

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 2021.

2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level	No. of Recs.	
2.1	EKS/Civica - Council Tax	Substantial	C H M L	0 0 0 0
2.2	EKS/Civica - Housing Benefits Payments	Substantial	C H M L	0 2 2 0
2.3	Playgrounds	Reasonable	C H M L	0 7 6 2
2.4	Creditors	Reasonable	C H M L	0 5 3 1
2.5	Equality & Diversity	Limited	C H M L	0 4 3 0
2.6	Right to Buy	Limited	C H M L	0 19 2 0
2.7	Street Cleansing	No Assurance	C H M L	7 4 1 0
2.8	GDPR	Not Applicable - Consultancy Review		
2.9	Climate Change - Position Statement	Not Applicable - Consultancy Review		

2.10	EKS Housing Benefits Quarterly Testing 2021/22 – Quarters 1 & 2	Not Applicable
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2.1 EKS/Civica – Substantial Assurance

2.1.1 Audit Scope

To ensure that the processes and procedures established by EK Services/CIVICA are sufficient to provide the level of service required by the partner authorities of Canterbury CC, Dover DC and Thanet DC and incorporate relevant internal controls regarding the administration of Council Tax functions especially the allocation of liability, billing and the monitoring of payments for Council Tax accounts.

2.1.2 Summary of Findings

Canterbury City, Dover and Thanet District Councils are responsible for the setting and approving of the council tax rates whilst the billing and collection processes are carried out by CIVICA on behalf of each council.

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

- Council Tax is set in accordance with the relevant legislation.
- Parameters within the Council Tax system are extensively checked and reviewed before the billing process is started.
- Council Tax bills are checked to confirm they are in the correct format before the commencement of the billing process.
- Updates from the Valuation Office are actioned and reconciled to the Council Tax system on a regular basis.
- Established processes are in place for the processing of refunds, write offs and the recovery of outstanding arrears of council tax. A revision to the write off form has been agreed with the Council Tax Manager during the course of the audit so a further recommendation has not been made.

2.2 EKS Housing Benefits Payments – Substantial Assurance
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2.2.1 Audit Scope

To ensure that the processes and procedures established by EK Services/CIVICA are sufficient to provide the level of service required by the partner authorities of Canterbury CC, Dover DC and Thanet DC and incorporate relevant internal controls regarding the payments of Housing Benefit.

2.2.2 Summary of findings

On behalf of Canterbury, Dover and Thanet councils, Civica currently administers new and existing claims for Housing Benefits under an agreement. Payment runs are undertaken on a 2 or 4 weekly basis (depending on if the claim is to be paid direct to the claimant or a landlord); the amounts paid to date are given in the following table:

Authority	Made to date (Jan 2022) £
CCC	8,028,723
DDC	11,458,481
TDC	24,460,314

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

- There is a contract in place between Civica and all three partner councils for this service, which is being monitored and managed;
- There are adequate, relevant, up to date and easily accessible procedures and guidance notes for staff;
- From the samples tested there are adequate controls in place to ensure payments made are accurate; checked and being made in a timely manner;
- Preventative and checking controls are in place for payments over £1000;
- Bank details and change controls are in place to ensure payments are issued correctly; however the defaulted position for bank account details needs to be reviewed on claimant forms and within systems to minimise carry over into the payments system and cause unnecessary delays.

Scope for improvement was however identified in the following areas:

- Up to date retention schedule and policy statements need to be in place; and
- To enhance the authorisation process for the payment run and to check on payment duplications a management spot check process on duplications identified within the verification report should be in place;

2.3 Playgrounds – Reasonable Assurance

2.3.1 Audit Scope

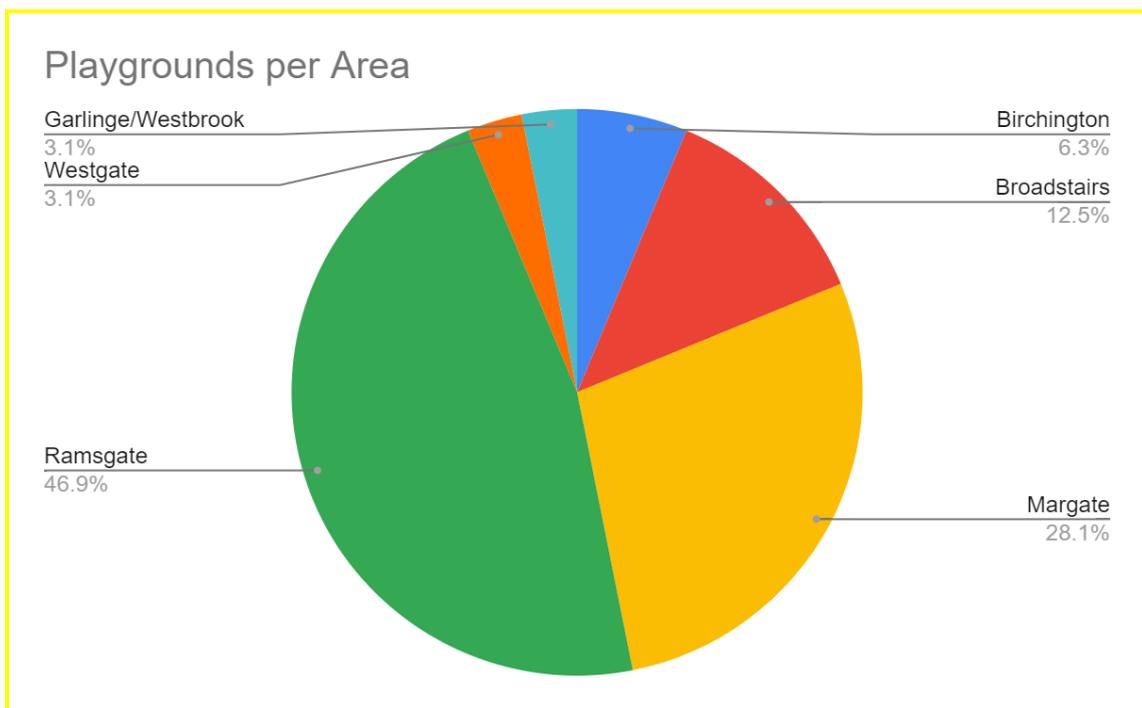
To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the service provision regarding playgrounds and the equipment located within them ensures that they are safe, well maintained and are robust to meet their intended use for the future

2.3.2 Summary of Findings

The Council provides 33 play areas (excluding MUGA's and Skate Parks) across the district, featuring play equipment for all ages.

These Council owned areas of land are provided for the benefit and enjoyment of both residents and visitors and the Grounds Maintenance Team are responsible for the upkeep of such community areas.

The division of playgrounds across the district can be evidenced as follows:



There is currently a 3 tier inspection system in place, Tier 1 and Tier 2 inspections are being undertaken by 4 qualified TDC inspectors on a weekly and quarterly basis, retrospectively. Level 3 inspections are undertaken by a contractor at a cost of c.£2000pa.

The budget set for the maintenance of these areas is currently £21,950.

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

- There is a 3-tier inspection process in place which complies with that recommended by RoSPA to satisfy the Health and Safety at Work Act (1974).
- The annual ROSPA inspection process and findings are being documented.
- The budget management and monitoring process in place is working well with the funding structures being detailed.
- The Council is adequately protected by insurance in respect of equipment and public liability. The recording of incidents for insurance claims is in place and working well.

Scope for improvement was however identified in the following areas:

- Strategies, policies and procedures need to be put in place regarding the provision and maintenance of playgrounds to ensure that the Council is in compliance with legislative requirements and to document the decision processes for day to day operations.
- The inspection sheet requires an update to ensure all details of the site visit are recorded i.e. time of visit, who attended, all equipment on site needs to be listed and details of any photos taken of works undertaken. Also, a distinction between a Tier 1 and Tier 2 inspection needs to be made more prevalent as the same inspection template is being used for both inspection processes.
- A programme of works needs to be set up to minimise the overlaps in inspections and ensure all tier levels of inspection are occurring when they are suppose to be i.e. Tier 1 - Weekly, Tier 2 - quarterly and Tier 3 - Annually.
- Tier 1 and 2 inspections are still heavily paper based and could benefit with becoming digitised, as recognised within the Service Standards.
- A follow-up process to the Annual RoSPA Inspections to record management actions and decisions taken on those recommendations made needs to be evidenced.
- Currently two of the four inspectors are operating under expired certificates, they need to be signed up to a training programme as soon as possible.
- The funding structure list being maintained by Finance could benefit from a review as some playgrounds were found to be either not set or not detailed. Plus, any notifications on the confirmation on transfers of land to parish councils needs to be kept on file to evidence the end of the maintenance and inspection process in place by the Council.

2.4 Creditors and CIS – Reasonable Assurance

2.4.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that only bona-fide invoices are paid, and that

the correct procedures have been applied in the way in which the expenditure was incurred

2.4.2 Summary of findings

The Council currently has 2389 suppliers set up within their financial system; eFinancials and process on average 250-300 invoices per week. This creditors function consists of two members of staff (1 full time and 1 part time) who have sound knowledge and considerable experience surrounding the creditors process and the controls necessary to ensure that bona-fide invoices are paid. The Council's creditors function has worked hard to go paperless and approximately 96% of invoices are now being received and processed electronically.

- Total net payments made by the Council in 2020/21 was: £351,875,453.91
- Total net payments made by the Council for 2021/22 (to p7) is: £197,390,531.49
- Total number of creditor transactions in 2020/21 was: 10388
- Total number of creditor transactions in 2021/21 (to p7) is: 6548
- The Council set a target to pay 98.5% of undisputed invoices within 30 days; the actual result achieved for 2020/21 was 94.28%. The result achieved for 2021/22 (to date) is currently 94.42%

It should be noted that there is currently a project in place to procure and implement a new Financial Management System. Therefore systems and processes are due to change in October 2023.

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

- Testing has established that there is a documented system in place and it is working effectively to ensure that only bona-fide invoices are being processed and paid.
- There are up to date authorised signatories in place for staff involved with the Creditors process, however these will need to be reviewed to ensure all processes have been documented.
- The batch control and payment processes are well established with defined separation of duties, including the authorisation process.
- Processes are in place for the goods ordering process which comply with the current Financial Procedure Rules. This has been adequately managed and checked via the use of a google sheet.
- All manual, faster and one off payments have been adequately documented, with batch controls and authorisation processes in place.
- Reconciliation processes have been evidenced throughout.
- CIS deductions and payments to HMRC are in place and working well.

Scope for improvement was however identified in the following areas:

- Whilst a robust system is in place to prevent fraud, changes to supplier bank details need to be documented via the procedural notes with a management check and authorisation process put in place;

- Although the BVPI 8 calculation (or its equivalent) is being calculated and reported to management, there is a requirement under Regulation 113(7) of the Public Contracts Regulations Act 2015 to produce and publish those figures relating to payment of invoices, interest due and interest paid (BVPI 8). The Council's web pages are out of date (latest information relates to 2015/16) and this data therefore needs to be backdated and published. The target set for BVPI 8 is also not being achieved, this could indicate the need for training or reminders on the implications of late payments to the authority; management action is required in order for the figure to be improved.
- Duplication checks (outside of an audit) and exception reports need to be implemented.

2.5 Equality & Diversity – Limited Assurance

2.5.1 Audit Scope

To ensure that the Council meets its own Equality & Diversity Policies and complies with the Equality Act 2010 and any other relevant legislation.

2.5.2 Summary of Findings

The Equality Act 2010 legally protects people from discrimination in the workplace and in wider society. It replaced previous anti-discrimination laws with a single Act, making the law easier to understand and strengthening protection in some situations. The Council's Equality and Diversity Policy states that it *'seeks to promote and uphold the principles of equality, diversity, fairness and inclusion within our employment practices, service design and delivery, procurement and partnership working. The policy also sets out how TDC will comply with the Equality Act 2010 and Public Sector Equality Duty.'*

An Equality Policy is a key strategic document that sets out how equality related objectives and performance will be managed and monitored. The Council will naturally be preparing for reviewing this policy during the course of 2022 in accordance with the Equality Act 2010.

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

- 53.5% of staff have not completed any form of Equality & Diversity training and only 16.5% of staff have completed the e-learning within the past three years in accordance with corporate instruction;
- The equality related governance arrangements are not working effectively. Equality related objectives should be clearly stated within the equality policy and monitored through relevant performance metrics through the performance management process;
- Equality Impact Assessment documentation is not consistently completed; and
- The Council has not published information on equality and diversity for its staff or service users in compliance with the Equality Act 2010.

Effective control was however evidenced in the following areas:

- There is a Equality Policy in place that says the right things but needs to be refreshed with stronger governance arrangements and clear objectives; and
- Equality Impact Assessments are being considered but aren't always documented.

2.6 Right to Buy – Limited Assurance

2.6.1 Audit Scope

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

2.6.2 Summary of Findings

The right to buy scheme allows most council tenants to buy their council home at a discount through an application process. Discounts awarded are based upon a qualifying period which must be a minimum of 3 years. The discounts start at 35% for a House and 50% for a flat and then increase after 5 years by 1% (House) and 2% (flat) each qualifying year after, to a maximum discount of either 70% or £84,600 (whichever is reached first). This maximum discount is increased each year in accordance with the CPI index.

Nationally there is a focus on counter fraud work on social housing as it has been targeted in several ways over the years, for Right to Buy tenants are both victims of 'organised' crime and sometimes the perpetrators of a fraud. Housing tenancy fraud within social housing has been estimated to currently cost the government £900 million each year. This ultimately comes at considerable cost to the taxpayer with social housing fraud identified as the largest type of fraud loss across local government. Legislation came into effect to assist with prosecutions in this area in 2013. The Council took part in a pilot scheme in 2020 with Ashford Borough Council's Counter Fraud Team, and from October 2021 has entered into an agreement with Ashford Borough Council to undertake checks if there is a suspicion of fraud.

According to the figures provided for the review the Council has dealt with the following number of applications for the last three year period:

Year	Total applications received (includes live applications at year end)	Total applications denied by Council	Total applications withdrawn by applicant	Total Applications closed and (RTB17 notice issued)	Total properties sold (as per records held on google drive)	Selling price net of discounts (sourced from finance)
2018/19	31	2	8	2	5	£345,800.00
2019/20	34	1	7	6	20	£2,019,518.80
2020/21	50	10	10	23	5	£556,550.00

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

- A strategy, policy and procedures should be in place to document the Council's decision processes and day to day operations for this function.
- To keep tenants informed of their options and in accordance with legislation the Council should produce, issue and keep up to date a Right to Buy information document. Also, consideration to providing information of the scheme via the Council's web pages should be given.
- More detailed counter fraud verification and property checks should be implemented and evidenced prior to a decision being made on the admittance or rejection of the application.
- Evidence of counter fraud tenant checks should be retained on file and obtained prior to the RTB2 being issued. These should include ID, proof of residency, current tenancy agreement and relevant financial checks, wherever possible a door knock to prove residency should also be undertaken.
- Timeframes need to be more rigorously managed and monitored to ensure financial penalties are not incurred.
- A copy of the proforma should also be supplied to Legal Services as a final check prior to authorisation and final completion of the sale.
- There is evidence of the cost floor being calculated, however this could be strengthened by extracting and evidencing financial information for all costs incurred for the property over the 10 year period.
- From the samples tested there was evidence of one property being mis-sold; the cost of this loss of social housing is valued as £80,900 (the maximum discount applied at the time). It is not possible to recover the property.

Effective control was however evidenced in the following areas:

- There is a masterfile being maintained of all applications being received by the Council, each application is given a unique reference number and evidence of all decisions taken; key dates; tenancy type and length; sales price; discount applied and when the file was passed to legal are contained therein.

- The purchase price and discounts allowable have been correctly calculated and administered.
- In order to protect the Council's on-going interest in the property a covenant or a condition of the lease is placed upon the property to ensure that if sold within 5 years a percentage of the discount is recouped and evidence of this is being retained on file.
- The Conveyancing process is working well.

2.7 Street Cleansing – No Assurance

2.7.1 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.

2.7.2 Summary of findings

Under the Environmental Protection Act 1990, local authorities have a statutory duty to provide clean streets, footways and open spaces that are in public ownership. All towns and villages are divided up into “zones” with the busiest being cleaned more regularly. The Defra Code of Practice on Litter and Refuse provides a practical guide to the discharge of these duties. Parts of the Code are compulsory and parts are discretionary e.g. sweeping pavements.

As part of the process for developing the current Corporate Statement, feedback from residents indicated that clean streets were listed as one of the three main priorities to residents. In response to that, the current Corporate Statement contains a promise to residents that the Council will ‘Extend the use of Mechanical Sweeping equipment’. In 2019 when the Corporate Statement was both developed and introduced, the Council had 5 mechanical sweepers, and 5 drivers for those machines.

Management can place No Assurance on the system of internal controls in operation around the operation of the Street Cleansing function to keep the District clean. This is the third successive internal audit to report either Limited or No assurance in this key Corporate Plan objective area; whilst the service is operating in a very challenging environment, the current direction of travel is downwards.

The primary findings giving rise to the No Assurance opinion in this area are as follows:

- The Council is failing to meet its statutory obligations under the Environmental Protection Act 1990 (and associated Defra Code of Practice) as it has no service standards in place, and has not applied zones to areas across the District. The lack of service standards has also been highlighted as a Critical priority recommendation in the previous two audit reports.

- The Council is failing to deliver on its promise to residents to extend the use of mechanical sweeping.
- The Council has not made any information available to the public relating to minimum levels of cleanliness or response times to complaints relating to Street Cleansing.
- Inspections are not currently being undertaken to monitor levels of cleanliness across the District.
- Expenditure on Street Cleaning has risen in the last three years, yet the amount of cleansing taking place has significantly reduced over the same period.
- The high levels of breakdowns on mechanical sweepers have meant that in recent months, of a potential 100 days of mechanical sweeping possible in a month, three days sweeping (3%) was completed in September, and one day (1%) was completed in October. No sweeping was completed in the first half of November.
- In addition to the lack of mechanical sweeping, the Council has 11 manual operatives employed to clean the whole of the District, this resource should be reviewed to determine how it could potentially meet the expectations of residents across the District.
- The Council does not have sufficient drivers in place for all 5 mechanical street sweepers (for when these are repaired) expensive machinery is therefore sitting idle, while the level of cleanliness on the streets is declining.
- Operatives have not been consistently undertaking the requisite maintenance and cleaning of the mechanical sweepers required to help keep them in good working order.
- From a random sample of 10 residential streets outside of the immediate town centre areas, five streets are not included on either an manual or mechanical sweeping round and are only attended upon request.

Effective control was however evidenced in the following areas:

- Risk Assessments are in place covering the tasks undertaken by the Street Cleansing function.
- Suitable PPE is available to staff as required
- Accidents and near misses are recorded and subject to review by the Corporate Health and Safety Officer.
- Scheduled maintenance on vehicles is planned in advance with details of maintenance completed being suitably recorded.
- Drivers of vehicles are completing daily checks on vehicles and documenting and reporting any defect identified through those checks.
- Keys to vehicles are held securely overnight when vehicles are not in use.

Management Response

Service Director Response - Street Cleansing Audit January 2022

I am disappointed at the outcome of this internal audit. Whilst it is understood that the focus of the audit is on risk management rather than service performance I do not

agree with the 'No Assurance' rating as this is not a true reflection of the service being provided to the public. I also disagree that there is sufficient justification for any of the critical ratings in the action plan, the risks presented do not fit well with the definition given for a critical action. However actions have been drafted in response to the risks identified and these will be progressed to agreed timescales.

The draft audit brief was accepted in September 2021 but it was not clear from this document that the focus would be confined to street sweeping only and there is no mention of other important cleansing service functions such as:

- the routine task of emptying more than 600 street bins
- the routine task of emptying communal bins and recycling bring sites (a function of the street cleansing team)
- seasonal agency cleansing work including beach/promenade cleaning and emptying more than 100 seasonal bins
- clearance of fly tipped waste
- ad hoc cleaning tasks by the Environmental Operatives including deep cleans.

Operational Services has continued to deliver statutory services throughout the pandemic despite significant impact from Covid related absence. During the last 18 months it has been necessary to prioritise the household waste and recycling service from a business continuity perspective in response to both the pandemic and EU exit which was the catalyst for the continued HGV driver shortage. It is worth mentioning that as a result of this strategy and the hard work of operational staff we have not dropped a single planned waste and recycling round. This is something to be proud of with most other Kent districts suffering some form of service disruption of varying impact.

During this same 2 year period we have seen an unprecedented number of visitors to the district's coastline and beaches in the 2020 and 2021 seasons and have had to react by increasing the standard and duration of cleansing to meet demand and pandemic requirements. In September 2021 we published [statistics](#) on the summer season and the scale of the successful seasonal cleansing operation.

As a result of the significant efforts by the service, the number of complaints received regarding street cleansing remains very low which is an excellent indicator of the standard of service provided.

This audit appears to place a great deal of focus on mechanical street cleansing. It is agreed that this is an important element of the service but the issue with the current mechanical plant has been well communicated and plans are in place for a permanent solution to the issue which is a result of unanticipated vehicle failure.

In summary, the outcome of this audit is considered to be disproportionate and does not represent the actual performance of the service or the hard work of the street cleansing team.

2.8 GDPR – Not Applicable; Consultancy Review

2.8.1 Audit Scope

- To provide audit consultancy on the adequacy and effectiveness of the procedures and controls established to ensure that the Council creates, holds, and maintains personal information about living individuals in accordance with the requirements of the GDPR and deals with subject access requests and information sharing requests in accordance with the Act.
- To provide audit consultancy that the Council has identified all GDPR related risks arising from the move to home working caused by the COVID-19 pandemic and has taken all reasonable steps to mitigate these risks as far as it possible

2.8.2 Summary of Findings

GDPR and the new Data Protection Act was introduced in May 2018 and is the toughest privacy and security law in the world. Though it was drafted and passed by the European Union (EU), it imposes obligations on organisations anywhere, so long as they target or collect data related to living people in the EU. The regulation was put into effect on May 25, 2018 and was adopted by the UK Government. The GDPR will levy harsh fines against those who violate its privacy and security standards, with penalties reaching into the tens of millions of euros.

The risks relating to GDPR are largely financial (fines from the regulator) and reputational (poor publicity following a major breach). The latest data breach information from the ICO for Q1 2021/22 is set out below and shows that in the last quarter, 92% of data protection incidents in local government were created by human error compared with 73% in all other sectors.

ICO Breach statistics for Q1 2021/22

	Local Government	All other sectors
Human Error	218 (92.4%)	1,646 (71.1%)
Cyber Related	236 (7.6%)	670 (28.9%)

This review was approved following a well received piece of audit consultancy work undertaken on behalf of a neighbouring local authority. The audit consultancy process used the initial audit findings (October 2018), the audit follow-up findings, the information asset registers, Thanet staff training records, auditor knowledge on processing activity and published privacy notices to identify and assess the risks facing the Council.

The following weaknesses have been identified and should be addressed in order to mitigate high risks relating to non-compliance with GDPR: -

- There is not a robust data protection training programme in place;
- Information asset registers are largely incomplete, not detailed enough or have not been reviewed since 2018;
- There are nine privacy notices that have not been published on the website;
- In the absence of the Data Protection Officer, leadership on data protection issues is weak;
- Increases in home working due to covid-19 has highlighted some additional data protection risks which can largely be addressed through the introduction of home working guidance for staff;
- CIGG policy updates are not being added to the list of policies made available on TOM;
- A risk assessment carried out by internal audit based on information provided during the audit has identified that the following departments are at of particular concern for data protection compliance risks:-

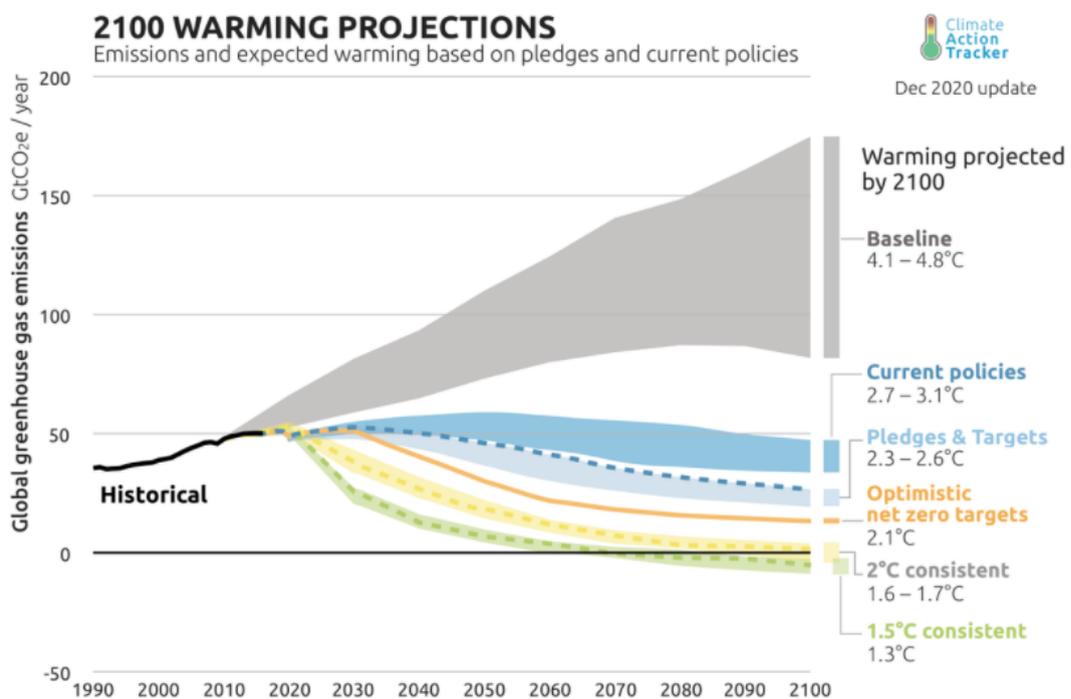
- i) Public Health Development;
- ii) Community Safety;
- iii) Enforcement Services;
- iv) Housing Services;
- v) Housing Options;
- vi) Open Spaces;
- vii) Street Cleansing;
- viii) Street Scene Enforcement;
- ix) Regulatory Services;
- x) Electoral Services;
- xi) Legal Services;
- xii) Information Governance;
- xiv) Tenant and Leaseholder Services; and
- xv) Kent Innovation Centre.

Effective control was however evidenced in the following areas:

- The Council has taken action to address to resolve all but four of the recommendations made in the initial audit report in 2018;
- There is a data protection policy in place which adequately sets out roles and responsibilities in relation to data protection;
- The Information Asset Registers are partially complete and are a good starting point for senior managers to build upon;
- There are pockets of good practice in place across the entire Council; and
- The CIGG helps to develop cyber security policies and helps mitigate cyber security risks.

Introduction

Human activity has warmed the earth by about 1°C since pre-industrial times and the impacts of this are felt across the globe. Warming continues unabated, making this an urgent problem. The goal of the Paris Agreement is to limit global warming to well below 2°C, preferably 1.5°C compared to pre-industrial levels. It is difficult to project future global temperatures to a single figure as there are so many uncertainties and influencing feedbacks (e.g. release of GHGs from permafrost) however [Climate Action Tracker](#) puts the globe somewhere between 4.1° C and 4.8° C by 2100, if policies do nothing to reduce GHGs. One or two degrees may seem very little, but temperature rises of between 2.0-4.9°C threatens a million species with extinction over the next few decades and would result in a complete loss of sea ice, tropical rainforests and coral reefs; droughts and storms could render much of the planet uninhabitable and cause devastating human suffering and conflict.



(climateactiontracker.org)

In 2019 the Council, and around 230 other local government authorities ([LGA](#)), recognised the severity of this situation and declared a climate and ecological emergency in order that action could be taken to reduce harmful greenhouse gases and other emissions; loss of biodiversity would also be addressed.

This review looks at progress to date, highlights any gaps, and suggests further ways of reaching the Council's zero net carbon and improved biodiversity goals.

Progress to date and future plans

The Council has taken a lot of positive steps to tackle the climate emergency and ecological crisis, these include:

- Employment of a Climate Change Officer.
- Compilation of a low carbon action plan.
- Basic carbon footprint calculated.
- Looking at opportunities to move to renewable energy suppliers for electricity.
- New 'no mow' areas agreed by Cabinet to increase biodiversity.
- Climate Change Officer working group set up, current members include:

Housing Strategy and Projects Manager

Home Energy Officer

Environmental Protection Manager

Strategic Planning Manager

Director of Environment (Seconded)

Director of Communication

Climate Change Officer

Corporate Director Communities

- A biodiversity group has recently been set up.
- A funding bid for more trees will shortly be submitted and if successful will be in part a community led project.
- Public sector decarbonisation funds successfully obtained.
- Climate related articles such as 'how to reduce your carbon footprint' have been promoted on the Council's website and via the internal Scoop publication.

Ideas for improvement

- Creation of a wide audience friendly low carbon and biodiversity strategy, which includes for example, the Council's current carbon footprint.
- Review of all current policies to ensure they align with the Council's climate emergency commitment.
- Aim for a green thread that runs throughout the Council.
- When replacing corporate fleet vehicles, evaluate non-combustion engines such as electric and/or alternative fuel types such as hydrogen and biofuel; from 2030, petrol and diesel vehicles will no longer be sold in the UK.
- Ensure that biodiversity net gain is achieved for new developments, that existing trees are protected and new houses are built to high environmental specifications.
- Developers should be encouraged to build new houses which are energy efficient and designed for climate adaptation; these should include for example, installation of heat pumps (instead of gas boilers), solar panels and water harvesting as well as recycling of 'grey' water.
- Work in partnership with local transport providers to improve links and to introduce non-combustible engines and biofuel.
- New environment consideration statement in all cabinet reports - discussed with Climate Change Officer who will investigate this alongside staff training requirements.

- Include more representatives from across the Council at the climate change officer group (e.g. waste, asset management, transport, procurement, finance).
- Carbon literacy training for all staff.
- Raise the profile of climate and ecology on internal communications / publications.
- All staff invitation to submit ideas, get involved, volunteer as green champions etc.
- Subscribe to a recognised environmental and sustainability body such as IEMA (Institute of Environmental Management and Assessment).
- Use the LGA and other local councils to lobby the government for additional funding.
- Determine the need for a climate risk assessment of assets, geographical area and residents.
- It would be prudent to include climate impacts on the Council's strategic risk register.
- The Climate Change Officer has achieved a lot in a short space of time but would greatly benefit from additional support.
- Investigate opportunities for partnership work e.g. with universities.

Conclusion

In comparison with other councils such as Cornwall, the Council is in the early stages of tackling the climate and ecological emergency and is making progress towards its carbon net zero commitment. Some upscaling or further investment, as well as planning and implementing actions over the next 2-5 years, will be critical if the Council is to achieve its 2030 promise.

2.10 EKS Housing Benefits Quarterly Testing 2021/22 – Quarters 1 & 2 Not applicable for an assurance

2.10.1 Introduction

Over the course of 2021/22 financial year the East Kent Audit Partnership completes a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

2.10.2 Findings

For the first and second quarters of 2021/22 financial year (April to September 2021) thirty claims including new and change of circumstances of each benefit type were selected by randomly selecting the various claims for verification. Below is a summary table of the findings:-

A 'fail' is categorised as an error that impacts on the benefit calculation. However, data quality errors (such as an incorrect NINO) 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 thirty benefit claims were checked and two (6.66%) of the claims had a financial error 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, 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. The review completed during the period under review is shown in the following table.

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs. Not yet implemented	
a)	Procurement	Substantial	Substantial	C	0	C	0
				H	1	H	0
				M	0	M	0
				L	0	L	0
b)	Local Code of Corporate Governance	Limited	Reasonable	C	0	C	0
				H	8	H	2
				M	6	M	0
				L	2	L	0
c)	EKS - Key Performance Indicators	Substantial	Substantial	C	0	C	0
				H	0	H	0
				M	1	M	0
				L	1	L	0
d)	EKS - ICT Software Licensing	Reasonable /Limited	Reasonable	C	1	C	0
				H	1	H	0
				M	1	M	0
				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 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.

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: Tenancy & Estate Management, Maritime, Risk Management, Income & Cash Collection, Electoral Registration & Election Management, Risk Management, Repairs and Maintenance, Budgetary Control, and Recruitment.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

- 5.1 The 2021-22 internal audit plan was agreed by Members at the meeting of this Committee on 3rd March 2021.
- 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 are made to the plan during the course of the year as some high profile projects or high-risk areas may be 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. As a result of the HR service being brought back in house, the TDC Audit Plan has been increased by 10 days.

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, 225.77 chargeable days were delivered against the target of 330 days which equates to 68.41% 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 2021 against the agreed 2021-22 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 yet to be followed up.
- Appendix 5 Balanced Scorecard.

**PROGRESS TO DATE AGAINST THE AGREED THANET DISTRICT COUNCIL
2021-22 AUDIT PLAN – APPENDIX 1**

Area	Original Planned Days	Revised Budgeted Days	Actual days to 31-12-2021	Status and Assurance Level
FINANCIAL GOVERNANCE:				
Creditors & CIS	10	12	13.71	Finalised - Reasonable
Income & Cash Collection	10	10	0.49	Work-in-Progress
Budgetary Control	10	10	6.65	Work-in-Progress
HOUSING SYSTEMS:				
Temporary Accommodation	12	0	0	Postponed
Right to Buy	10	10	10.74	Finalised - Limited
Responsive Repairs & Maintenance	15	15	1.7	Work-in-Progress
Tenant Health & Safety	10	0	0	See Housing Regulator Review
Rechargeable Works	10	0	0	Postponed
Resident Involvement	10	0	0	Postponed
Tenancy & Estate Mngmt	10	15	15.83	Work-in-Progress
TECHNOLOGY/CYBER RISKS:				
Cloud Computing/Digital	10	10	1.27	Quarter 4
GOVERNANCE RELATED:				
Corporate Advice/CMT	2	2	3.69	Work-in-Progress
s.151 Officer Meetings and Support	9	9	9.28	Work-in-Progress
Governance & Audit Committee Meetings and Report Preparation	12	12	10.82	Work-in-Progress
2021-22 Audit Plan and Preparation Meetings	9	9	8.88	Work-in-Progress
HR RELATED:				
Recruitment	0	10	0.28	Work-in-Progress
PERFORMANCE MANAGEMENT:				
Performance Management	10	10	0	Postponed
RISK MANAGEMENT:				
Risk Management	10	10	0	Work-in-Progress

PROCUREMENT & CONTRACT MANAGEMENT:				
Service Contract Management	12	12	0	Postponed
ASSET MANAGEMENT:				
Commercial Let Properties and Concessions	10	10	16.96	Finalised - Limited
SERVICE LEVEL:				
Thanet Lottery	15	15	0	Quarter 4
Electoral Registration & Election Management	10	10	2.69	Work-in-Progress
Playgrounds	10	10	10.17	Work-in-Progress
Equality & Diversity	10	10	15.63	Finalised - Limited
Land Charges	10	10	3.26	Finalised - Substantial
Ramsgate Marina	12	12	0.58	Work-in-Progress
Ramsgate Harbour Accounts	5	5	4.94	Finalised - N/A
Events Management, Sports & Community Development	10	0	0	Postponed
Garden Waste	12	12	0.36	Work-in-Progress
Street Cleansing	14	14	11.29	Finalised - No Assurance
OTHER :				
Liaison With External Auditors	1	1	0.54	Work-inProgress
Follow-up Reviews	15	15	19.17	Work-inProgress
FINALISATION OF 2020-21 AUDITS:				
Procurement	5	65	8.93	Finalised - Substantial
Coastal Management			4.32	Finalised - Substantial
GDPR & Homeworking Implications			11.16	Finalised - N/A
Playgrounds			10.17	Work-in-Progress
Local Code of Corporate Governance			1.81	Finalised - Limited
Climate Change			8.06	Finalised- N/A
Housing Regulator Review			19.96	Finalised - Reasonable
RESPONSIVE WORK:				
HRA Properties Data Match	0	0	2.59	Finalised- N/A
TOTAL	320	330	225.77	68.42%

(Note - From 1st September EKHR has been taken back in house by the three partner councils and the TDC plan has increased by 10 days)

**PROGRESS TO DATE AGAINST THE AGREED EKS, EKHR & CIVICA
AUDIT PLAN 2021-22:**

Review	Original Planned Days	Revised Planned Days	Actual days to 31/12/2021	Status and Assurance Level
EKS Reviews;				
Council Tax	15	15	10.65	Finalised - Substantial
Housing Benefit Testing	15	15	12.60	Ongoing
Housing Benefit Payments	15	15	13.73	Work-in-Progress
Customer Services	15	0	-	Deferred
ICT – Change Controls / Updates	15	15	0.20	Quarter 4
ICT – Procurement & Disposal	15	15	0.14	Quarter 4
KPIs	5	5	0.74	Quarter 4
Payroll	18	18	16.42	Finalised - Substantial
EKHR	32	0	0.20	Trs to partner councils
Other;				
Corporate/Committee	8	8	6.49	Ongoing
Follow Up	3	3	2.69	Ongoing
Housing Benefit Verification Framework	0	1	0.95	Finalised – N/A
Restart Grants	0	6	6.59	Finalised - N/A
Finalisation of 2020/21 Audits:				
ICT Disaster Recovery	5	1	0.35	Finalised - Reasonable
Housing Benefit Testing 2020/21		5	5.45	Finalised – N/A
ICT Software Licensing		9	9.63	Finalised - Reasonable / Ltd
Total	160	128	86.83	67.84%

(Note - From 1st September EKHR has been taken back in house by the three partner councils and the EKS plan has reduced by 32 days)

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.

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

Original Recommendation	Agreed Management Action , Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
<i>Local Code of Corporate Governance - November 2021</i>		
<p>The people strategy pages on the intranet require a refresh as some of the action points are out of date/overdue, this will impact on the assurance statement and future action plans.</p>	<p>Recommendation presented to Governance & Audit Committee 28/07/21.</p> <p>Proposed Completion Date: 31 August 2021</p> <p>Responsibility: Director of Governance and/or Director Law & Democracy</p>	<p>The People Strategy cannot be updated at the moment. The CEX, HR Manager and I have spoken about this strategy and the decision on how and if to update it is still under consideration. However, I have reviewed the strategy and most of the issues within it are still valid and in operation, e.g. the Appraisal process, communication strategy, learning and development etc.</p> <p>Auditor Comments - The intranet pages have not been updated, however management have further advised that there are discussions being had with the Digital team to have these re-freshed.</p> <p>Outstanding</p>
<p>Implement a training programme for staff and members regarding the Transparency Code.</p>	<p>Recommendation presented to Governance & Audit Committee 28/07/21.</p> <p>Proposed Completion Date: 31 August 2021</p> <p>Responsibility: Director of Governance and/or</p>	<p>All items required to be published under the Transparency Code, are published. Staff and members are aware and receive training in the requirements of FOI etc. The officers who oversee the issues of transparency - the CEX, the MO, the S151 Officer, Service</p>

	Director Law & Democracy	<p>Directors and Managers, are all aware of the requirements.</p> <p>Auditor Comments - evidence is required to establish level of knowledge and understanding on duties placed upon key officers, especially as the webpages and published information was found to not be up to date i.e. Provide the training programme for officers and members.</p> <p>Outstanding</p>
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SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED – APPENDIX 4

Service	Reported to Committee	Level of Assurance	Follow-up Action Due
EKHR Disclosure & Barring Service	November 2020	Limited	Work-in-Progress
Equality & Diversity	March 2022	Limited	Spring/Summer 2022
Right to Buy	March 2022	Limited	Spring/Summer 2022
Street Cleansing	March 2022	No Assurance	Spring/Summer 2022

BALANCED SCORECARD

QUARTER 3

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Original Budget</u>
	Quarter 3		Reported Annually		
Chargeable as % of available days	90%	80%	<ul style="list-style-type: none"> ● Cost per Audit Day 	£	£356.35
Chargeable days as % of planned days			<ul style="list-style-type: none"> ● Direct Costs 	£	£459,443
CCC	59.31%	75%	<ul style="list-style-type: none"> ● + Indirect Costs (Recharges from Host) 	£	£10,945
DDC	77.25%	75%	<ul style="list-style-type: none"> ● - 'Unplanned Income' 	£	Zero
TDC	68.42%	75%			
FHDC	79.68%	75%			
EKS	67.84%	75%			
Overall	71.89%	75%	<ul style="list-style-type: none"> ● = Net EKAP cost (all Partners) 		£470,388
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> ● Issued ● Not yet due ● Now due for Follow Up 	49 15 17	- - -			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Target</u>
	Quarter 3		Quarter 3		
Number of Satisfaction Questionnaires Issued;	46		Percentage of staff qualified to relevant technician level	74%	74%
Number of completed questionnaires received back;	19		Percentage of staff holding a relevant higher level qualification	38%	38%
	= 41%		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	4.99	3.5
<ul style="list-style-type: none"> ● Interviews were conducted in a professional manner ● The audit report was 'Good' or better ● That the audit was worthwhile. 	95%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	38%	38%
	100%	90%			
	100%	100%			