

**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 31st December 2023.

**2.0 SUMMARY OF REPORTS**

| Service / Topic |                               | Assurance level*     | No. of Recs*.                     |                  |
|-----------------|-------------------------------|----------------------|-----------------------------------|------------------|
| 2.1             | Payroll                       | Substantial          | Critical<br>High<br>Medium<br>Low | 0<br>0<br>0<br>0 |
| 2.2             | Treasury Management           | Substantial          | Critical<br>High<br>Medium<br>Low | 0<br>0<br>3<br>0 |
| 2.3             | Capital                       | Substantial          | Critical<br>High<br>Medium<br>Low | 0<br>0<br>1<br>0 |
| 2.4             | Community Safety              | Substantial/ Limited | Critical<br>High<br>Medium<br>Low | 0<br>3<br>3<br>1 |
| 2.5             | Housing Anti Social Behaviour | Reasonable           | Critical<br>High<br>Medium<br>Low | 0<br>6<br>5<br>1 |
| 2.6             | Homelessness                  | Reasonable/ Limited  | Critical<br>High<br>Medium<br>Low | 3<br>2<br>4<br>3 |
| 2.7             | External Funding Protocol     | Limited              | Critical<br>High<br>Medium<br>Low | 0<br>7<br>3<br>1 |

\*For Assurance and Recommendation priority definitions see Appendix 2

## **2.1 Payroll - Substantial Assurance**

### **2.1.1 Audit Scope**

To ensure that the payroll service administered on behalf of Canterbury, Dover and Thanet Councils, including EK Services is adequately controlled to ensure that the right people are getting paid the right amounts at the right time and all the relevant data held is accurate.

### **2.1.2 Summary of findings**

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

- Responsibility for the payroll function is clearly specified in the Service Agreement between Dover District Council and each organisation which it provides the payroll service for.
- Detailed procedure notes and checklists are in place covering the process for adding and paying new starters.
- Suitable procedures are in place for the collection of information relating to new starters so that they can be paid the correct amount in line with their appointment.
- For a sample of 14 new starters tested, all tax codes and tax earnings year to date were found to be correct.
- Accurate information is being sent to the KCC Pension Administrators to enrol all new starters eligible to join the pension scheme.
- For a sample of 14 new starters tested, the correct deductions in respect of pension contributions are being made.
- Once a new starter has been added to the payroll system, suitable procedures are in place to confirm that the payroll calculation is correct prior to the monthly payroll being processed.
- For a sample of 14 new starters tested, all were found to have their payroll correctly calculated with no errors being identified in the sample tested.

## **2.2 Treasury Management - 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 various Treasury Management matters within the remit of the accountancy office are performed effectively & efficiently, in furtherance of the Council's Policies.

### **2.2.2 Summary of findings**

The Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes was introduced in 2021 and provides a revision of the 2017 Treasury Management Code. It introduces strengthened requirements for skills and training, and for investments that are not specifically for treasury management purposes.

The Code identifies three key principles: -

- To have formal and comprehensive objectives, policies, practices, strategies and reporting arrangements in place for treasury management activities;
- To have suitable risk management arrangements in place that gives priority to security and liquidity when investing funds; and
- To acknowledge that the pursuit of value for money and use of performance measures are valid and effective.

Debt is forecast to increase to £116m by 31/3/27 in accordance with the approved Treasury Management Strategy and Medium Term Finance Strategy and this is against an authorised limit of £169m. Whilst the Council will continue to operate within the limit for external debt, the impact of increased interest payments and the ability to borrow in future be monitored closely.

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

- There are effective strategies, policies and procedures in place.
- The treasury management operational controls are effective.
- The Council is compliant with legislative and constitutional requirements.
- The cash flow forecasting arrangements in place are reliable.
- Investments and investment risks are managed and monitored in accordance with approved arrangements.
- Reporting arrangements are in accordance with requirements.
- There is sufficient resilience in place to ensure treasury management activities are actioned at appropriate intervals.

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

- There were two occasions when the cash in the main bank account fell slightly below the £50k threshold for liquidity purposes.
- The audit trail of treasury management training delivery could be more robust.
- Procedure notes should identify the officer role responsible for authorising the procedures in place.

## **2.3 Capital - Substantial Assurance**

### **2.3.1 Audit Scope**

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

### **2.3.2 Summary of findings**

The review focussed on the Council's procedures in respect of capital projects financial approval and budgetary provision, it is not a review of how Projects are Management in terms of their delivery, this is a separate review to be included in the audit plan at a future date.

The primary findings giving rise to the Substantial assurance opinion are as follows:

- The Council has an approved Capital Strategy in place.
- Suitable procedures are in place to evaluate and approve capital projects.
- All capital projects have a capital project document in place which details how the project will be completed, how much it will cost, the benefits of doing the project, the risk of not doing the project and how it's aligned with Corporate priorities.
- All projects are scored against standard criteria.
- All projects are subject to review and approval initially by CMT and then Cabinet.
- Funding sources are identified for every Capital project prior to its approval.
- All capital projects are subject to monthly monitoring by officers and quarterly monitoring by both CMT and Cabinet.
- All Capital Projects are subject to a post completion review by CMT.

Some scope for improvement was identified in respect of the weighting applied to the Capital projects scoring sheet for the category of 'Reduction in Climate impact' where the risk identified highlighted that this should better align with Council priorities/policies regarding the Climate Emergency.

## **2.4 Community Safety - Substantial/ Limited Assurance**

### **2.4.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to achieve the Corporate statement theme 3: '*Community*' and, in particular the focus to '*Work with our partners to deliver a range of community safety initiatives across the District, taking tough action to tackle anti-social behaviour*'.

### **2.4.2 Summary of findings**

Section 17 of the Crime and Disorder Act 1998, as amended by the Police and Justice Act 2006, requires responsible authorities to consider crime and disorder (including antisocial behaviour and other behaviour adversely affecting the local environment) and the misuse of drugs, alcohol and other substances in the exercise of all their duties, activities and decision making.

The assurance has been split to show that Management can place Substantial Assurance on the day to day working processes and Limited Assurance regarding the reporting to Members.

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

- Processes are in place for the public to be able to report anti-social behaviour and they are then reviewed, actioned or passed onto other agencies.

- The Community Safety Team are undertaking events and projects across the district that address community safety issues and target various age groups in an attempt to break cycles of crime being carried out.
- There is a Community Safety Partnership in place that is addressing community safety issues across the district. Supporting plans and action plans are in place and minutes evidence the various partnership meetings that are held.
- The first meeting of the Council's formally sitting Community Safety Scrutiny Panel has been arranged for April 2024 when the Community Safety Partnership Plan and other supporting documents will be formally presented to it.

Scope for improvement was however identified in the following areas and this gives rise to the partially Limited assurance opinion:

- The Community Safety Partnership Plan and supporting action plan should be presented to the Council's Overview and Scrutiny Committee as they are acting as the Council's Community Safety Scrutiny Panel and are required by legislation to scrutinise work on community safety.
- The Strategic Assessment should be presented to the Community Safety Scrutiny Panel.
- The Overview and Scrutiny Committee should clearly record in the minutes of the meeting when acting as the Community Safety Scrutiny Panel.
- Consideration should be given to the production of an annual report to be presented to the Council's Community Safety Scrutiny Panel on the work of the Council in respect of community safety and also include meaningful performance indicators that reflect the work being carried out. The performance indicators should also be reported on a quarterly basis to Members through the quarterly performance report.
- To ensure that information flows between Housing and Community Safety consideration should be given to having a weekly meeting to discuss cases / issues that could impact on each other's work.

## **2.5 Housing Anti-Social Behaviour - Reasonable Assurance**

### **2.5.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to achieve the Corporate statement theme 3: '*Community*' and, in particular the focus to '*Work with our partners to deliver a range of community safety initiatives across the District, taking tough action to tackle anti-social behaviour*'.

### **2.5.2 Summary of findings**

Thanet District Council council tenants and leaseholders have a right to live in an environment that allows them to enjoy their home and community. The Council recognises that anti-social behaviour (ASB) caused by a minority of tenants can be disruptive and distressing for neighbours, damage the sustainability of communities and adversely affect the ability of the Council to let properties. The

Council has a range of legal powers to help deal with ASB. These powers are contained in the Housing Acts of 1985 and 1996, the Anti-Social Behaviour Act 2003, the Anti-Social Behaviour, Crime and Policing Act 2014 and the Environmental Protection Act 1990.

Management can place Reasonable Assurance on the day to day processes and the performance monitoring and reporting of the service.

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

- Processes are in place for the tenants and leaseholders to be able to report anti-social behaviour and they are reviewed, actioned or passed onto other agencies.
- From early 2024 the NEC ASB system is to be used for the recording of ASB and also this will help with developing performance indicators.
- The Tenant and Leaseholder Services Antisocial Behaviour policy was approved by Cabinet in March 2022 and it was reviewed at the beginning of October 2023. Following the Ombudsman Spotlight Report on Noise, Housing are looking to introduce a separate Noise Nuisance and Low Level Nuisance Policy. Supporting procedure notes are also in place to assist officers in the day to day processes for actioning ASB reports and issues.

Scope for improvement was however identified in the following areas, and it is this that gives rise to the partially Limited assurance opinion:

- Consideration should be given to the production of an annual report to be presented to the Council's Community Safety Scrutiny Panel on the work of Housing ASB and also include performance indicators that reflect the service being carried out.
- The performance indicators should also be reported on a quarterly basis to Members through the quarterly performance report.
- A Customer Alerts Policy should be put in place that provides overarching guidance that sets out how Housing Services will deal with tenants who are abusive or threatening to staff or contractors who are carrying out their daily work, the policy should be presented to the Council's Overview and Scrutiny Committee on an annual basis (as they are acting as the Council's Community Safety Scrutiny Panel) and also to staff and contractors acting on behalf of the Council.

## **2.6 Homelessness - Reasonable/ Limited Assurance**

### **2.6.1 Audit Scope**

To provide assurance that the Council deals fairly and efficiently with all homelessness applications whilst:

- Minimising the length of stay in temporary accommodation;
- Minimising the cost to the Council of temporary accommodation; and

- Maximising income from all available sources to cover the costs incurred.

## 2.6.2 **Summary of findings**

The main Legislation relevant to homelessness are Part 7 of the Housing Act 1996, the Homelessness Act 2002 and the Homelessness Prevention Act 2017 which came into effect in April 2018 and requires local authorities to provide more advice and resources targeted at preventing homelessness.

Data from 2021/22 collated and published by KCC was analysed and demonstrated that Thanet District Council assessed a higher percentage of cases as 'owed a prevention duty', a lower percentage of cases as 'owed a relief duty' and a lower percentage of cases as deemed 'not homeless' than the Kent and England averages. The general trend across Kent is that homelessness cases are rising which is putting significant pressure on both team resources and finances of the Council as set out in the table below.

| <b>Budget vs Actual</b>                    | <b>2022/23</b> | <b>% variance</b> |
|--|----------------|-------------------|
| Expenditure Budget Including grant funding | £1,346,393     | N/A               |
| Expenditure Actual                         | £3,389,700     | +151%             |

The assurance for homelessness has been split as follows. Management can place Reasonable Assurance for compliance with Prevention and Relief Duties as set out within Homelessness Legislation upon, while Management can place Limited Assurance on the system of internal controls in operation.

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

- Full compliance with Prevention and Relief Duties.
- Good levels of customer care demonstrated and documented.
- The management of temporary accommodation for homelessness allocation purposes was effective.
- There is good segregation of duties in place.
- There are some performance indicators in place to monitor the service.

The primary findings giving rise to the Limited Assurance opinion in this area and scope for improvement was identified as follows:

- The Council is not consistently using all means available to it to help reduce temporary accommodation costs (i.e. Housing Benefit claims were missing for 3/10 of the sample cases tested).
- Whilst all but one of the ten cases sampled had Personal Housing Plans (PHPs) in place, 5/10 of the sample cases tested had insufficient processes in place to move homelessness cases out of temporary accommodation and into alternative and more permanent accommodation within six months.

- There is a need to introduce more performance measures to help strengthen governance processes, particularly in relation to monitoring the length of stay in temporary accommodation.
- Consent was missing in 4/10 of the sample tested, as required by the Homelessness Act 2002.

Management Response:

The Housing Options Team have experienced a number of factors over the past 12 months which has had a negative impact on the service. These have included a lack of staff resource, and a significant increase in households approaching the service for assistance. This is due to the significant increase in private sector rents and the cost of living crisis, which is being seen nationally. The senior management team had acknowledged these increases in demands on the service and had put in place.

This has meant that the vast majority of “high” risk recommendations have been completed prior to the final audit report being published through the work of the team, 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 Homelessness assessments work carried out by the department.

**Housing Options Manager.**

## **2.7 External Funding Protocol - Limited Assurance**

### **2.7.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to reduce the risk of grant repayment and that these controls are adhered to by all members of staff applying for external funding.

### **2.7.2 Summary of findings**

There is an External Funding Protocol in place for staff to follow and adhere to and a Project Board has recently been set up to monitor large scale projects, first meeting was 29 November 2023. The Project Management framework is under development and will be audited separately (previous reviews in this area including the Post Implementation Review of Berth 4-5 concluded No Assurance).

The records maintained by Finance indicate there are 208 current Job Codes set up within the finance system relating to externally funded projects. It was found that 12 codes require a file to be set up to maintain a complete audit trail. Evidence highlighted 111 of these codes are currently recording revenue against them within the finance system totalling £32,062,873.64 of (Capital and Reserve) funding in 2022-23 being recorded as received.



The main projects of note are the Margate Town Deal (£22.2m investment fund) and the Levelling up Fund (£19.8m investment fund) for which information is available on the Council's website.

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

- The current External Funding Protocol is dated June 2015 and requires a review and update to allow for process and procedural updates. The protocol requires a more regular review process, to be documented and implemented alongside a document change control being added to maintain a management trail of changes.
- The protocol should be adhered to by all members of staff applying for external funding. Compliance could not be established as requested access to project files for sample testing was not provided. Only 2 out of 5 responded with access during the time frame provided for audit testing, both of these did evidence some compliance. The job code files being managed by finance were made available but this did not contain all the relevant information required to establish complete compliance with the protocol. Some of these job code files were also missing.
- To ensure a complete evidential audit trail can be demonstrated, and in compliance with the protocol, only one main project file should be set up with access being given to all staff that need it.
- Completed risk registers undertaken as part of the application process need to be made more formal once the bid has been accepted and be included within the project risk register so this can be regularly reviewed and updated and members and management team can be kept informed.
- Evidence of approval of projects by Management Team and Cabinet could not be obtained or established, this needs to be implemented as per the protocol and documented within the file.
- Records of outcomes, outputs achieved and evidence that the requirements of the external funders are met need to be evidenced.
- Management reporting on progress needs to be established and documented.
- There is evidence that document retention is being recorded, however the retention schedule and control document require a review and update.
- Whilst there is a Due Diligence Policy, this needs review and update and also needs to be more effectively promoted to officers undertaking projects.

Effective control was evidenced in the following areas:

- The External Funding Protocol is adequately promoted to staff.
- A Project Board has been set up to manage and monitor projects. This is in its early stages of development, terms of reference have been agreed and strategies, policies and procedures are in development. The first meeting of the Project Board occurred on 29 November 2023, the ongoing frequency for it to meet is set to four weekly.
- A risk register was in place for each project in the sample reviewed.
- There is evidence that the bids have been reviewed and authorised by the Finance Manager, Legal Services and s.151 Officer.

### **Management Response:**

- Externally funded projects across the council are broader than the Town Deal and the Ramsgate Levelling Up Fund. Evidence from these schemes mentioned in the report can be provided to show adherence to the Protocols in place. Regeneration has had an internal and external Board's/Scrutiny Panels reviewing delivery of the projects. Project Files are set-up and all relevant officers from all departments have access to them. These funds have quarterly/six monthly reporting to central government against spend, profiled spent, risks, project adjustments and risks. The External Funding applications that evidence was requested for this review was provided two weeks after requested, although this was outside of the timeframe. The evidence will have shown engagement with the Finance lead for external funding, approval to apply for the funding and relevant folders set-up. However, job codes won't have been set-up yet as one funding application had not been successful and the other was still being considered by the funding body.
- There have been significant changes in the external funding arena and we understand that the external funding protocol should be updated and the Regeneration and Growth Team is happy to work with the Finance Team on an updated protocol.

### **Head of Finance and Procurement • Corporate Services**

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

- 3.1 As part of the period's work, eight 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.

| <b>Service/ Topic</b> |   | <b>Original Assurance level</b> | <b>Revised Assurance level</b> | <b>Original Number of Recs</b> |   | <b>No. of Recs. Outstanding after follow-up</b> |
|-----------------------|---|---------------------------------|--------------------------------|--------------------------------|---|---|
| a)                    | Environmental Protection Service Requests | Reasonable                      | Substantial                    | Critical                       | 0 | 0   |
|                       |   |                                 |                                | High                           | 0 | 0   |
|                       |   |                                 |                                | Medium                         | 2 | 0   |
|                       |   |                                 |                                | Low                            | 2 | 0   |
| b)                    | Cloud Computing                           | Reasonable                      | Reasonable                     | Critical                       | 0 | 0   |
|                       |   |                                 |                                | High                           | 3 | 3   |
|                       |   |                                 |                                | Medium                         | 7 | 3   |
|                       |   |                                 |                                | Low                            | 3 | 2   |
| c)                    | Waste Vehicle Fleet Management            | Reasonable                      | Reasonable/<br>No              | Critical                       | 0 | 0 **  |
|                       |   |                                 |                                | High                           | 3 | 0   |
|                       |   |                                 |                                | Medium                         | 4 | 1   |

|    |   |                        |                        |          |   |   |
|----|---|------------------------|------------------------|----------|---|---|
|    |   |                        |                        | Low      | 1 | 0 |
| d) | East Kent Opportunities - 1st Follow-up   | No                     | No                     | Critical | 0 | 0 |
|    |   |                        |                        | High     | 8 | 5 |
|    |   |                        |                        | Medium   | 0 | 0 |
|    |   |                        |                        | Low      | 0 | 0 |
| e) | East Kent Opportunities - 2nd Follow-up   | No                     | Reasonable             | Critical | 0 | 0 |
|    |   |                        |                        | High     | 5 | 0 |
|    |   |                        |                        | Medium   | 0 | 0 |
|    |   |                        |                        | Low      | 0 | 0 |
| f) | Licensing                                 | Reasonable/<br>No      | Reasonable/<br>No      | Critical | 1 | 1 |
|    |   |                        |                        | High     | 4 | 0 |
|    |   |                        |                        | Medium   | 5 | 1 |
|    |   |                        |                        | Low      | 1 | 1 |
| g) | Rent Accounting, Collection & Debt Mngmt. | Reasonable/<br>Limited | Reasonable/<br>Limited | Critical | 1 | 1 |
|    |   |                        |                        | High     | 6 | 1 |
|    |   |                        |                        | Medium   | 2 | 0 |
|    |   |                        |                        | Low      | 1 | 1 |
| h) | Capital                                   | Substantial            | Substantial            | Critical | 0 | 0 |
|    |   |                        |                        | High     | 0 | 0 |
|    |   |                        |                        | Medium   | 1 | 0 |
|    |   |                        |                        | Low      | 0 | 0 |

\*For Assurance and Recommendation priority definitions see Appendix 2

\*\* A new Critical priority recommendation was made at the time of follow-up in respect of the Waste Vehicle Fleet Management

- 3.2 As part of the follow up action, the recommendations under review are either:
- “closed” as they have been successfully implemented, or
  - “closed” as the recommendation is yet to be fully implemented but is on target with a revised implementation date, or
  - (for medium or low risks only) “closed” as management has decided to tolerate the risk, or the circumstances have since changed, or
  - (for critical or high risks only) “closed” on the EKAP System with a revised implementation date and escalated to management for further tracking and reporting to the audit committee.
- 3.3 Details of each of any individual critical or high priority recommendations outstanding after follow-up are included at Annex 1 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 Committee.
- 3.4 The purpose of escalating outstanding high-risk matters 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) Waste Vehicle Fleet Management - Good progress has been made by the service to implement the recommendations particularly around the monitoring of vehicles to prevent instances of vehicle overloading. Management do however need to ensure that once the Corporate CCTV policy has been implemented, suitable procedures are implemented to undertake ad-hoc reviews of CCTV footage from refuse freighters to confirm compliance with procedures for reversing, confirmation of correct use of all required PPE and the wearing of seatbelts.

Senior Management should satisfy themselves that the service is dealing with all reports of drivers reversing without a reversing assistant in accordance with the relevant HR policies, and that all action taken in response to such reports or complaints regarding operatives and drivers are suitably documented.

The Transport Manager should also ensure that the information held by the traffic Commissioner is up to date and that the Commissioner is informed as soon as practical of any future changes.

At the time of the initial audit we concluded that Management could have Reasonable Assurance in this area. Following completion of this follow-up review, our opinion has remained as Reasonable around the overall management of the waste vehicle fleet, but due to the lack of response from Management (despite many requests and escalating the issue) the Council may have No assurance in respect of the management of the risk associated with drivers reversing refuse freighters without the assistance of a guide, nor that the Council is applying its disciplinary code in an equal and proportionate manner in respect of this serious matter. This has led to a new recommendation, rated as critical priority being added at the progress report stage.

**Management Response** - The outcome of this follow up audit is accepted. Where the original recommendations have been deemed to be partially implemented work will continue to fully discharge these actions by the end of January 2024 or sooner where a date has been specifically referenced.

The new critical action regarding reports of HGV's reversing without a banksman is also accepted and a review of the application of the approved policy will be undertaken and action will be taken to ensure compliance. A full response will be provided on this critical audit action by the end of December 2023.

e) East Kent Opportunities - The recommendations were originally due to be implemented by 30th June 2023. There was reasonable delay in their implementation which necessitated the undertaking of a second follow up. We are however pleased to report that all of the recommendations had been implemented by December 2023 and accordingly the assurance opinion was revised from No Assurance to Reasonable Assurance.

#### **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: VICs, Scheme of Officer Delegations, and Tenant Engagement.

#### **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 nine-month period to 31st December 2023, 243.67 chargeable days were delivered against the target for the year of 348 days which equates to 70.02% 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 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 31st December2023

**APPENDIX 1**

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

| <b>Area</b>  | <b>Original Planned Days</b> | <b>Revised Budgeted Days</b> | <b>Actual days to 31-12-2023</b> | <b>Status and Assurance Level</b> |
|--|------------------------------|------------------------------|----------------------------------|-----------------------------------|
| <b>FINANCIAL GOVERNANCE:</b>                                 |                              |                              |                                  |                                   |
| Capital  | 10                           | 10                           | 3.88                             | Finalised - Substantial           |
| Treasury Management  | 10                           | 10                           | 8.91                             | Finalised - Substantial           |
| External Funding Protocol                                    | 10                           | 10                           | 10.72                            | Finalised - Limited               |
| Insurance & Inventories of Portable Assets                   | 10                           | 10                           | 10.87                            | Finalised - Substantial           |
| <b>HOUSING SYSTEMS:</b>                                      |                              |                              |                                  |                                   |
| Homelessness   | 10                           | 10                           | 12.09                            | Finalised - Reasonable/Limited    |
| 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                                | Postponed                         |
| Resident Engagement  | 10                           | 10                           | 0.23                             | Work-in-Progress                  |
| Anti-Social Behaviour  | 5                            | 5                            | 5                                | Finalised - Reasonable            |
| HRA Business Plan  | 10                           | 10                           | 9.15                             | Finalised - Substantial           |
| <b>GOVERNANCE RELATED:</b>                                   |                              |                              |                                  |                                   |
| Scheme of Officer Delegations                                | 10                           | 10                           | 4.19                             | Work-in-Progress                  |
| Performance Management                                       | 10                           | 10                           | 0                                | Postponed                         |
| Corporate Advice/ CMT  | 2                            | 2                            | 4.93                             | Ongoing                           |
| s.151 Officer Meetings & Support                             | 9                            | 9                            | 11.02                            | Ongoing                           |
| Governance & Audit Committee Meetings and Report Preparation | 12                           | 12                           | 14.07                            | Ongoing                           |
| Audit Plan & Preparation Meetings                            | 9                            | 9                            | 3.86                             | Ongoing                           |
| <b>HR RELATED:</b>   |                              |                              |                                  |                                   |
| Payroll  | 3                            | 3                            | 3.31                             | Work-in-Progress                  |
| <b>COUNTER FRAUD:</b>  |                              |                              |                                  |                                   |
| Counter Fraud & Corruption                                   | 10                           | 10                           | 0                                | Postponed                         |

| <b>ICT RELATED:</b>                       |            |            |               |                                 |
|---|------------|------------|---------------|---------------------------------|
| Change Controls                           | 15         | 15         | 0             | Quarter 4                       |
| Network Security                          | 10         | 10         | 0             | Quarter 4                       |
| Cyber-Security                            | 10         | 10         | 18.40         | Finalised - Limited             |
| <b>SERVICE LEVEL:</b>                     |            |            |               |                                 |
| CSO Compliance                            | 10         | 10         | 0.34          | Work-in-Progress                |
| Community Safety                          | 10         | 10         | 11.83         | Finalised - Substantial/Limited |
| Environmental Protection Service Requests | 10         | 10         | 12.7          | Finalised - Reasonable          |
| Grounds Maintenance                       | 12         | 12         | 0.18          | Work-in-Progress                |
| Ramsgate Harbour Accounts                 | 5          | 5          | 0             | Work-in-Progress                |
| Planning Applications, Income & s.106     | 10         | 12         | 18.48         | Finalised - Substantial/Limited |
| Building Control                          | 10         | 10         | 0             | Postponed                       |
| Your Leisure                              | 10         | 10         | 0             | Postponed                       |
| VICs                                      | 10         | 10         | 0.31          | Work-in-Progress                |
| Garden Waste                              | 10         | 10         | 11.75         | Finalised - Substantial         |
| Refuse Collection                         | 10         | 10         | 8.97          | Finalised - Reasonable          |
| Climate Change                            | 5          | 5          | 0             | Postponed till 24-25            |
| Employee Health & Safety                  | 10         | 18         | 17.59         | Finalised - Limited             |
| <b>OTHER:</b>                             |            |            |               |                                 |
| Liaison With External Auditors            | 1          | 1          | 1.34          | Ongoing                         |
| Follow-Up Reviews                         | 15         | 15         | 20.35         | Ongoing                         |
| <b>FINALISATION OF 2022-23 AUDITS:</b>    |            |            |               |                                 |
| Absence Management                        | 5          | 5          | 0.23          | Finalised - Reasonable/Limited  |
| Car Parking & Enforcement                 |            |            | 5.57          | Finalised - No                  |
| Ramsgate Harbour Accounts                 |            |            | 2.99          | Finalised - N/A                 |
| <b>RESPONSIVE ASSURANCE:</b>              |            |            |               |                                 |
| LUF Grant - Project Assurance             | 0          | 0          | 0.24          | Work-in-Progress                |
| <b>TOTAL</b>                              | <b>348</b> | <b>348</b> | <b>243.67</b> | <b>70.02 %</b>                  |



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

| <b>Review</b>                          | <b>Original<br/>Planned<br/>Days</b> | <b>Revised<br/>Planned<br/>Days</b> | <b>Actual<br/>days to<br/>31/12/2023</b> | <b>Status and Assurance<br/>Level</b> |
|--|--------------------------------------|-------------------------------------|--|---------------------------------------|
| <b>EKS REVIEWS:</b>                    |                                      |                                     |  |                                       |
| Housing Benefits Administration        | 15                                   | 13                                  | 13.15                                    | Finalised - Substantial               |
| Housing Benefits Testing               | 20                                   | 14                                  | 13.79                                    | Finalised - N/A                       |
| Council Tax Reduction Scheme           | 15                                   | 15                                  | 0.95                                     | Work in progress                      |
| Customer Services                      | 15                                   | 8                                   | 0.12                                     | Work in progress                      |
| Transition Governance                  | 0                                    | 15                                  | 7.15                                     | Finalised - N/A                       |
| <b>OTHER:</b>                          |                                      |                                     |  |                                       |
| Corporate/Committee                    | 4                                    | 4                                   | 4.06                                     | 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                                   | 1.55                                     | Finalised - Reasonable                |
| <b>Total</b>                           | <b>74</b>                            | <b>74</b>                           | <b>42.33</b>                             | <b>57.23%</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.

| <b>SUMMARY OF CRITICAL &amp; HIGH PRIORITY RECOMMENDATIONS NOT IMPLEMENTED AT THE TIME OF FOLLOW-UP – APPENDIX 3</b>  |   |   |
|---|---|---|
| <b>Original Recommendation</b>  | <b>Agreed Management Action , Responsibility and Target Date</b>  | <b>Manager’s Comment on Progress Towards Implementation.</b>  |
| <b><i>Cloud Computing - November 2023:</i></b>  |   |   |
| <p>In the absence of key security staff who have left EK Services ICT the Council must consider whether its internal resources have sufficient capability and knowledge to assess completed digital landscape documents returned to the Council during the procurement process to be assessed when the Council is decided to procure a new cloud based system.</p> <p>NB. The risks to the Council will increase the closer the Council gets to the date the ICT services transfers back in house and the bigger the systems left to transfer to the cloud.</p> | <p>Recommendation accepted. Management will risk assess this and look at training and other actions to ensure the risk is mitigated once the ICT service has returned.</p> <p><b>Proposed Completion Date &amp; Responsibility</b></p> <p>September 2023<br/>Digital Transformation Manager</p> | <p>The disaggregation project is ongoing during this period ICT security risks are higher and this is recognised in our strategic risk register. The Council has not yet recruited a new Senior Transformation and Technology Manager who will be responsible for ICT security risks along with our new SIRO.</p> <p>DLDs will remain a key control and these have been assessed by the System Improvement Manager, however this remains a risk for the Council.</p> <p><b>Recommendation Outstanding with Intent to Action - Revised Implementation Date April 2024.</b></p> |
| <p>All Completed Digital Landscape Documents returned as part of any cloud based system procurement process should be fully completed and this includes whether the responses from the supplier is a pass or a fail.</p>  | <p>Recommendation accepted. Management will also look at information governance to ensure documents are shared centrally.</p> <p><b>Proposed Completion Date &amp; Responsibility</b></p> <p>October 2022<br/>Digital Transformation Manager</p>  | <p>The responsibility for coordination is the Systems Improvement Manager. This is something that will continue to evolve and improve when the recruitment of the new Senior Transformation and Technology Manager has been completed.</p> <p><b>Recommendation Outstanding. Revised Implementation Date April 2024.</b></p>  |

|  |  |   |
|--|--|---|
| <p>Future completed Digital Landscape Documents (DLDs) should consistently contain: -</p> <ul style="list-style-type: none"> <li>- The date they were assessed by the Council;</li> <li>- The names of the officers involved in the assessments made by the Council;</li> <li>- The name of the authorising officer confirming overall responsibility for approval.</li> <li>- A pass or a fail mark or score in each of the criteria being assessed.</li> <li>- Sufficient commentary from officers included in the DLSs on how any assessed 'failures' would be adequately and satisfactorily overcome in practice.</li> </ul> |  |   |
| <p>Management should introduce and publish on the intranet a set of approved contract clauses that the Council should expect in all agreements and contracts in place with cloud based system providers in future. This should include: -</p> <ul style="list-style-type: none"> <li>- Data back-up arrangements;</li> <li>- Right to Audit;</li> <li>- Responsibilities for security;</li> <li>- Responsibilities for data backup; and</li> <li>- The process for retrieving Council owned data at the end of the contract period.</li> </ul>   | <p>Recommendation approved subject to the suggested changes and subject to agreed templates.</p> <p><b>Proposed Completion Date &amp; Responsibility</b></p> <p>April 2023 - Interim Head of Legal</p> | <p>There is a TDC Standard Clauses Template available for staff to utilise on TOM but this does not reduce the risks posed by this recommendation.</p> <p>This recommendation will be the responsibility of the new Head of Legal and Democracy (IB) for implementation.</p> <p><b>Recommendation Outstanding with Intent to Action - Revised Implementation Date April 2025.</b></p> |

| <b>Licensing - December 2023:</b>  |   |   |
|--|---|---|
| <p>The setting of the fees and charges should be calculated each year taking into account the cost neutral exercise that should be carried out at the same time. Any surplus from the previous year should be used to reduce the new fees and charges.</p> | <p>We were instructed to increase all fees and charges by 10%. (Technical Support Manager (AB))</p> <p>Processes will be put in place to ensure that the next round of fees and charges are calculated only once the cost neutral exercise has been carried out.</p> <p><b>Proposed completion date and responsibility:</b><br/>October 23 - Director of Safer Neighbourhoods</p> | <p>No response received from the Head of Neighbourhoods. Evidence that the exercise has been carried out has not been provided, leading to the conclusion that fees and charges have not been calculated in accordance with legislation.</p> <p><b>Outstanding Awaiting Response</b></p>  |
| <b>Rent Accounting, Collection &amp; Debt Management - December 2023:</b>  |   |   |
| <p>As a key control the Council must operate write-off authorisations in compliance with the thresholds set out within the Constitution and the Interim Write Offs and Relief Order Policy.</p>  | <p>Review all write offs to date. Retrospective sign off to be sought from s.151. Quarterly write off review, with a view to obtaining sign off from s.151 following agreement from TLS Manager.</p> <p><b>Proposed completion date and responsibility:</b><br/>September 23 - Tenant and Leaseholder Services Manager</p>  | <p>The s.151 Officer and the Head of Tenant and Leasehold Services are working together to resolve this issue and ensure all retrospective write-offs are authorised in accordance with constitutional requirements. This is an important piece of work that requires time to get right and therefore remains outstanding with full intent to action.</p> <p><b>Recommendation Outstanding with Intent to Action. Revised Implementation Date - March 2024.</b></p> |
| <p>The s.151 Officer should be provided with the following information when being asked to write off tenant debt: -</p> <ul style="list-style-type: none"> <li>- a current total balance of current tenant arrears;</li> </ul>                             | <p>Create a write off template to include information required and sign off. Ensure Finance &amp; s.151 Officers are happy with the new process &amp; have the resources to review and sign off.</p>  | <p>A new write-off form has been drafted but has yet to be formally introduced.</p> <p><b>Recommendation Outstanding with Intent to Action. Revised Implementation Date -</b></p>   |

|  |   |                    |
|--|---|--------------------|
| <ul style="list-style-type: none"><li>- a current total balance of former tenant arrears; and</li><li>- the amount of debt he/she has written off to date (YTD).</li></ul> | <b>Proposed completion date and responsibility:</b><br><br>August 23- Income Manager / Tenant and Leaseholder Services manager. | <b>March 2024.</b> |
|--|---|--------------------|

**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>  |
|--|------------------------------|---------------------------|--|
| Berth 4-5 Post Implementation Review   | March 2023                   | No                        | Summer 2024 -delayed at Client request<br>Project Management risks being tolerated |
| Car Parking & Enforcement              | July 2023                    | No                        | Quarter 4 2023   |
| EKS ICT Desegregation Project          | September 2023               | Limited                   | Quarter 4 2023   |
| Planning Applications, Income and S106 | November 2023                | Substantial/Limited       | Quarter 4 2023   |
| External Funding Protocol              | March 2024                   | Limited                   | Quarter 2 2024   |

## Balanced Scorecard - Quarter 4

| <b><u>INTERNAL PROCESSES PERSPECTIVE :</u></b>   | <b><u>2023-24<br/>Actual</u></b> | <b><u>Target</u></b> | <b><u>FINANCIAL PERSPECTIVE:</u></b>  | <b><u>2023-24<br/>Actual</u></b> | <b><u>Original<br/>Budget</u></b> |
|--|----------------------------------|----------------------|---|----------------------------------|-----------------------------------|
|  | <b>Quarter 3</b>                 |                      | <b>Reported Annually</b>  |                                  |                                   |
| <b>Chargeable as % of available days</b>   | <b>87%</b>                       | <b>90%</b>           | <ul style="list-style-type: none"> <li>• <b>Cost per Audit Day</b></li> </ul>                     | <b>£</b>                         | <b>£403.37</b>                    |
| <b>Chargeable days as % of planned days</b>  |                                  |                      | <ul style="list-style-type: none"> <li>• <b>Direct Costs</b></li> </ul>                           | <b>£</b>                         | <b>£521,918</b>                   |
| <b>CCC</b>   | <b>61.63%</b>                    | <b>75%</b>           | <ul style="list-style-type: none"> <li>• <b>+ Indirect Costs (Recharges from Host)</b></li> </ul> | <b>£</b>                         | <b>£10,530</b>                    |
| <b>DDC</b>   | <b>80.86%</b>                    | <b>75%</b>           | <ul style="list-style-type: none"> <li>• <b>- 'Unplanned Income'</b></li> </ul>                   | <b>£</b>                         | <b>Zero</b>                       |
| <b>TDC</b>   | <b>70.02%</b>                    | <b>75%</b>           |   |                                  |                                   |
| <b>FHDC</b>  | <b>66.31%</b>                    | <b>75%</b>           |   |                                  |                                   |
| <b>EKS</b>   | <b>57.23%</b>                    | <b>75%</b>           |   |                                  |                                   |
| <b>Overall</b>   | <b>69.47%</b>                    | <b>75%</b>           | <ul style="list-style-type: none"> <li>• <b>= Net EKAP cost (all Partners)</b></li> </ul>         | <b>£</b>                         | <b>£532,448</b>                   |
| <b>Follow up/ Progress Reviews;</b>  |                                  |                      |   |                                  |                                   |
| <ul style="list-style-type: none"> <li>• <b>Issued</b></li> </ul>  | <b>46</b>                        | <b>-</b>             |   |                                  |                                   |
| <ul style="list-style-type: none"> <li>• <b>Not yet due</b></li> </ul>   | <b>18</b>                        | <b>-</b>             |   |                                  |                                   |
| <ul style="list-style-type: none"> <li>• <b>Now due for Follow Up</b></li> </ul>                                       | <b>33</b>                        | <b>-</b>             |   |                                  |                                   |
| <b>Compliance with the Public Sector<br/>Internal Audit Standards (PSIAS)<br/>(see Annual Report for more details)</b> | <b>Partial</b>                   | <b>Partial</b>       |   |                                  |                                   |



| <u>CUSTOMER PERSPECTIVE:</u>   | <u>2023-24<br/>Actual</u> | <u>Target</u> | <u>INNOVATION &amp; LEARNING<br/>PERSPECTIVE:</u>                        | <u>2023-24<br/>Actual</u> | <u>Target</u> |
|--|---------------------------|---------------|--|---------------------------|---------------|
|  | Quarter 3                 |               |  |                           |               |
| Number of Satisfaction Questionnaires Issued;  | 50                        |               | Percentage of staff qualified to relevant technician level               | 61%                       | 60%           |
| Number of completed questionnaires received back;  | 17<br>= 34%               |               | Percentage of staff holding a relevant higher-level qualification        | 50%                       | 50%           |
| Percentage of Customers who felt that;   |                           |               | Percentage of staff studying for a relevant professional qualification   | 0%                        | N/A           |
| <ul style="list-style-type: none"> <li>• Interviews were conducted in a professional manner</li> </ul> | 100%                      | 100%          | Number of days technical training per FTE                                | 3.37                      | 3.5           |
| <ul style="list-style-type: none"> <li>• The audit report was 'Good' or better</li> </ul>              | 100%                      | 90%           | Percentage of staff meeting formal CPD requirements (post qualification) | 50%                       | 50%           |
| <ul style="list-style-type: none"> <li>• That the audit was worthwhile.</li> </ul>                     | 100%                      | 100%          |  |                           |               |