and latest balances online. Statements should still be issued to those without online access, both currently and in the future.

2.6 Printing, Postage & Photocopying – Substantial Assurance:

2.6.1 Audit Scope

To ensure that the Council has established adequate systems of control governing printing, postage and photocopying expenditure, recharges and income.

2.6.2 Summary of Findings

The Mail Room offers a variety of services to the Council, including receiving mail folding and enveloping large mail outs, franking post and ensuring it is handed to the Royal Mail the same evening. The Print Room offers many services including black and white photocopying, colour photocopying, laminating, hot and wire binding of documents, cutting, collating and padding and general finishing, provision and setup of visual aids to specific requirements, and private printing and finishing services.

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

- The post team does identify who is sending an item of mail so that the recharge can be applied to the correct team.
- The printing team does identify who has printed documents so that the recharge can be applied to the correct team.
- The printing team does identify who has photocopied documents so that the recharge can be applied to the correct team.
- Access to the post room is limited to authorised members of staff only.
- Incoming mail is date-stamped.
- All outgoing post is franked correctly.
- All print charges are regularly assessed to ensure that the Print Room is charging a profit or breakeven price for external work.

2.7 East Kent Housing (Employee Health & Safety) – Limited Assurance:

2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the policies and procedures established to protect staff in relation to various health and safety issues, such as fire safety, lone working and home working, whilst also taking into account the legislative requirements placed upon the Council as their employer.

2.7.2 Summary of Findings

Employers must protect the 'health, safety and welfare' at work of all their employees, as well as others on their premises, including temps, casual workers, the self-employed, clients, visitors and the general public. However, these duties are qualified with the words 'so far as is reasonably practicable'. For the purposes of this review the focus has been on employees.

EKHR are the safety advisors for East Kent Housing (EKH). Each of the four authorities (that EKH manage the Council stock for) has its own employee health and safety process, and as East Kent Housing Ltd are a separate legal entity, they must establish their own processes and procedures. There is an up to date Health and Safety Policy and associated procedures in place which have been made available to staff via the intranet.

It should be noted that during the review there was a change over in computer software and systems as well as changes to the board/management which may affect the current assigned responsibilities within the policy which may need to be reviewed and updated as a matter of urgency.

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

- The statement of intent needs to be revised to ensure it reflects the updated policy;
- Staff training needs to be more robustly managed and monitored;
- Overall, a more robust record keeping and monitoring process is required.

- Evidence of the meetings and actions from the Health and Safety Committee meetings need to be made available;
- Ensure the First Aider and Fire Warden information is and remains current.
- Evidence of the Annual Report being made for 2018 and 2019 could not be sourced, this could result in the non-implementation of the annual plan agreed by the board.

Effective control was however evidenced in the following areas:

- There is an up to date policy in place;
- Procedures are in place and available for staff to access via the intranet but do require a review and update to ensure they remain compliant with legislation and best practice;
- Adequate training courses have been identified and highlighted within the webpages;
- There are reporting lines/methods in place, however record keeping was found to be inconsistent.
- Risk and COSHH assessments are being carried out and are up to date.

It should be noted that this Audit was carried out when the future of East Kent Housing was uncertain. It has now been established that the four authorities will be bringing the management of their housing stock back in house later this year. This has had an impact on the audit reporting process and as such the Action Plan has neglected to be completed by management of East Kent Housing. The only way to progress this audit was to report the findings and recommendations to each authority's s151 Officer and Client-Side Officer for their perusal, consideration and files. This was done on 16 March 2020.

In accordance with standard audit procedures, a short follow-up review should be undertaken later in the year to provide management with assurance that the recommendations contained within the report had been implemented. However, as East Kent Housing will no longer be in operation and therefore no management actions to follow-up on, it is recommended that the report be distributed to the Health and Safety Advisors of the four councils for their consideration when bringing staff back into their respective authorities.

<p>2.8 East Kent Housing (Housing Repairs, Maintenance & Void Property Management) – Substantial/Reasonable/Limited Assurance:</p>

2.8.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Councils' housing stock is well maintained, proving a good level of service to Council tenants (which demonstrates value for money and tenant participation), in partnership with the Councils' contractors and in accordance with Council policy and procedures.

2.8.2 Summary of Findings

East Kent Housing (EKH) is responsible for managing the repairs and maintenance of the Housing stock for Canterbury, Dover, Folkestone and Hythe and Thanet councils. This also includes the voids processes and expenditure when properties have been vacated and they are returned to the councils so that they can be prepared for the next tenants to move into. This audit and the subsequent conclusions have been carried out based on the information provided by East Kent Housing and Mears, who are the contractor for day to day repairs. It should also be noted that during the course of this audit the day to day working practices have been revised and the use of a new application on the officers' mobile phones has enhanced the processes that are in place.

Management can place the following assurances on the system of internal controls in operation.

- Budget Monitoring - Substantial Assurance;
- Repairs and Maintenance - Limited Assurance - there is evidence of non-compliance with some key controls not operating as intended resulting in a risk to the achievement of the system objectives, in particular supporting data for post inspection of works by EKH, and analysis of tenant satisfaction surveys; and
- Voids - Reasonable Assurance

The positive findings giving rise to the above assurance opinions are as follows:

Budget Monitoring

- Extensive budget monitoring is carried out to monitor over 100 budgets for repairs and voids across the four authorities. This includes meetings being held with Client Officers and Senior Management within EKH.

Repairs

- There are established processes, that are well advertised, in place for tenants to report day to day issues that require attention.
- Contracts are in place with Mears for day to day repairs. (Although it should be noted that Canterbury City Council did not sign the 2015 extension to the contract).
- Mears are providing monthly information on the number of post inspections for Canterbury, Dover and Folkestone and Hythe (Thanet have decided that they no longer require this information) that have been carried out along with the number of failures as part of the performance information that they provide. However, it should be noted that they are not always meeting their monthly 10% target for post inspections.
- Regular meetings are held with the contractor but there are no formal minutes from these meetings to support actions that are agreed and put in place along with the subsequent outcomes from these actions.

Voids

- The day to day responsibilities for voids is being reasonably managed by the inspectors and extensive ongoing budget monitoring is in place.
- Concerns have been raised over the costs of the void works being carried out by Canterbury City Council, however when reviewing the expenditure for 2018/19 there is an underspend of approximately £103,000. However, it should be noted that with an aging housing stock when properties are returned then the major work requirements are likely to continue to increase so that legislation is complied with.

Scope for improvement was identified in the following areas:

Repairs

For each month, as part of the contract monitoring procedures, the Maintenance Inspectors should be completing post inspections on 10% of the completed jobs that have been raised by the contractor. As part of the improvement plan (for 2019/20) monthly post inspection figures are being reported for each authority. In order to validate these figures and select a sample for audit testing several requests have been made for the supporting background data. However, to date the only information that has been provided is in respect of Thanet inspections. Therefore, the Auditor has been unable to carry out any testing and is unable to form an assurance opinion regarding whether the inspections and the payments to the contractor are correct and are in accordance with the contracts that are in place. This concern over post inspections has also been raised as part of previous internal audits in this area.

2.9 Building Control - Limited Assurance:

2.9.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Building Control procedures are operated in accordance with the Building Act 1984, and the organisation's Financial Regulations and approved policy.

2.9.2 Summary of Findings

Building control ensures that building work complies with the Building Regulations, a set of standards intended to protect people's safety, health and welfare in and around built environments. The fees being set and charged for this service are done so in accordance with the Building (Prescribed Fees) Regulations 1994.

It should be noted that the Building Control Service, legislation and functions have not changed since the last audit review undertaken in 2016/17 which after follow-up was given a reasonable assurance.

During the last few years there has been a re-structure of the service which led to the deletion of the two fee earning posts, one of which was the Building Control Manager. In addition to this there were vacant Building Control Officer posts that were required to be filled and in October 2019 the Head of Service Post became vacant. As of Mid November 2019 the service is being overseen on an interim basis by the Capital Development Manager who is making progress towards getting to grips with the service, it's staff, budgets and ways of working as well as maintaining and managing the other roles and responsibilities that come with their normal day to day job.

Since 2016/17 the fee earning budget had increased substantially (by £147K) which with the historical and current issues regarding resources has put undue pressure on staff to ensure that not only are the budgets being achieved but also those statutory obligations are being met. It should be noted that this is a self-funded service governed by legislation and CIPFA rules.

The systems and ways of working have not changed since the last review process, however during the review it came to light that there are issues with the current Uniform System which requires regular updates at an additional cost to the Council, furthermore the contract for this system is up for renewal in 2020 and a decision to renew or replace this system is yet to be determined.

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

- Incorrect application of the 2019/20 fees and charges has led to a loss in income for this service for the first 6 months of the financial year;
- No set office procedures are in place to govern the day to day management of this service which has led to inconsistent practices;
- Budget setting and management controls require strengthening;
- The Uniform system is not up to date which means that the functionality of the system is not quite fit for purpose and officers have had to adjust working practices and to find other ways of extracting data for statistical and financial analysis.
- There is no Policy in place to deal with the profits/losses made on the trading account, therefore the opportunity for re-investment in training and enforcement has not been given or considered.
- Timescales have not been met when determining applications which potentially impacts the Council legally and financially;

Effective control was however evidenced in the following areas:

- Building Control Officers have been assigned their own 'patch' which creates the opportunity for horizon scanning and hazard spotting;
- The use of the Google calendar notes facility and transposing these to the Uniform system for site visits makes for a quicker and more effective paperless way of working;

- All applications are provided with a unique reference number and between the uniform and paper system records are being maintained in accordance with the retention schedule and legislation.
- Contraventions and Enforcement Action has been considered where necessary but this is very much resource led.

2.10 EK Services – Housing Benefits Quarterly Testing Quarters 3 & 4 2019/20 – An assurance is not applicable for this work

2.10.1 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.

2.10.2 Findings

For the quarters three and four of 2019/20 financial year (October 2019 to March 2020) 44 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.

2.10.3 Audit Conclusion

For this period forty-four benefit claims were checked and one had a financial error (2.27%) and there were no data quality errors.

For 2019/20 a total of eighty-four benefit claims have been checked of which three (3.57%) had a financial error that impacted on the benefit calculation and none had a data quality error.

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

3.1 As part of the period's work, four follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. Those completed during the period under review are shown in the following table.

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs. Not yet implemented	
a)	East Kent Housing – Tenant Health & Safety (Lifts)	No	No	C	2	C	2
				H	1	H	1
				M	0	M	0

				L	0	L	0
b)	EK Services – PCI-DSS	Reasonable /Limited	*Reasonable/ Limited	C	0	C	0
				H	0	H	0
				M	2	M	0
				L	2	L	0
c)	Asset Management	Limited	Reasonable	C	0	C	0
				H	6	H	0
				M	3	M	0
				L	0	L	0
d)	Housing Allocations	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	3	M	0
				L	0	L	0

*** EKS PCI-DSS (DDC)**

The assurance level in respect of PCI-DSS is Reasonable Assurance for the processes in place and Limited Assurance for being non compliant due to the annual assessments not being completed since 2017.

- 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 (Lifts):

The main issue that needed to be addressed was around the rectification of faults identified on Lift Examinations and the management of the lift maintenance contractor to ensure that lifts are well maintained and examinations are not halted due to safety or access issues.

Of the 3 recommendations that were originally agreed, all three recommendations are considered to be only partially implemented as a result of the progress recently being made since the appointment of a Lift Compliance Manager.

One additional recommendation categorised as Critical has been made (see below) as a result of a weakness identified during testing at the time of follow up.

The appointment in November 2019 of a dedicated Compliance Manager with responsibility for lifts has resulted in improvements in procedures around the actioning of faults identified on lift examination reports. Similarly, improvements are becoming evident around the monitoring of the contractors for the maintenance of lifts. While the new procedures are showing improvements, they are not yet considered embedded. Similarly, there remains a large amount of faults still outstanding on lifts which is likely to take a number of months yet to get to the point where all outstanding faults have been addressed.

At the time of the audit, 3 lifts which are still being used, did not have a current LOLER examination in place, and therefore should not be in service.

NEW RECOMMENDATION - Immediate action should be taken by the EKH Chief Executive to rescind the instruction to Zurich to keep lifts in service where faults are being identified at examination which should require the lift to be taken out of service until the work has been completed.

At the time of the initial audit we concluded that Management could have No Assurance in this area.

Following completion of this follow-up review, we recognise the significant improvements which have been made since the appointment of the Lift Compliance Manager, however, our opinion has been kept at No Assurance for the following reasons:

- 3 lifts in use at the time of the audit do not have a current LOLER certificate.
- 1 lift was kept in service for nearly 12 months with faults identified on the lift which meant that it should have been taken out of service.

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: External Funding Protocol.

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 6th 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.

- 5.3 There has of course been an impact on the work of the internal audit team as a result of the C19 Crisis. The Audit Plan for 2020-21 was prepared as usual throughout February and agreed with the s.151 Officer and MT to be presented to the March meeting, however, this was subsequently cancelled. Following this, the team was re-deployed to assist with C19 response work in the community. As a consequence, no new internal audit work has been commissioned or undertaken throughout April and May, leading to a total of 247 audit days being lost (over the partnership). The plan that was drafted for approval at the March meeting is set out in the table in Appendix 1, with a few days allocated up to the end of April. It is therefore intended to work with the s.151 Officers to agree a revised plan based on 9 month's work not 12 which will be presented at the September meeting. The second reason for delaying setting out the revised plan is to accommodate the new Housing audits which will commence after 1st October once the former EKH Ltd responsibilities have transferred back to the four councils. Except for follow up, now new EKH Ltd audit will commence before the end of September.

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 one month period to 30th April 2020, 10.35 chargeable days were delivered against the revised target of 281.54 days which equates to 3.68% 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 May 2020 against the agreed 2020-21 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 March 2020 - included separately within the Annual Report.

**PROGRESS TO DATE AGAINST THE AGREED 2020-21 AUDIT PLAN –
APPENDIX 1**

THANET DISTRICT COUNCIL:

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-05-2020	Status and Assurance Level
RESIDUAL HOUSING SERVICES:				
Homelessness	10	10	0	Quarter 3
GOVERNANCE RELATED:				
GDPR, FOI & Information Management	10	10	0.18	Draft Brief Prepared
Members' Code of Conduct & Standards Arrangements	10	10	0.18	Draft Brief issued
Officers' Code of Conduct & Gifts & Hospitality	10	10	0.18	Draft Brief Prepared
Local Code of Corporate Governance	8	8	0.26	Draft Brief Prepared
Corporate Advice/CMT	2	2	0.95	Work-in-Progress throughout 2020-21
s.151 Officer Meetings and Support	9	9	2.59	Work-in-Progress throughout 2020-21
Governance & Audit Committee Meetings and Report Preparation	12	12	1.96	Work-in-Progress throughout 2020-21
2021-22 Audit Plan and Preparation Meetings	9	9	0.53	Work-in-Progress throughout 2020-21
CONTRACT AUDITS				
Service Contract Management	10	10	0	Quarter 3
Procurement	10	10	0.18	Draft Brief Prepared
SERVICE LEVEL:				
Cemeteries & Crematoria	12	12	0.18	Draft Brief Prepared
HMO Licensing & Selective Licensing	10	10	0	Quarter 3
Coastal Management	10	10	0.18	Draft Brief Prepared
Public Health Burials	7	7	0.18	Draft Brief Prepared
Environmental Health & Safety at Work	10	10	0.18	Draft Brief Prepared
Playgrounds	10	10	0.18	Draft Brief Prepared
Disabled Facilities Grants	10	10	0.18	Draft Brief Prepared
Museums	12	12	0	Quarter 2

Ramsgate Harbour Accounts	5	5	0	Quarter 2
Members' Allowances & Expenses	10	10	0.18	Work-in-Progress
Phones, Mobiles & Utilities	8	8	0.18	Work-in-Progress
Your Leisure	10	10	0	Quarter 3
Waste & Street Cleansing Vehicle Fleet Management	12	12	0	Quarter 3
Refuse Collection	10	10	0	Quarter 4
Climate Change	10	10	0	Draft Brief issued
OTHER :				
Liaison With External Auditors	1	1	0	
Follow-up Reviews	15	15	0.61	
FINALISATION OF 2019-20 AUDITS:				
Days over delivered in 2019-20	0	-3.46	0	Allocated as below
Building Control	15	15	0.16	Draft Report
Insurance & Inventories			0.23	Finalised
Capital			5.10	Finalised
RESPONSIVE WORK:				
East Kent Housing - Tenant H&S Compliance Monitoring	0	0	0.31	Work-in-Progress
Creditors Duplicate Testing	0	0	0.78	Work-in-Progress
C19 Redeployments	0	0	25.22	Work-in-Progress
TOTAL	285	281.54	40.80	14.49%

EAST KENT HOUSING LIMITED:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-05-2020	Status and Assurance Level
Planned Work:				
CMT/Audit Sub Ctte/EA Liaison	4	4	1.03	Work-in-Progress
Follow-up Reviews	4	4	0.74	Work-in-Progress
Finalisation of 2019-20 Audits:				
Days over delivered in 2019-20	0	-26.87	0	Allocated in 19-20
Employee Health & Safety	0	0	0.59	Finalised - Limited
Responsive Work:				
	0	0	0.00	
Total	140	113.13	2.36	2.09%

EKS, EKHR & CIVICA:

Review	Original Planned Days	Revised Planned Days	Actual days to 31-05-2020	Status and Assurance Level
EKS & Civica Reviews:				
Housing Benefits Subsidy	10	10	0	Quarter 1
Housing Benefit Testing	30	30	10.67	Work in progress
Housing Benefits Overpayments	10	10	0.24	Quarter 2
Customer Services	10	10	0	Quarter 3
ICT – Disaster Recovery	15	15	0	Quarter 4
ICT – Change management	15	15	0	Quarter 3
EKHR Reviews:				
Payroll	15	15	10.07	Work in progress
Leavers	15	15	0	Quarter 2
Employee Allowances	15	15	0	Quarter 4
Finalisation of 2019/20 Audits:				
Corporate/Committee	8	8	2.72	Ongoing
Follow up	7	7	1.06	Ongoing
Days under delivered in 2019/20	5	30.69	0	Allocated
Employee Benefits in Kind		0	0.82	Work In Progress
ICT Software Licensing		0	0	
Recruitment - DBS		0	5.03	
Total	160	190.69	30.61	16.05%

Definition of Audit Assurance Statements & Recommendation Priorities

Cipfa Recommended Assurance Statement Definitions:

Substantial assurance - A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable assurance - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited assurance - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

No assurance - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

EKAP 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.