

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 September 2023.

2.0 SUMMARY OF REPORTS

Service / Topic		Assurance level*	No. of Recs*.	
2.1	EKS - Housing Benefit Admin & Assessment	Substantial	Critical High Medium Low	0 0 0 0
2.2	EKS - Housing Benefit Testing 2022-23	Not Applicable	Critical High Medium Low	0 0 0 0
2.3	Planning Applications, Income and s106	Substantial Limited	Critical High Medium Low	0 8 3 4

*For Assurance and Recommendation priority definitions see Appendix 2

EKS – Housing Benefit Admin & Assessment - Substantial Assurance

2.1.1 Audit Scope

To ensure that the processes and procedures established by CIVICA / EK Services are sufficient to provide the level of service required by the partner authorities of Canterbury City Council, Dover District Council and Thanet District Council to incorporate relevant internal controls regarding the administration & assessment of Housing Benefit claims.

2.1.2 Summary of findings

Between CIVICA and EK Services they are responsible for the administration and assessment of housing benefits on behalf of Canterbury City Council, Dover District Council and Thanet District Council. This ranges from the day to day processing of housing benefit claims to the installation of upgrades and data cleansing to the system and regular back ups to ensure that data is kept secure and is compliant with data security.

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

- The performance of CIVICA is monitored very closely by EK Services Senior Management and the client officers from the partner authorities. Targets have been set (and met) to ensure that CIVICA meet the expectations set by each authority and the commitments agreed in the SLA.
- Established processes and supporting procedure notes are in place for the allocating of work and that the verification framework is complied with when processing housing benefit claims.
- Quality assurance checks ensure that claims are processed in a consistent manner and that any errors are fed back to CIVICA for correction but also are used to feed into training programmes / updates for the claim assessors.
- Established processes are in place for ensuring system access is controlled, backups are taken, data cleansing is carried out and that system upgrades are processed correctly.

EKS – Housing Benefit Testing 2022-23 - Not Applicable

2.2.1 Audit Scope

Over the course of the 2022-23 financial year the East Kent Audit Partnership completed a sample check of Council Tax, Rent Allowance and Rent Rebate and Local Housing Allowance benefit claims.

2.2.2 Summary of findings

For the financial year April 2022 to March 2023a sample of 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 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.

For 2022-23 a total of forty-five claims have been checked of which two (4.44%) had a financial error that impacted on the benefit calculation and none had a data quality error.

and Recommendation priority definitions see Appendix 2

Planning Applications, Income & S106 - Substantial/Limited Assurance

2.3.1 Audit Scope

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

- Planning Applications and Income: Ensure that planning application procedures, including those in respect of fees and collection of income, are in accordance with Statute, and the organisation's Standing Orders and Financial Regulations.
- Section 106 Agreements: Ensure that Section 106 agreements are used where appropriate in planning applications and that all legal requirements are adhered to. All income / benefits from the agreement are received and obligations imposed are complied with to the benefit of the district.

2.3.2 Summary of findings

Since the last audit review, undertaken in October 2019 there has been a New Local Plan and a New Neighbourhood Plan for Broadstairs. There has also been an introduction of a S106 Monitoring fee, agreed and detailed within the 2023/24 fees and charges schedule and applied in legal agreements from April 2024 (with transition period). Following the introduction of this fee and Star Chamber in 2022, the Council appointed a Section 106 Monitoring and Infrastructure Delivery Officer to record and monitor Section 106 (developer contributions) agreements and secure contributions to facilitate the delivery of infrastructure in conjunction with the priorities of the Thanet Local Plan. The appointed officer has been in post since 12th July 2023.

It should be noted (as these have not been tested or included within this audit process) that the proposed changes to the planning system from the Levelling Up and Regeneration Bill and National Planning Policy Framework are anticipated to be made law this year (September/October) with changes affecting strategic planning, planning applications and planning enforcement. This includes the anticipated new regulations on the infrastructure funding levy to be introduced over the next 10 years, as well as multiple detailed changes to the determination of applications but also fundamental changes to Planning Enforcement (new types of notice, 4 year rule removed). This will result in an assessment of planning enforcement, its function and resources. The changes will bring about an increase in planning fees, to be ring fenced for use on planning resources, with new central performance measures to be introduced to reflect these additional resources. The published fees and measures are anticipated to be published in September.

The assurance for this review has been split. For the Planning Applications and Income, management can place a substantial assurance on the system of internal controls in operation. The primary findings giving rise to the Substantial Assurance opinion in this area are as follows:

- Planning applications are being processed in accordance with Planning Policy and Planning Law, with a good audit trail in place to evidence the process.
- There are good operational and financial controls in place to manage and monitor the system with regular team meetings to ensure all officers are kept up to date.
- Planning fees have been adequately documented within either the fees and charges schedule, which are revised and authorised annually or if set nationally via the planning portal. Those fees set by the Council have been adequately benchmarked.

- The Council's webpages regarding the Planning service are well documented and supported by a wealth of information and library of documents for all to access, view and reference.
- The complaints process is being managed, monitored and filtered down where needed. Learning outcomes have been assessed and implemented where applicable. However, the coding system used could do with a refresh.

Scope for improvement was however identified in the following areas:

- Whilst there are policies and procedures in place to ensure that all planning applications and planning services provided are dealt with in accordance with planning law, these require a review and a refresh to ensure they remain relevant, up to date and have the correct corporate branding.
- Whilst KPI's have been identified and reported on, this could be strengthened by adding to these to provide more relevant information on performance and assist in promoting the planning service.
- Housekeeping regarding paper files needs to be undertaken both within the filing system and files themselves to ensure they are in order and contain the relevant details; a review and decision over having both a paper and electronic file copy needs to be undertaken.

For the S106 processes, management can place a limited assurance on the system of internal controls in operation. The primary findings giving rise to the limited assurance opinion in this area are as follows:

- Whilst procedural notes are in place these require an update to take into consideration the new S106 Monitoring Officer's role and responsibilities. These should also have a change control process in place.
- Financial management and monitoring needs to be strengthened, starting with a reconciliation process between systems to ensure all S106 agreements have been included for monitoring. To provide a complete audit trail, the current spreadsheet set up for this monitoring purpose should be hyperlinked out to the relevant agreements to facilitate in managing values, types of payment and payees, trigger points, interest charges and both due and payment dates.
- In accordance with Community Infrastructure Levy (CIL) regulations which came into force on 01/09/2019, local authorities are required to publish an Infrastructure Funding Statement (IFS) on their website by the end of each year, this is yet to be undertaken. The Council is now required to publish the statement for 2019/20, 2020/21, 2021/22 and soon to be due 2022/23.

Effective control was however evidenced in the following areas:

- A dedicated officer who has responsibility for the overseeing of this function has been in post since July 2023 to facilitate all agreements and income in being effectively managed, monitored and reported on. It is too early to advise on the effectiveness of this post as it needs time to embed.

Management Response - Planning Applications Manager.

Following the appointment of the Section 106 Monitoring and Infrastructure Delivery Officer in July, the planning department and the new officer have been

updating all processes in relation to Section 106 agreements, building on existing communication with the finance section, whilst reconciling planning obligation information using existing systems and the Monitoring spreadsheet. This has meant that the vast majority of “high” risk recommendations have been completed prior to the draft/final audit report being published through the work of the officer, with evidence available and provided to demonstrate the completion of the work. Therefore, whilst I understand the status of “Limited Assurance” from the assessment made at the time it occurred, this was a snapshot in time and I am confident that if the same assessment was carried out today, that “Reasonable assurance” would be the minimum assurance level for the S106 work carried out by the department.

In regard to the action plan, this has been completed for each recommendation and I welcome the opportunity for the follow up review to demonstrate the completion of all “High” recommendations, with progress on recommendation 14 in line with the timeline provided.

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

3.1 As part of the period’s work, two follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. 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)	EKS Business Rates	Substantial	Substantial	Critical	0	0
				High	0	0
				Medium	2	0
				Low	4	0
b)	EKS Discretionary Housing Payments	Substantial	Substantial	Critical	0	0
				High	3	0
				Medium	2	0
				Low	3	0
c)	Risk Management	Reasonable	Substantial	Critical	0	0
				High	0	0
				Medium	2	0
				Low	0	0
d)	Planned Maintenance - Letting & Monitoring	No	Reasonable	Critical	0	0
				High	10	0
				Medium	0	0
				Low	0	0

*For Assurance and Recommendation priority definitions see Appendix 2

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 (none this period) 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: Cyber Security, Homelessness, Treasury Management, Capital, and External Funding Protocol.

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 six-month period to 30th September 2023, 164.50 chargeable days were delivered against the target for the year of 348 days which equates to 47.27% 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 September 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 September 2023

APPENDIX 1

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

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-09-2023	Status and Assurance Level
FINANCIAL GOVERNANCE:				
Capital	10	10	0.18	Work-in-Progress
Treasury Management	10	10	0	Quarter 3
External Funding Protocol	10	10	0.70	Work-in-Progress
Insurance & Inventories of Portable Assets	10	10	10.87	Finalised - Substantial
HOUSING SYSTEMS:				
Homelessness	10	10	5.64	Work-in-Progress
Void Property Management	10	0	0	Covered by Repairs Audit
Rent Accounting, Accounting & Debt Management	10	10	10.41	Finalised - Reasonable/Limited
Tenancy Fraud	10	10	0	Quarter 4
Resident Involvement	10	10	0	Quarter 3
Anti-Social Behaviour	5	5	0	Quarter 2
HRA Business Plan	10	10	9.15	Finalised - Substantial
GOVERNANCE RELATED:				
Scheme of Officer Delegations	10	10	0.31	Quarter 4
Performance Management	10	10	0	Quarter 3
Corporate Advice/ CMT	2	2	2.3	Ongoing
s.151 Officer Meetings & Support	9	9	9.03	Ongoing
Governance & Audit Committee Meetings and Report Preparation	12	12	10.09	Ongoing
Audit Plan & Preparation Meetings	9	9	0	Ongoing
HR RELATED:				
Payroll	3	3	0.44	Work-in-Progress
COUNTER FRAUD:				
Counter Fraud & Corruption	10	10	0	Quarter 4

ICT RELATED:				
Change Controls	15	15	0	Quarter 4
Network Security	10	10	0	Quarter 4
Cyber-Security	10	10	12.86	Draft Report
SERVICE LEVEL:				
CSO Compliance	10	10	0.34	Work-in-Progress
Community Safety	10	10	3.03	Work-in-Progress
Environmental Protection Service Requests	10	10	12.7	Finalised - Reasonable
Grounds Maintenance	12	12	0.18	Quarter 3
Ramsgate Harbour Accounts	5	5	0	Quarter 4
Planning Applications, Income & s.106	10	12	17.28	Finalised - Substantial/Limited
Building Control	10	10	0	Quarter 4
Your Leisure	10	10	0	Quarter 3
VICs	10	10	0	Quarter 3
Garden Waste	10	10	11.75	Finalised - Substantial
Refuse Collection	10	10	8.97	Finalised - Reasonable
Climate Change	5	5	0	Quarter 4
Employee Health & Safety	10	18	17.59	Finalised - Limited
OTHER:				
Liaison With External Auditors	1	1	1.07	Ongoing
Follow-Up Reviews	15	15	11.33	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 - N/A
RESPONSIVE ASSURANCE:				
LUF Grant - Project Assurance	0	0	0.24	Work-in-Progress
TOTAL	348	348	164.50	47.27%

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

Review	Original Planned Days	Revised Planned Days	Actual days to 30/09/2023	Status and Assurance Level
EKS REVIEWS:				
Housing Benefits Administration	15	13	12.70	Finalised - Substantial
Housing Benefits Testing	20	14	13.55	Finalised - N/A
Council Tax Reduction Scheme	15	15	0.16	Quarter 3
Customer Services	15	8	0.06	Quarter 4
Transition Governance	0	15	0.14	Quarter 3
OTHER:				
Corporate/Committee	4	4	3.10	Ongoing
Follow Up	2	2	0.11	Ongoing
FINALISATION of 2022-23 AUDITS:				
Debtors	2	2	1.45	Finalised - Substantial
Data Management - Desegregation Project	1	1	1.55	Finalised - Reasonable
Total	74	74	32.82	44.35%

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	anager’s Comment on Progress Towards Implementation.
None to report this Quarter		

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

Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Licensing	July 2023	Reasonable/ No	Work-in-Progress
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 ICT Desegregation Project	September 2023	Limited	Winter 2023
Planning Applications, Income and S106	November 2023	Substantial/Limited	Winter 2023

Balanced Scorecard

INTERNAL PROCESSES PERSPECTIVE	2023-24 Actual	Target	FINANCIAL PERSPECTIVE:	2023-24 Actual	Original Budget
	Quarter 2		Reported Annually		
Chargeable as % of available days	87%	90%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£403.37
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£521,918
CCC	36.71%	50%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,530
DDC	51.90%	50%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
TDC	47.27%	50%			
FHDC	41.71%	50%			
EKS	44.34%	50%			
Overall	44.91%	50%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 	£	£532,448
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued 	28	-			
<ul style="list-style-type: none"> • Not yet due 	44	-			
<ul style="list-style-type: none"> • Now due for Follow Up 	18	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Partial			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Target</u>
	Quarter 2		Quarter 2		
Number of Satisfaction Questionnaires Issued;	36		Percentage of staff qualified to relevant technician level	61%	60%
Number of completed questionnaires received back;	11		Percentage of staff holding a relevant higher-level qualification	50%	50%
	= 31%		Percentage of staff studying for a relevant professional qualification	0%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	2.21	3.5
• Interviews were conducted in a professional manner	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	50%	50%
• The audit report was 'Good' or better	100%	90%			
• That the audit was worthwhile.	100%	100%			