

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

**1.0 INTRODUCTION AND BACKGROUND**

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 30th June 2023.

**2.0 SUMMARY OF REPORTS**

Service / Topic		Assurance level	No. of Recs.	
2.1	Garden Waste & Recycling Income	Substantial	C H M L	0 0 0 1
2.2	HRA Business Plan	Substantial	C H M L	0 3 1 2
2.3	Insurance & Inventories of Portable Assets	Substantial	C H M L	0 0 0 0
2.4	Environmental Protection Service Requests	Reasonable	C H M L	1 2 2 0
2.5	Rent Accounting, Collection & Debt Management	Reasonable/Limited	C H M L	1 6 2 1
2.6	EKS Data Management Desegregation Project	Limited	C H M L	0 6 1 0
2.7	Employee Health & Safety	Limited	C H M L	2 22 3 3
2.8	Planned Maintenance - Contract Letting & Management	No	C H M L	0 10 0 0
2.9	East Kent Opportunities	No	C H M L	0 8 0 0

## **2.1 Garden Waste and Recycling Income- 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 waste recycling income, comprising Garden Waste, food waste, paper/card, glass, tin and plastic is being correctly charged for, in accordance with Council policy / agreements and that all income is correctly received and reconciled.

### **2.1.2 Summary of findings**

Management can place Substantial assurance on the system of internal controls around the operation of the Garden Waste Service and recycling income. The primary findings giving rise to the Substantial assurance opinion are as follows:

- Fees for Garden Waste have been suitably approved in line with the Council's constitution.
- Fees for the Garden Waste service are being correctly applied.
- Suitable controls are in place to ensure that the service is only provided after payment has been made.
- Where Garden Waste subscriptions are not renewed, suitable action should be taken to remove the bin and discontinue further collections from the property.
- Invoices are being raised at the correct value in respect of recyclable materials collected.
- Performance in respect of Garden Waste and recycling is accurately calculated based on independently collected data. Performance is reported at regular intervals as part of the Corporate Performance reporting process.

## **2.2 HRA Business Plan – Substantial Assurance**

### **2.2.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council maintains a Housing Revenue Account in accordance with section 74 of the Local Government and Housing Act 1989 and that the current business plan clearly demonstrates that the Council can maintain its properties to the Decent Homes Standard Plus for the full 30 years of the plan (which runs to 2036).

### **2.2.2 Summary of findings**

Management advised that whilst there is not a legislative requirement to maintain a 30 year plan, it is good practice to ensure that long term financial planning is undertaken. The Local Government and Housing Act 1989 states that authorities must formulate proposals in respect of HRA income and expenditure for the financial year which, on

the best assumptions and estimates that the Council is able to make at the time, ensure that the HRA does not show a debit balance.

According to the Council's Website and Spring Housing Factsheet, the Council Housing portfolio consisted of the following for which on-going maintenance works are required:

## Types of housing in stock

Number of units	Size of unit
80	Bedsits
561	1 bedroom
1374	2 bedroom
908	3 bedroom
96	4+ bedroom

(Data c. 31 March 2020)

As reported on 09 February 2023 the HRA reserves were as follows:

**Table 3 HRA Reserves**

Reserves	31 Mar 23	Movement	31 Mar 24	Movement	31 Mar 25
	£000	£000	£000	£000	£000
HRA - Balances Reserve	4,771	-1,436	3,335	108	3,443
HRA - New Prop/ Repairs Reserve	0	0	0	0	0
HRA - Major Repairs Reserve	14,952	-3,722	11,230	-4,466	6,764
<b>Total</b>	<b>19,723</b>	<b>(5,158)</b>	<b>14,565</b>	<b>(4,358)</b>	<b>10,207</b>

The HRA Capital Projects - To date the Council has delivered 161 additional homes over the last nine years, with funding already in place for 47 more (new build phase 4). The business plan incorporates new build expenditure of £8.1m per annum from 2024/25 funded via borrowing and other sources including capital receipts.

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

- The Council's HRA strategy conforms with legislation, remains up to date and is agreed by members.
- The Council's HRA business plan has been properly approved, with all relevant parties involved in the production of the HRA Business Plan being clearly identified and consulted on.
- The stock investment data has been clearly identified and included within the business plan, further reports on such investments have also been evidenced and within the public domain.
- Performance is being appropriately managed and reported on.

Scope for improvement was identified in the following areas:

- The plan needs to be robust and meet the Decent Home Standard Plus, whilst evidence was provided that financial planning for the forthcoming years has been considered, the methodology applied requires improvement to include horizon scanning and consideration of any trends arising from the compliance checking data; such compliance testing needs to be able to demonstrate the standards being met along with any Housing Health & Safety Ratings. One way to achieve this would be via the use of risk setting and register process to be discussed at the monthly meetings; there are currently 2 identified risks within the Asset Risk Register that could impact the HRA Plan and budgets.
- Whilst the HRA business plan has been regularly risk assessed via the budget setting and reporting process, those identified risks require to be monitored and managed via the risk management process.

## **2.3 Insurance & Inventories of Portable Assets– Substantial Assurance**

### **2.3.1 Audit Scope**

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

- 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**

Management can place Substantial Assurance on the system of internal controls currently in operation. The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- Responsibility for insurance within the Council is clearly defined.
- The insurance service has been market tested in accordance with Contract Procedure Rules.
- All activities, property and assets are appropriately insured.
- The Council maintains a safe register together with appropriate levels for the insured value of cash held therein.

- The Corporate insurance provider is notified of changes to assets or properties promptly.
- All incidents that may result in a claim are reported to the Insurance Officer. Claim forms are completed, signed and sent to the insurer as quickly as possible.
- The Insurance Officer periodically reviews claims made to identify the highest and lowest risk areas.
- Insurance claims refused by the Insurer are appropriately managed.
- Service Managers and officers are aware of insurance limits and risks relating to their service areas.
- The Council's Financial Standing Orders suitably detail the procedures for implementation and maintenance of inventories.
- Each year as part of the insurance renewals process, the Insurance Officer sends each inventory to the relevant service manager where they are asked to review and update their inventory. Once all inventories have been returned, the Insurance Officer then uses each inventory to update the relevant insurance schedules.
- The asset inventories include details such as description, serial number (where applicable) and asset location etc.
- The necessary arrangements should be in place between the officers responsible for maintaining the asset inventory and those maintaining the insurance cover such that all assets are insured for the appropriate amount.

## **2.4 Environmental Protection Service Requests - Reasonable Assurance**

### **2.4.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council has an effective system of controls and procedures for investigating and responding to environmental protection service requests in the following areas:

1. Dust;
2. Smoke;
3. Odour;
4. Fumes;
5. Animals;
6. Noise;
7. Accumulations ;
8. Filthy and verminous premises ;
9. Drainage.

### **2.4.2 Summary of Findings**

The majority of complaints dealt with by the Environmental Protection Team are statutory nuisances under the Environmental Protection Act 1990. Other legislation may also apply and may be utilised where they don't require as high a burden of proof such as, Anti Social Behaviour Crime and Policing Act 2014, Prevention of Damage by Pests Act 1949, Public Health Act 1936 and Building Act 1984, and the Control of Pollution Act 1974.

Officers decide the best course of action based on the type and level of nuisance to ensure a proportionate response based on the principles of engage, explain, encourage, and enforce.

Management can place Reasonable Assurance on the system of internal controls currently in operation. The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- Clear and comprehensive policies and procedures are in place and applied by officers,
- Advisory and enforcement action is taken in line with the Council policies and procedures but could be further enhanced with appropriate budgets for various support services.
- A good management trail of actions taken, and correspondence issued and received is maintained.

Scope for improvement was however identified in the following areas:

- The resources engaged in Environmental Protection (as identified through budget monitoring controls) mean the Council overspends in responding to the demand placed on the services, including the budgets for legal advice, for example. The demand on resources and the team could have an impact on the capacity to deliver the required statutory services
- Regular exercises should be carried out to ensure that worksheets are being closed down when all action has been taken or when timeframes for responses have been passed.
- Consideration should be given to putting in place communications guidelines that provide guidance on the types of offences that should be reported following successful prosecutions carried out by all of the various departments of the Council.

<b>2.5 Rent Accounting, Collection &amp; Debt Management - Reasonable/ Limited Assurance</b>
--

#### 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

The financial health of the Housing Revenue Account (HRA) depends upon tenants and leaseholders paying their rent and service charges on time. During 2022/23 the Council processed the following: -

- £14,056,700 in rental income (adverse variance of 0.6% against budget)
- £147,500.32 in garage income (favourable variance of 202% against budget)
- £174,480 of debt was written off.

Management can place Reasonable Assurance on the system of internal controls in operation for rent accounting and rent collection of newer debt; and Limited Assurance on the system of internal control over the recovery processes in place for older and larger, existing and former tenant debt.

The primary findings giving rise to the Reasonable Assurance opinion in this areas of rent accounting and rent collection are as follows:

- Performance information is accurately reported to senior management and the Cabinet in a timely manner, although no information is reported on the amount of debt being written off.
- Recovery processes in place for newer debt is prioritised and well managed which is helping the Council meet its performance targets.
- The post EKH audit trail of transactions and correspondence is good.
- Rent accounting routines and processes are working effectively.
- Refund processes are mainly working well.

Scope for improvement was however identified in the following areas:

- The Income Manager should have the £2k credit card limit increased to at least £5k to ensure this does not act as a barrier for taking cases to court.
- The audit trail of checks as part of the refund process could be improved.

The primary findings giving rise to the Limited Assurance opinion for some of the recovery processes are as follows:

- Recovery processes for older and larger debts are not currently effectively deployed and there are missed opportunities to locate and chase former tenants; and missed opportunities to chase existing tenants and take tenants to court at an earlier stage.
- Management is not complying with a constitutional requirement for rent debts to be written off by the Section 151 Officer as well as a senior manager.
- The recovery policy in place does not provide enough clarity or detail in relation to trigger points and debt thresholds attached to the various stages of recovery.

## **2.6 EKS Data Management Desegregation Project – Limited Assurance**

### **2.6.1 Audit Scope**

To ensure that the controls over the administration of ICT electronic files, for data protection purposes and back ups are robust and sufficient, following the project to desegregate from EK Services.

### **2.6.2 Summary of findings**

In 2022/23 the decision was made to move ICT away from EK Services and for each Council to become responsible for its own data. This has meant that each partner authority and EK Services have had to undertake work to move the management of data back under the responsibility of each authority.

Management can place Limited Assurance on the system of internal controls in place around the desegregation project. The primary findings giving rise to the Limited Assurance are as follows:

- The Council does not currently have a Risk Register in place for the desegregation project.
- The Council does not have a Project Plan in place detailing the work needed to complete the project and the key dates for the completion of the tasks necessary to complete the entire desegregation project.
- Discussions are yet to be held to agree on the raising of charges (or not) for Thanet DC to run Dover DC servers, until Dover DC has moved its servers out of the Thanet DC data centre.

Effective controls were found to be in place in the following areas:

- EK Services and each of the Partner authorities have held regular meetings to review the desegregation project.
- All partner authorities are in agreement regarding arrangements in the short term for the backing up of data belonging to each authority.

**Management Response:**

A Project Plan and Project Risk Register have been developed by EKS for the three partners on their behalf.

**Head of Shared Services TDC**

## **2.7 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 Council 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**

The Council uses a dedicated system for the management of employee health & safety data, known as TAM. The future use of this system is currently under review and a test scheme using Housing Services as the test subject is being modelled, this system is a Google Led system. For the purposes of this review process only data for TAM has been reviewed and used as this is still currently the main system.

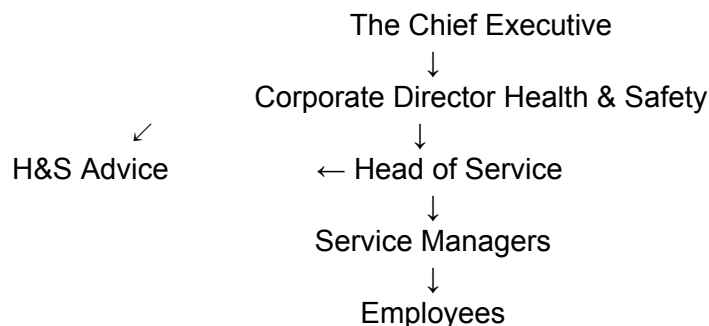
It should be noted that for some of the data i.e. training, fire, lifts, asbestos are being maintained via Human Resources, Property Services and Finance.

The system has documented 7 main Council sites that employees operate out of, these being:



1. Cecil Street - Main Offices;
2. Crematorium;
3. Dane Park Depot;
4. Droit House;
5. Kent Innovation Centre;
6. Manston Road; and
7. Port & Harbours.

Responsibility for health and safety falls to all employees, however, in order to manage safe systems of work and ensure compliance with Health and Safety Legislation, the responsibilities within the workplace cascade down as follows:



There are currently 3 members of staff employed within the H&S Team who provide advice on health & safety matters and maintain the corporate recording systems across the authority.

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

- A corporate training programme relating to all Employee Health & Safety issues has been established, but now requires updating. The provider for the platform for corporate training has changed and the switch over process has left a gap in the ability for staff to maintain and undertake their mandatory training. The new system is yet to go live, and historical data has been lost from the old system which has been switched off. This could be problematic should any supporting evidence be required by the HSE.
- A H&S data security risk within the dedicated TAM system should be resolved, a change in process is underway with the use of a google led system. (This was not reviewed as it has yet to be implemented).
- The use of risk registers and the reporting on such requires improvement i.e. HAVS risks being registered but not reported on to CMT/G&A Committee; risks not being identified or recorded i.e. Training, security issue for TAM.
- The effective challenge and reporting processes for Health, Safety and Welfare matters via CMT reports and the Health & Safety Committee should become more regular and the action points arising should be recorded and monitored.
- There should be a regular programme of inspections set up for the Health & Safety Committee to undertake and report on, however this could not be evidenced within TAM, nor was it a regular item on the agenda for this committee.
- There are no performance indicators set up for the management and monitoring of employee Health & Safety.
- A first aid needs risk assessment has not been carried out for all sites and for the

two that had, it identified a shortfall in the number of recommended first aiders. Currently across all sites there are 29 first aiders listed within the policy statements and on TAM, this list did not match those receiving the monthly payment and a reconciliation is required.

- Asbestos surveys need to be completed on a regular basis and recommendations contained within these surveys need to be reported on, along with any works undertaken, to the H&S committee for effective management and monitoring to occur.
- Evidence of DSE assessments could not be sourced.

Effective control was however evidenced in the following areas:

- The Council has a Health and Safety Policy in place that is reviewed and updated on a regular basis.
- Procedures are in place, up to date and relevant for all staff working in, around and for the Council.
- PPE is being identified via the risk assessments, the issuing of such is done via the use of one supplier and the spend is being monitored and managed. The use of PPE is being checked as part of the compliance officer role, who should report any findings to the manager, HSA and H&S Committee for action as necessary.
- There are risk assessment templates on the system for Working from Height and Manual Handling which has been used for job role specific assessments carried out across all sites.
- The Council has in place, via HR, the issuing of eye sight test vouchers for those staff who use a VDU / DSE. The process to obtain a voucher is documented via the staff intranet.
- There is a template in place and guidance notes for staff for Manual Handling; job specific risk assessments for this type of work have been carried out for 9 job roles within the Council.
- There is a process in place to report accidents and incidents at work which is being scrutinised and reported on.

#### **Management Response:**

The Director of Corporate Services welcomes the findings of this audit and the Council has completed the audit action plan setting out how it will address all of the points raised by the audit and the timescales for doing so.

**Director of Corporate Services & s.151 Officer**

## **2.8 Planned Maintenance, Contract Letting & Management - No Assurance**

### **2.8.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that planned maintenance of the Council's social housing stock is undertaken economically, efficiently and effectively.

### **2.8.2 Summary of Findings**

Management can place No Assurance on the system of internal controls in place around the Procurement and Management of contracts within the planned maintenance section of Tenant and Leasehold Management Services. The primary findings giving rise to the No Assurance opinion in this area are split over the headings of Procurement and Contract Management as follows:

### **Procurement**

- CSO 4.7 - Written Risk Assessments are not being completed for contracts in excess of £10,000 as is a requirement of Contract Standing Orders.
- CSO 6.5.4 - Not all contracts valued at more than £5,000 are being published on the Council's contract register as required by Contract Standing Orders and the Local Government Transparency Code 2015.
- For contracts with an anticipated spend of around £100,000 or less, officers are relying on the use of CSO waivers.
- CSO 4.2 - Not all contracts with a value of £10,000 or more are being made using the Council's Standard Terms and Conditions of Contract.
- Poor planning is resulting in some procurement processes having to be completed in timescales much shorter than normal to ensure that the new contract is in place prior to the expiry of the old contract or a waiver having to be requested as a substitute to a CSO compliant tender process.
- Despite all officers in the department having been provided with CSO/Procurement related training, testing identified widespread non-compliance with some elements of CSO's within the department.

### **Contract Management**

- Officers are placing reliance on external third parties acting as Clerk of Works being paid for by the contractor, as a substitute for undertaking post inspections themselves.
- Testing identified that the over reliance being placed on the external Clerk of Works has resulted in officers failing to identify that the contractor has been charging the Council for work which has not been undertaken or measured incorrectly. As a result, a re-measure of the last valuation was completed by the contractor where it was identified that the original charge was reduced down. It is likely that had less reliance been placed on the Clerk of Works and a more robust post inspection process had been in place, that this would have been identified earlier by the Contract Surveyor.
- Suitable post inspection routines have not been in place for new boiler installations to confirm that installation has been completed in accordance with the contract despite the average cost of each installation being around £2,000.
- A lack of post inspections on new boiler installations has meant that officers have failed to identify that the contractor is charging the Council to install hard wired Carbon Monoxide alarms in properties (as per the scheduled item in the contract), but is instead installing a lower cost option battery powered alarm (for which a scheduled item needs to be agreed as a variation to the contract).
- Testing of a sample of 13 new boiler installations identified 13 instances whereby work has been paid for, but the necessary boiler certification documentation had not been provided in accordance with the requirements of the contract.

- Several issues relating to contract management were identified as a result of weaknesses with post inspection routines. Issues identified on individual contracts were typically all the same. Planned maintenance work is often low in volume, but high in value and more importantly repetitive in nature. This means that a higher proportion of post inspections are necessary to ensure that not only is current work completed in accordance with the contract, but also to remind the contractor of the expected standard for all future work.

Good procedures were found to be in place for the following areas:

- Officers responsible for managing contracts have access to a copy of the signed contract and contract specification.
- Suitable arrangements are in place to review weaknesses in current contracts so that weaknesses can be fed back into the contract letting process for the future contracts.
- Officers are having regular meetings with contractors to review performance against the contract. Minutes of all meetings are being retained.
- Contract extensions are completed with input and support from Legal Services.

### **Management Response**

The Director of Place would like to thank the East Kent Audit Partnership for its work on this audit.

The audit process and the following activities to improve the way we manage planned works has benefited all, from the senior management of the team, to the officers managing the projects.

The recommendations made in the report helped us to explore and develop more efficient processes for planned works projects, assisting officers to make better decisions and act earlier in the lifecycle of a project where there might be risk. Doing this has also helped us implement more robust contract management arrangements.

In particular, in respect of the identified over valuation of external decorations work, we have commissioned a full remeasure of all work completed under this contract and suspended further work. The valuation checked as part of the audit had not been verified or paid at the time of the audit, and has subsequently been paid at the correct value. The revaluation work is now complete and we will work with the contractor to ensure that any under or over payments are properly reconciled, and consider whether any further action is required. The final two valuations for this contract have not yet been paid and will be factored into the reconciliation, in line with contractual procedures.

The contract structure and the decision to include clerk of works services was determined prior to the tenant and leaseholder coming back in house, and contracts

would not be structured in that way now. No further work has been issued under this contract since the audit, and the contract is due to end in September 2023. For future contracts the provision of a clerk of works arrangement will either be from in-house resources or 3rd party consultant, appointed by TDC officers.

The recommendation in relation to planning for procurements, to allow sufficient time related to the reprocurement of the council's gas servicing and repairs contract. This procurement was successfully completed and mobilised on time, although it is agreed that more time would have been beneficial.

The partnering responsive repairs contract with Mears is due to expire on 31/3/2025. The team is appointing a consultant right now to help with the modelling of the new contract and specification, giving a long lead intime to carry out the procurement exercise.

#### **Director of Place**

### **2.9 East Kent Opportunities LLP- No Assurance**

#### **2.9.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that appropriate systems of governance, control and risk management are in place surrounding achieving outcomes for East Kent Opportunities LLP.

#### **2.9.2 Summary of Findings**

East Kent Opportunities LLP (EKO) was incorporated in 2008 as a joint venture between Thanet District Council and Kent County Council with the express aim of bringing forward two sites in Thanet in a complementary way to support Economic Development and Regeneration in the area.

In 2008, the Council contributed land into EKO LLP with a Stamp Duty value of £4.5 million along with a cash payment of £400,000 as working capital. To date, EKO LLP has achieved sales of around £11 million with the Council receiving disbursements from EKO LLP of £900,000 as a return on its investment.

EKO LLP is scheduled to be disbanded at the end of 2025, by that time, EKO LLP is forecasting that TDC could have received total disbursements of around £1.8 million from the land and cash valued at £4.5 million in 2008 when it was put into EKO LLP. There is no evidence in the minutes of Board meetings that the level of distributions compared with initial investment has been subject to any challenge and agreement by members of the Board.

Management can place No Assurance on the system of internal controls in place around East Kent Opportunities LLP. The primary findings giving rise to the No Assurance opinion in this area are as follows:

- The Council should give consideration to appointing different officers as Partnership Board members so that any difficulties regarding an actual or potential conflict of interest are avoided.
- A renewed assessment of the IR35 status of the Executive Project Coordinator should be undertaken to ensure the rules are complied with. The employment status and whether IR35 applied to the Executive Project Co-ordinator was raised as a concern in the 2018 EKO audit.
- EKO LLP is forecasting to deliver a negative return on investment to both partners which to date is not recorded as having been challenged by either partner. That lack of challenge was raised as a concern in the 2018 audit.
- EKO LLP has only recently developed a risk register, which to date has not been presented to the EKO Board. The lack of a risk register, and not reporting risks to the EKO Board was raised as a concern in the 2018 Audit.
- EKO LLP has no current Business Plan in place. This was raised in the 2018 audit as a concern.
- EKO LLP has no contract in place with the company currently fulfilling the role of Executive Project Coordinator meaning that the company could stop providing its services at short or without any notice. This was raised as a concern in the 2018 audit.
- EKO LLP has no exit strategy in place. This was also raised as a concern in the 2018 audit.

Effective controls were found to be in place in the following areas:

- The Council (TDC) has access to the Partnership Agreement, with members of the Board being aware of their responsibilities under the Partnership Agreement.
- Arrangements for sharing of liabilities and profits are clearly specified in the Partnership Agreement.
- All Board Members are making declarations at meetings where necessary.
- Minutes are taken for each meeting and agreed at the following meeting.

### **Management Response**

The Director of Corporate Services welcomes the findings of this audit and the insight provided by EKAP into the operations of EKO. It is frustrating and disappointing that many of the findings that were identified and reported within the 2018 audit have not been addressed; this is perhaps symptomatic of both the change in staff at senior level in the organisation over the last 18 months and also the limited senior management capacity during this time given the high level of vacancies.

Nonetheless, management accepts all the findings and recommendations of this audit and will work with our counterparts at KCC to implement them at their earliest opportunity.

**Director of Corporate Services & s.151 Officer**

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

- 3.1 As part of the period's work, three follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. 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. Outstanding after follow-up	
a)	VAT	Reasonable	Reasonable	C	0	C	0
				H	1	H	0
				M	1	M	1
				L	2	L	0
b)	Complaints Monitoring	No	Reasonable	C	0	C	0
				H	7	H	1
				M	3	M	1
				L	0	L	0
c)	Absence Management	Reasonable	Reasonable	C	0	C	0
		Limited	Limited	H	6	H	3
		Limited	Limited	M	1	M	1
				L	1	L	0

- 3.2 Details of any individual Critical and High priority recommendations yet 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.

c) Absence Management - The initial audit found inconsistencies in the way in which absence management processes were recorded and managed and a number of recommendations were made that focused on improvements to policy, technical control (automated trigger points) and governance processes. The policy improvements are being implemented but the Council is unable to implement the technical controls and the absence management information to senior management is still being worked on.

**Management Response** - HR continues to provide high level support on absence management through active case management, management absence reports available on EKP, policy and process advice and implementation and upskilling of managers in its application. Work is progressing on flexible working and as such the policy review has been agreed to be moved forward from Phase 3 HR policy review to Phase 2, however this is a wider piece of work reviewing the 'way we work' to review flexible working arrangements, flexi time and the right to request flexible working.

As Head of HR I have actively worked with the Senior HR Advisor and HR Advisory team to ensure improved support and intervention for managers in managing absence management and although work in some areas of absence remains ongoing areas of high absence and/or concerns around absence management have been prioritised and have been addressed.

The HR team actively reviews its own processes and through a review of continuous improvements and to further support the management of absence HR has recently changed the occupational health referral process which now ensures that all referrals come via HR to be reviewed and signed off before going to occupational health thus ensuring that referrals are relevant, robust and managers are supported by HR with the management of referral outcomes.

The Council's Policy Officer role has been vacant since the post holder left in late 2022, this has had an impact on the Council's ability to implement and refresh policies, including HR, across the Council at pace; however recruitment for an enhanced Policy Manager role will begin in August.

## **Head of Human Resources**

### **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: Cyber Security, Homelessness, Treasury Management, Capital, and Planning Applications, Income & s.106.

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

- 5.1 The 2023-24 internal audit plan was agreed by Members at the meeting of this Committee on 8th March 2023.
- 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 1.



## **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 1.

## **8.0 INTERNAL AUDIT PERFORMANCE**

8.1 For the three-month period to 30th June 2023, 80.37 chargeable days were delivered against the target for the year of 348 days which equates to 23.09% 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 30th June 2023 against the agreed 2023-24 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 of Performance Indicators to 30th June 2023

**APPENDIX 1**

**PROGRESS AGAINST THE AGREED 2023-24 AUDIT PLAN  
THANET DISTRICT COUNCIL**

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2023	Status and Assurance Level
<b>FINANCIAL GOVERNANCE:</b>				
Capital	10	10	0	Quarter 3
Treasury Management	10	10	0	Quarter 3
External Funding Protocol	10	10	0	Work-in-Progress
Insurance & Inventories of Portable Assets	10	10	7.69	Finalised - Substantial
<b>HOUSING SYSTEMS:</b>				
Homelessness	10	10	1.12	Work-in-Progress
Void Property Management	10	10	0	Quarter 4
Rent Accounting, Accounting & Debt Management	10	10	10.1	Finalised - Reasonable/Limited
Tenancy Fraud	10	10	0	Work-in-Progress
Resident Involvement	10	10	0	Quarter 3
Anti-Social Behaviour	5	5	0	Quarter 2
HRA Business Plan	10	10	2.22	Work-in-Progress
<b>GOVERNANCE RELATED:</b>				
Scheme of Officer Delegations	10	10	0	Quarter 4
Performance Management	10	10	0	Quarter 3
Corporate Advice/ CMT	2	2	0.03	Ongoing
s.151 Officer Meetings & Support	9	9	3.66	Ongoing
Governance & Audit Committee Meetings and Report Preparation	12	12	4.76	Ongoing
2024-25 Audit Plan & Preparation Meetings	9	9	0	Ongoing
<b>HR RELATED:</b>				
Payroll	3	3	0	Work-in-Progress
<b>COUNTER FRAUD:</b>				

Counter Fraud & Corruption	10	10	0	Quarter 4
ICT RELATED:				
Change Controls	15	15	0	Quarter 4
Network Security	10	10	0	Quarter 3
Cyber-Security	10	10	2.74	Work-in-Progress
SERVICE LEVEL:				
CSO Compliance	10	10	0.26	Work-in-Progress
Community Safety	10	10	0	Quarter 3
Environmental Protection Service Requests	10	10	11.4	Finalised - Reasonable
Grounds Maintenance	12	12	0	Quarter 3
Ramsgate Harbour Accounts	5	5	0	Quarter 4
Planning Applications, Income & s.106	10	10	0.19	Work-in-Progress
Building Control	10	10	0	Quarter 4
Your Leisure	10	10	0	Quarter 3
VICs	10	10	0	Quarter 3
Garden Waste	10	10	5.64	Finalised - Substantial
Refuse Collection	10	10	8.97	Finalised - Reasonable
Climate Change	5	5	0	Quarter 4
Employee Health & Safety	10	10	11.52	Finalised - Limited
OTHER:				
Liaison With External Auditors	1	1	0.27	Ongoing
Follow-Up Reviews	15	15	1.53	Ongoing
FINALISATION OF 2022-23 AUDITS:				
Absence Management	5	5	0.23	Finalised - Reasonable/ Limited
Car Parking & Enforcement			5.57	Finalised - No
Ramsgate Harbour Accounts			2.48	Finalised
RESPONSIVE ASSURANCE:				
None to Date				
TOTAL	348	348	80.37	23.09%

**PROGRESS AGAINST THE AGREED 2023-24 AUDIT PLAN  
EAST KENT SERVICES**

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual days to 30/06/2023</b>	<b>Status and Assurance Level</b>
<b>EKS REVIEWS:</b>				
Housing Benefits Administration	15	15	0.17	Quarter 2
Housing Benefits Testing	20	20	2.50	Work-in-Progress
Council Tax Reduction Scheme	15	15	0.16	Quarter 3
Customer Services	15	15	0.06	Quarter 4
<b>OTHER:</b>				
Corporate/Committee	4	4	1.50	Ongoing
Follow Up	2	2	0.11	Ongoing
<b>FINALISATION of 2022-23 AUDITS:</b>				
Debtors	2	2	1.45	Finalised - Substantial
Data Management- Desegregation Project	1	1	1.06	Finalised - Limited
<b>Total</b>	<b>74</b>	<b>74</b>	<b>7.01</b>	<b>9.46%</b>

## 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>Complaints Monitoring - July 2023</i>		
Ensure that the date of receipt is accurately recorded for all complaints.	<p>This relates to complaints that have been forwarded to Customer Feedback by the Customer Services team. The system is set to start the ten days from receipt of the complaint by the Customer Feedback (CF) team. The acknowledgement to the resident states the date the complaint was received by CF and that a response will be sent to them within ten days of that date.</p> <p>The Digital team are looking into the possibility of amending this within the current system but this automated change may not be possible until a new system is in place.</p> <p>The SLA with customer services will also need to be reviewed to ensure that responses are not delayed with customer services reducing the number of working days the manager has to investigate the complaint.</p> <p><b>Proposed completion date and responsibility:</b> Executive Support Manager &amp; System Improvement Manager 31/05/23</p>	<p>Officers have confirmed that this cannot be resolved within the current system and will be fully addressed as and when a new system is available.</p> <p><b>Recommendation Outstanding</b></p>

*Absence Management - July 2023*

<p>All managers (including senior management) responsible for managing any staff member should be provided with additional absence management training from HR. The training should focus on: -</p> <ul style="list-style-type: none"> <li>- How and when to record absences on the People Manager system.</li> <li>- How and when to record return to work interviews.</li> <li>- Refresher and clarity over the sickness trigger points.</li> <li>- Clarity over management responsibilities.</li> <li>- Clarity over HR responsibilities.</li> <li>- How and when to record absences relating to covid particularly the 'number of days lost'.</li> </ul>	<p>The roll out of the new absence policy included manager training to support the application of the policy, process, recording and documentation.</p> <p>HR in-house has enabled robust and proactive support intervention for managers in dealing with absence cases.</p> <p>Going forward HR support with managers will include EKP employee absence data monitoring, trigger reports as well as reaching out to managers to ensure that they are aware of next steps and return to work support.</p> <p>HR will monitor absence trends across the Council and ensure review plans and manager intervention within areas of concern.</p> <p><b>Proposed Completion Date &amp; Responsibility</b> February 2023 and ongoing - HR Manager (SG)</p>	<p><u>Audit Update</u> HR has confirmed that as an alternative to formal training, it has directed HR support to areas of service which require additional support in the absence management processes based on high risk areas. The Absence Management Policy and Guidance has been updated and HR have confirmed that it has worked with managers informally to work through the new requirements and the new process.</p> <p>Official training for line managers is the preferred course of action as this is the second successive audit where Limited Assurance has been provided. There are not many management controls that can be put in place other than policies, guidance and training, it is important that these controls are implemented.</p> <p><b>Recommendation Outstanding.</b></p>
<p>Once recommendations 3, 4 and 5 have been implemented to help improve the recording of sickness absences by line managers, HR should put in place processes that ensure senior management are provided with sickness reports</p>	<p>Reporting of sickness absence will be covered in a 6 monthly high level HR report and will be cascaded to CMT, GPC and Managers Forum. The report will provide a</p>	<p>HR has been asked to pull together absence management data to share with directors and heads of service to help improve governance processes. This is likely to be put in place by October 2023.</p>

on all of their employees on at least a six-monthly basis, reporting to them on any triggers that may have been hit.	<p>narrative for managing absence and required interventions.</p> <p>Managers are responsible for the management and recording of both short and long term sickness absence within their own teams.</p> <p>Ongoing HR absence management support by providing advice and guidance in the application of policy and process.</p> <p><b>Proposed Completion Date &amp; Responsibility</b> April 2023 - HR Manager (SG)</p>	<b>Recommendation Outstanding. Revised Implementation Date October 2023.</b>
HR should be regularly reporting on sickness levels to senior managers and elected members.	<p>Reporting of sickness absence and other employee relation matters will be detailed as part of the agreed 6 monthly HR report.</p> <p><b>Proposed Completion Date &amp; Responsibility</b> May 2023 - HR Manager (SG)</p>	<p>HHR has been asked to pull together absence management data to share with directors and heads of service to help improve governance processes. This is likely to be put in place by October 2023.</p> <p><b>Recommendation Outstanding. Revised Implementation Date October 2023.</b></p>



**SERVICES GIVEN LIMITED / NO ASSURANCE LEVEL YET TO BE REVIEWED – APPENDIX 4**

<b>Service</b>	<b>Reported to Committee</b>	<b>Level of Assurance</b>	<b>Follow-up Action Due</b>
Licensing	July 2023	Reasonable/ No	Autumn 2023
Planned Maintenance - Contract Letting & Management	September 2023	No	Winter 2023
East Kent Opportunities	September 2023	No	Work-in-Progress
Berth 4-5 Post Implementation Review	March 2023	No	Winter 2023
Car Parking & Enforcement	July 2023	No	Winter 2023
EKS Data Management	September 2023	Limited	Winter 2023

## Balanced Scorecard

<b><u>INTERNAL PROCESSES PERSPECTIVE :</u></b>	<b><u>2023-243</u> <u>Actual</u> <u>Quarter 1</u></b>	<b><u>Target</u></b>	<b><u>FINANCIAL PERSPECTIVE:</u></b>	<b><u>2023-243</u> <u>Actual</u></b>	<b><u>Original</u> <u>Budget</u></b>
Chargeable as % of available days	86%	90%	Reported Annually		
			• Cost per Audit Day	£	£403.37
Chargeable days as % of planned days	16.88%	25%	• Direct Costs	£	£521,918
CCC	29.04%	25%	• + Indirect Costs (Recharges from Host)	£	£10,530
DDC	23.09%	25%	• - 'Unplanned Income'	£	Zero
TDC	21.68%	25%			
FHDC	9.46%	25%			
EKS					
	22.3%	25%			
Overall			• = Net EKAP cost (all Partners)		£532,448
Follow up/ Progress Reviews;					
	17	-			
• Issued	23	-			
• Not yet due	31	-			
• Now due for Follow Up					
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Partial			

<b><u>CUSTOMER PERSPECTIVE:</u></b>	<b><u>2023-24 Actual</u></b>	<b><u>Target</u></b>	<b><u>INNOVATION &amp; LEARNING PERSPECTIVE:</u></b>	<b><u>2023-24 Actual</u></b>	<b><u>Target</u></b>
	<b>Quarter 1</b>		<b>Quarter 1</b>		
<b>Number of Satisfaction Questionnaires Issued;</b>	<b>18</b>		<b>Percentage of staff qualified to relevant technician level</b>	<b>61%</b>	<b>60%</b>
<b>Number of completed questionnaires received back;</b>	<b>5</b>		<b>Percentage of staff holding a relevant higher-level qualification</b>	<b>50%</b>	<b>50%</b>
	<b>= 28 %</b>		<b>Percentage of staff studying for a relevant professional qualification</b>	<b>0%</b>	<b>N/A</b>
<b>Percentage of Customers who felt that;</b>			<b>Number of days technical training per FTE</b>	<b>1.5</b>	<b>3.5</b>
<ul style="list-style-type: none"> <li>Interviews were conducted in a professional manner</li> </ul>	<b>100%</b>	<b>100%</b>	<b>Percentage of staff meeting formal CPD requirements (post qualification)</b>	<b>50%</b>	<b>50%</b>
<ul style="list-style-type: none"> <li>The audit report was 'Good' or better</li> </ul>	<b>96%</b>	<b>90%</b>			
<ul style="list-style-type: none"> <li>That the audit was worthwhile.</li> </ul>	<b>98%</b>	<b>100%</b>			