

This Report will be made public on 22 September 2020



Report Number **AuG/20/05**

**To: Audit and Governance Committee**  
**Date: 30 September 2020**  
**Status: Non-Executive Decision**  
**Corporate Director: Charlotte Spendley – Director – Corporate Services (S151)**

**SUBJECT: INTERNAL AUDIT PROGRESS REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP**

**SUMMARY:** This report includes the summary of the work of the East Kent Audit Partnership (EKAP) since the last Audit and Governance Committee meeting together with details of the performance of the EKAP to the 30<sup>th</sup> June 2020.

**REASONS FOR RECOMMENDATION:**

The Committee is asked to agree the recommendations set out below because: In order to comply with best practice, the Audit and Governance Committee should independently contribute to the overall process for ensuring that an effective internal control environment is maintained.

**RECOMMENDATIONS:**

- 1. To receive and note Report AuG/20/05.**
- 2. To note the results of the work carried out by the East Kent Audit Partnership.**

## **1. INTRODUCTION**

- 1.1 This report includes the summary of the work completed by the East Kent Audit Partnership (EKAP) since the last Audit and Governance Committee progress report, together with details of the performance of the EKAP to the 30<sup>th</sup> June 2020.

## **2. AUDIT REPORTING**

- 2.1 For each Audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to the relevant Heads of Service, as well as an appropriate manager for the service reviewed.
- 2.2. Follow-up reviews are performed at an appropriate time, according to the status of the recommendation, timescales for implementation of any agreed actions and the risk to the Council.
- 2.3. An assurance statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be substantial, reasonable, limited or no assurance.
- 2.4 Those services with either limited or no assurance are monitored and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of assurance to either reasonable or substantial. There are currently four reviews with such a level of assurance as shown in appendix 2 of the EKAP report.
- 2.5 The purpose of the Council's Audit and Governance Committee is to provide independent assurance of the adequacy of the risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and to seek assurance that action is being taken to mitigate those risks identified.
- 2.6 To assist the Committee in meeting its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.

## **3. SUMMARY OF WORK**

- 3.1. There have been five audit reports completed during the period. These have been allocated assurance levels as follows: three were providing substantial assurance, one reasonable assurance and one was split assurance reasonable / limited. Summaries of the report findings are detailed within Annex 1 to this report.

- 3.2 In addition, one follow up review has been completed during the period. The follow up reviews are detailed within section 3 of the update report.
- 3.3 For the period to 30<sup>th</sup> June 2020 67.91 chargeable days were delivered against the planned target of 344.23 days, which equates to achievement of 19.72% of the planned number of days.
- 3.4 Due to the Covid19 virus the EKAP team were redirected to community work on behalf of the partner councils early in the 2020/21 year. This has impacted upon the amount of internal audit work that can be completed within the year resulting in a revision to the audit plan in appendix 3. At the same time East Kent Housing Limited is due to be taken back in house by the partner councils from 1<sup>st</sup> October 2020, therefore the plan is further adjusted to bring back in 30 days for 2020/21 and then 35 days from 2021/22 in respect of housing reviews.

#### 4. RISK MANAGEMENT ISSUES

- 4.1 A summary of the perceived risks follows:

| Perceived risk                                     | Seriousness | Likelihood | Preventative action   |
|--|-------------|------------|---|
| Non completion of the audit plan                   | Medium      | Low        | Review of the audit plan on a regular basis   |
| Non implementation of agreed audit recommendations | Medium      | Low        | Review of recommendations by Audit and Governance Committee and Audit escalation policy.  |
| Non completion of the key financial system reviews | Medium      | Medium     | Review of the audit plan on a regular basis. A change in the external audit requirements reduces the impact of non-completion on the Authority. |

#### 5. LEGAL, FINANCIAL AND OTHER CONTROLS/POLICY MATTERS

##### 5.1 Legal Officer's comments (DK)

No legal officer comments are required for this report.

##### 5.2 Finance Officer's Comments (TM)

Responsibility for the arrangements of the proper administration of the Council's financial affairs lies with the Director – Corporate Services (s.151). The internal audit service helps provide assurance as to the adequacy of the arrangements in place. It is important that the recommendations accepted by Heads of Service are implemented and that audit follow-up to report on progress.

### 5.3 **Head of the East Kent Audit Partnership comments (CP)**

This report has been produced by the Head of the East Kent Audit Partnership and the findings / comments detailed in the report are the service's own, except where shown as being management responses.

### 5.4 **Diversities and Equalities Implications (CP)**

This report does not directly have any specific diversity and equality implications however it does include reviews of services which may have implications. However none of the recommendations made have any specific relevance.

## 6. **CONTACT OFFICERS AND BACKGROUND DOCUMENTS**

- 6.1 Councillors with any questions arising out of this report should contact either of the following officers prior to the meeting.

Christine Parker, Head of the Audit Partnership  
Telephone: 01304 872160 Email: [Christine.parker@folkestone-hythe.gov.uk](mailto:Christine.parker@folkestone-hythe.gov.uk)

Charlotte Spendley Director – Corporate Services (S151)  
Telephone: 01303 853420 Email: [Charlotte.spendley@folkestone-hythe.gov.uk](mailto:Charlotte.spendley@folkestone-hythe.gov.uk)

- 6.2 The following background documents have been relied upon in the preparation of this report:

Internal Audit working papers - Held by the East Kent Audit Partnership.

### **Attachments**

Annex 1 – Update report from the Head of the East Kent Audit Partnership.



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

**1. INTRODUCTION AND BACKGROUND**

1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Audit and Governance Committee meeting, together with details of the performance of the EKAP to the 30<sup>th</sup> June 2020.

**2. SUMMARY OF REPORTS**

| Service / Topic |  | Assurance level      | No of recs       |                  |
|-----------------|--|----------------------|------------------|------------------|
| 2.1             | Otterpool Park Governance                        | Substantial          | C<br>H<br>M<br>L | 0<br>0<br>1<br>1 |
| 2.2             | Dog Enforcement                                  | Substantial          | C<br>H<br>M<br>L | 0<br>0<br>2<br>0 |
| 2.3             | Members Code of Conduct & Standards Arrangements | Substantial          | C<br>H<br>M<br>L | 0<br>0<br>1<br>2 |
| 2.4             | Oportunitas Ltd – Governance Arrangements        | Reasonable           | C<br>H<br>M<br>L | 0<br>1<br>4<br>3 |
| 2.5             | Licensing  | Reasonable / Limited | C<br>H<br>M<br>L | 0<br>6<br>2<br>2 |

## **2.1 Otterpool Park Governance - Substantial Assurance**

### **2.1.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the controls established to ensure that the Council has good governance procedures in place concerning the Otterpool Garden Town Project and that these protect the Council, Councillors and Officers who are involved in the administration of this project and to enable the intended outcomes to be achieved for the district.

### **2.1.2 Summary of Findings**

The Otterpool Park Project is both a substantial challenge and opportunity for the Council to develop a new "Garden Town" within the district and thereby meet the requirements and targets placed upon it by Government in respect of the future building of new homes within the district.

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

- The Council has set out clear objectives for the Otterpool Park Project.
- The Council has taken decisions in relation to the project through the relevant committee process.
- Delegation has been approved to officers in specific cases to take the project forward in terms of purchasing land and buildings within the project's location.
- There are various protocols and governance processes in place for both officers and Councillors to comply with in respect of the project.

Scope for improvement was however identified in the following areas:

- The Protocol for Officers should be updated and revised as necessary.
- Consideration should be given to the production of a specific listing of officers working on either side of the project, for transparency purposes.

## **2.2 Dog Enforcement - 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 meets its responsibilities regarding the control of dogs within the district.

### **2.2.2 Summary of Findings**

There are three main areas of legislation in place that direct the Council's provision of dog control services. These are:

- Environmental Protection Act 1990 (Section 149 Seizure of Stray Dogs);
- Clean Neighbourhoods & Environment Act 2005
- Anti-Social Behavior, Crime & Policing Act 2014 (Public Space Protection Order) 2015

For the period 01 April 2019 to 31 December 2019 12 fixed penalty notices were issued for dog related offences, 112 stray dogs were seized and 36 stray dogs were returned to their

owners. There have been no prosecutions for unpaid fixed penalty notices for dog related offences.

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

- Legislation supports the processes and procedures in place for the seizure, kennelling and return/ rehoming of stray dogs; and the issue of fixed penalty notices in relation to dog offences;
- Fees and charges are approved by Cabinet.
- Information on the services provided by the Council and how to report any concerns are clearly publicised on the Council's Website.
- Proactive publicity and pop up sessions work to educated dog owners on their responsibilities to the animal and the community.
- The health and safety of officers is paramount with appropriate training, personal protective equipment and support being provided.

Scope for improvement was however identified in the following areas:

- Dog Microchipping fees must be correctly advertised when charging commences and the stock should be effectively controlled.
- Kennel invoice details should be recorded against the relevant worksheet record to provide additional controls preventing possible duplicate payments.

## **2.3 Members' Code of Conduct & Standards Arrangements – Substantial Assurance**

### **2.3.1 Audit Scope**

To provide assurance that the Code of Conduct for Members and the members standards arrangements complies with any national guidance and best practice, is adequately advised to Councillors and that it is being adhered to.

### **2.3.2 Summary of Findings**

Councillors (District, Town or Parish) are elected by the general public to represent the constituents of a ward. Each Council has its own Code of Conduct to which Councillors must adhere. Councillors should conduct themselves in a way that is beyond reproach, however if members of the public believe that a Councillor has breached the Code of Conduct then arrangements exist to enable them to make a complaint and detail how the complaint will be dealt with.

For 2019/20 none of the complaints (18) received by the Monitoring Officer in respect of District or Parish Councillors were considered to be sufficient that they had to be heard by the Joint Standards' Hearings Committee. (As reported in the annual reports of the Audit and Governance Committee)

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

- Established processes (including Standards arrangements) are in place to ensure that Councillors comply with the code of conduct and are aware of their

responsibility to declare any interests that may impact on the decision making process of the Council. This is in accordance with the Localism Act 2011.

- Processes for making and dealing with complaints are well documented and are readily available to the public.
- The appointment of separate independent people to carry out investigations, and to review the complaints alongside the Monitoring Officer ensure that a consistent approach to dealing with them is in place.
- Councillors have attended training for their role as a Councillor (i.e. induction) and the various committees that they sit on and unless they have completed the training they are not permitted to sit on them. (This also includes substitute Councillors).

Scope for improvement was however identified in the following areas:

- When the Code of Conduct document is reviewed (i.e. Section 1.5 in the Preamble) to ensure that it is up to date in accordance with the Kent Code of Conduct, consideration should be given to including a version number and date of review on the document.
- Where online processes are replacing previous paper based ones then procedures and supporting information (i.e. Council's Constitution, Part 9.2 - Arrangements for Dealing with Code of Conduct Complaints under the Localism Act 2011) should be updated to reflect this.
- An annual report on the District Council's ethical governance arrangements should be presented to the Audit and Governance Committee as per its terms of reference so that it can be commented on in its annual report.

## **2.4 Oportunitas Ltd Governance Arrangements - Reasonable Assurance**

### **2.4.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the controls established to ensure that the Council has good governance procedures in place concerning Oportunitas Limited and that these protect the Council, and the Councillors and Officers who are involved in the administration of this company.

### **2.4.2 Summary of Findings**

The Council first set up Oportunitas Limited as a wholly owned regeneration and housing company in 2014. Since then they have acquired housing properties for the rental market and offered grounds maintenance services to the general public.

The company is overseen by a small number of Councillors who are assigned as Board Members so that they can control the operations of the company and receive regular reports from officers who provide a supporting role for the running of the company. As the sole shareholder of the company the Council is expected to be advised on the company's progress by formal reporting to Cabinet and Full Council.

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



- The Council is legally permitted to set up a wholly owned company as per the Local Government Act 2003 and the Localism Act 2011.
- Detailed business plans had previously been produced and then submitted to Cabinet.
- Reports had previously been produced for the Cabinet to provide updates on general progress being made by Oportunitas Limited.
- Board Members have been appointed from current Councillors to control the company.
- All relevant Companies House documentation has been submitted.

Scope for improvement was however identified in the following areas:

- The declarations of interests for the Councillors on the Board should be checked to ensure that these are correct, and they show their involvement with Oportunitas Limited.
- That the appointments to outside bodies should be amended to reflect the Councillors' appointment to Oportunitas Limited.
- To submit to Cabinet the new draft business plan 2020-22 for formal approval.
- The required update reporting to Cabinet should be re-introduced.
- The required annual reporting to Full Council should be complied with.
- A Debtors Policy should be implemented.
- An entry should be submitted for the Information Commissioner's data register in respect of data processors.

## **2.5 Licensing – Reasonable / Limited Assurance**

### **2.5.1 Audit Scope**

To ensure that the licence applications granted by the Council comply with the Council's policies and relevant legislation and all information is accurately recorded. Licence fees should be properly approved and all income efficiently received, reconciled and monitored.

### **2.5.2 Summary of Findings**

The Licensing Act 2003 requires that the licensing authority carries out its various licensing functions so as to promote the following four licensing objectives:

- The prevention of crime and disorder
- Public safety
- The prevention of public nuisance: and
- The protection of children from harm.

Each objective is of equal importance and they are given paramount consideration at all times as part of the day to day licensing processes that are carried out.

This review carried out on the Licensing function (excluding Taxi's and Hackney Carriages) has reviewed the behind the scenes controls that support the day to day function but has not looked at the day to day processing of applications due to the

impact on services by Covid 19. However, this will be reviewed at the time of the next audit when new working processes will be in place due to new software being installed.

Based on the findings and the recommendations made in this report, the assurance level has been split to conclude that Management can place a Reasonable Assurance on the system of internal controls in operation, and a Limited Assurance in respect of the cost neutral exercise.

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

- The Statement of Licensing Policy for Folkestone & Hythe was put in place on 27th October 2016 after full Council approval and will remain in force for a period of not more than 5 years, during which time it will be kept under review. The next review date is October 2021 but the review process has already commenced. Additional supporting policies are also in place.
- Documented procedure notes are in place for use by Officers.
- System access processes are in place to restrict access to licensing data.
- Internal performance indicators are in place which feed into the quarterly report that is presented to Members and then put onto the Folkestone & Hythe website.
- Budget monitoring is in place and is carried out on a regular basis.
- Procedures are in place for dealing with complaints about licenses that have been issued.

Scope for improvement was identified in the following areas:

- There is a requirement for a cost neutral exercise to be carried out at least every 3 years to ensure that the fees and charges are reflecting the service being provided. This has not been undertaken.
- The Street Trading Policy and the Caravan Site Policy should be reviewed on a regular basis and the revised policies should state the time frame for future reviews.
- An exercise should be carried out to ensure that the Licensing pages on the Folkestone & Hythe website are showing the correct fees and charges for 2020/21.

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

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

3.2

| Service / Topic       | Original Assurance level | Revised Assurance level | Original recs            | Outstanding recs         |
|-----------------------|--------------------------|-------------------------|--------------------------|--------------------------|
| Business Rate Reliefs | Substantial              | Substantial             | C 0<br>H 0<br>M 1<br>L 0 | C 0<br>H 0<br>M 1<br>L 0 |

3.3 Details of any individual Critical and High priority recommendations still to be implemented at the time of follow-up are included at Appendix 1 and whilst there were none for this period on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they would be escalated for the attention of the s.151 officer and Members' of the Governance and Audit Committee.

The purpose of escalating outstanding 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: Waste management; Whistleblowing & Anti Money Laundering; Engineers, Performance Management and Land Charges;

#### 5.0 CHANGES TO THE AGREED AUDIT PLAN

5.1 The 2020/21 audit plan was agreed by Members at the meeting of the Audit & Governance Committee on 4<sup>th</sup> March 2020.

5.2 The Head of the Audit Partnership meets on a regular basis with the Section 151 Officer or their deputy to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments are made to the plan during the course of the year as some high profile projects or high-risk areas may be requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding when resources have been applied and or changed are shown as Appendix 3.

5.3 There has of course been an impact on the work of the internal audit team as a result of the C19 Crisis. The Audit Plan for 2020-21 was prepared as usual throughout February and agreed with the s.151 Officer and CLT and was presented to the March meeting. Following this, the team was re-deployed to assist with C19 response work in the community. As a consequence, no new internal audit work has been

commissioned or undertaken throughout April to June, leading to a total of 134 audit days being lost (over the partnership). The plan that was approved at the March meeting is set out in the table in Appendix 3, with few days allocated up to the end of July. It is therefore been required to work with the s.151 Officers to agree a revised plan based on 9 month's work not 12, the reviews that are deferred within the overall five-year strategic audit plan are also shown. Additionally, the revised plan also accommodates the new Housing audits which will commence after 1<sup>st</sup> October once the former EKH Ltd responsibilities have transferred back to the four councils. Except for follow up, no new EKH Ltd audits will commence before the end of September, and therefore the revised EKH Plan is also shown in Appendix 3.

## **6.0 FRAUD AND CORRUPTION**

There are currently no reported incidents of fraud or corruption being investigated by EKAP on behalf of Folkestone-Hythe District Council.

## **7.0 INTERNAL AUDIT PERFORMANCE**

7.1 For the period ended 30<sup>th</sup> June 2020, 67.91 chargeable days were delivered against the planned target of 344.22 days, which equates to achievement of 19.73% of the original planned number of days.

7.2 The financial performance of the EKAP for 2020/21 is on target.

### **Attachments**

- Appendix 1 Summary of high priority recommendations outstanding or in progress after follow up
- Appendix 2 Summary of services with limited / no assurances yet to be followed up.
- Appendix 3 Progress to 30<sup>th</sup> June 2020 against the revised 2020/21 Audit plan.
- Appendix 4 Balanced Scorecard to 30<sup>th</sup> June 2020
- Appendix 5 Assurance Definitions.

| <b>SUMMARY OF CRITICAL /HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1</b> |   |  |
|--|---|--|
| <b>Original Recommendation</b>   | <b>Agreed Management Action, Responsibility and Target Date</b> | <b>Manager’s Comment on Progress Towards Implementation.</b> |
| <b>None for this period</b>  |   |  |
|  |   |  |

| <b>SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED</b> |                              |                           |   |
|--|------------------------------|---------------------------|---|
| <b>Service</b>   | <b>Reported to Committee</b> | <b>Level of Assurance</b> | <b>Follow-up Action Due</b>   |
| East Kent Housing – Tenancy & Right to Buy Fraud                         | March 2019                   | Limited                   | A pilot anti-fraud scheme is being undertaken in conjunction with Ashford BC. |
| East Kent Housing – Tenant's Health & Safety                             | September 2019               | Limited / No              | Work-in-Progress – Part complete  |
| Taxi's & Private Hire  | December 2019                | Reasonable / Limited      | Quarter 2   |
| General Data Protection Regulations                                      | December 2019                | Limited                   | Quarter 2   |

## PROGRESS AGAINST THE F&amp;HDC AUDIT PLAN 2020/21

| Review                                   | Original Planned Days | Revised Planned Days | Actual To 30/06/2020 | Status and Assurance level     |
|--|-----------------------|----------------------|----------------------|--------------------------------|
| <b>FINANCIAL SYSTEMS</b>                 |                       |                      |                      |                                |
| Bank Reconciliation                      | 10                    | 10                   | 0                    | Quarter 2                      |
| Business Rates                           | 10                    | 10                   | 0                    | Quarter 2                      |
| Debtors                                  | 10                    | 10                   | 0                    | Quarter 3                      |
| Insurance                                | 10                    | 10                   | 0                    | Quarter 2                      |
| Housing Benefits Quality                 | 10                    | 10                   | 0                    | Quarter 2                      |
| <b>HOUSING SYSTEMS</b>                   |                       |                      |                      |                                |
| Homelessness                             | 15                    | 15                   | 0                    | Quarter 3                      |
| Tenant Health & Safety Compliance        | 0                     | 10                   | 0                    | Quarter 4                      |
| Data Quality                             | 0                     | 10                   | 0                    | Quarter 4                      |
| Leasehold Services                       | 0                     | 10                   | 0                    | Quarter 4                      |
| <b>ICT SYSTEMS</b>                       |                       |                      |                      |                                |
| ICT review                               | 10                    | 10                   | 0                    | Quarter 4                      |
| <b>HUMAN RESOURCES SYSTEMS</b>           |                       |                      |                      |                                |
| Payroll                                  | 10                    | 10                   | 0                    | Quarter 3                      |
| <b>GOVERNANCE RELATED</b>                |                       |                      |                      |                                |
| Members Code of Conduct & Standards      | 10                    | 10                   | 3.06                 | Finalised report - Substantial |
| Whistleblowing & Anti Money Laundering   | 9                     | 9                    | 5.56                 | Work in progress               |
| Fraud Resilience                         | 10                    | 10                   | 0                    | Quarter 4                      |
| Performance Management                   | 10                    | 10                   | 0.53                 | Work in progress               |
| <b>SERVICE LEVEL</b>                     |                       |                      |                      |                                |
| Contract Monitoring                      | 10                    | 0                    | 0                    | Deferred                       |
| Contract Standing Orders                 | 10                    | 10                   | 0                    | Quarter 2                      |
| Community Safety Partnership             | 10                    | 10                   | 0                    | Quarter 3                      |
| Customer Services                        | 10                    | 0                    | 0                    | Deferred                       |
| Emergency Planning & Business Continuity | 10                    | 0                    | 0                    | Deferred                       |
| E-Procurement & Purchase Cards           | 10                    | 0                    | 0                    | Deferred                       |
| Folkestone Community Works Grant         | 10                    | 10                   | 0                    | Quarter 4                      |
| Garden Waste Recycling                   | 10                    | 10                   | 0                    | Quarter 4                      |
| Grounds Maintenance                      | 10                    | 10                   | 0                    | Quarter 4                      |
| Land Charges                             | 10                    | 10                   | 0                    | Quarter 2                      |
| Lifeline                                 | 10                    | 10                   | 0                    | Quarter 3                      |
| Planning S106s & CIL                     | 10                    | 10                   | 0                    | Quarter 4                      |

| <b>Review</b>  | <b>Original Planned Days</b> | <b>Revised Planned Days</b> | <b>Actual To 30/06/2020</b> | <b>Status and Assurance level</b>              |
|--|------------------------------|-----------------------------|-----------------------------|--|
| Special Projects 2019/20   | 10                           | 0                           | 0                           | Deferred                                       |
| <b>OTHER</b>   |                              |                             |                             |  |
| Committee reports & meetings   | 10                           | 10                          | 1.96                        | Ongoing  |
| S151 meetings & support  | 12                           | 12                          | 1.66                        | Ongoing  |
| Corporate advice / CMT   | 3                            | 3                           | 0.17                        | Ongoing  |
| Liaison with External Audit  | 1                            | 1                           | 0                           | Ongoing  |
| Audit plan prep & meetings   | 10                           | 10                          | 2.76                        | Ongoing  |
| Follow Up Reviews  | 15                           | 15                          | 2.41                        | Ongoing  |
| <b>FINALISATION OF 2019-20 AUDITS</b>  |                              |                             |                             |  |
| Days under delivered in 19/20  | 29.23                        | 29.23                       | 0                           | Allocated Below                                |
| Dog Enforcement  | 10                           | 0.25                        | 0                           | Finalised report - Substantial                 |
| Engineers  |                              | 1                           | 0.54                        | Work in progress                               |
| Licensing  |                              | 8                           | 7.51                        | Finalised report – Reasonable / Limited report |
| Oportunitas Governance   |                              | 6                           | 5.34                        | Finalised report - Reasonable                  |
| Otterpool Park Governance  |                              | 0.25                        | 0                           | Finalised report - Substantial                 |
| Waste Management   |                              | 1.50                        | 0                           | Draft report                                   |
| Climate Change   |                              | 2                           | 2.01                        | Completed                                      |
| Creditors Duplicate Testing  |                              | 1                           | 1.00                        | Completed                                      |
| <b>RESPONSIVE WORK</b>   |                              |                             |                             |  |
| COVID 19 Assistance  | 0                            | 40                          | 33.40                       | As Required                                    |
| <b>Total</b>   | <b>344.23</b>                | <b>374.23</b>               | <b>67.91</b>                | <b>19.72% at 30/06/2020</b>                    |
| Note - 30 days have been added to the revised planned days from the former East Kent Housing audit plan from 1 <sup>st</sup> October 2020. |                              |                             |                             |  |



**REVISED EAST KENT HOUSING LIMITED:**

| <b>Review</b>                                    | <b>Original Planned Days</b> | <b>Revised Planned Days</b> | <b>Actual To 30/06/2020</b> | <b>Status and Assurance Level</b>   |
|--|------------------------------|-----------------------------|-----------------------------|-------------------------------------|
| <b>Planned Work:</b>                             |                              |                             |                             |                                     |
| CMT/Audit Sub Ctte/EA Liaison                    | 4                            | 4                           | 2.09                        | Work-in-progress throughout 2020-21 |
| Follow-up Reviews                                | 15                           | 0                           | 0                           | Work-in-progress throughout 2020-21 |
| Tenants Health & Safety                          | 0                            | 7                           | 0.74                        | Work in progress                    |
| <b>Finalisation of 2019/20 Work-in-Progress:</b> |                              |                             |                             |                                     |
| Days over delivered in 2019/20                   |                              | -7.37                       | 0                           | Allocated                           |
| Welfare Reform                                   | 0                            | 1                           | 0.41                        | Finalised - Substantial             |
| Employee Health & Safety                         | 1                            | 0.63                        | 0.50                        | Finalised - Limited                 |
| <b>Total</b>                                     | <b>20</b>                    | <b>12.63</b>                | <b>3.73</b>                 | <b>3.30% as at 30/06/2020</b>       |

BALANCED SCORECARD

Appendix 4

| <u>INTERNAL PROCESSES PERSPECTIVE:</u>  | <u>2020-21 Actual</u> | <u>Target</u> | <u>FINANCIAL PERSPECTIVE:</u>            | <u>2020-21 Actual</u> | <u>Original Budget</u> |
|---|-----------------------|---------------|--|-----------------------|------------------------|
|   | Quarter 1             |               | Reported Annually                        |                       |                        |
| Chargeable as % of available days   | 90%                   | 80%           | • Cost per Audit Day                     | £                     | £339.14                |
| Chargeable days as % of planned days  |                       |               | • Direct Costs                           | £                     | £437,130               |
| CCC   | 15.29%                | 25%           | • + Indirect Costs (Recharges from Host) | £                     | £10,530                |
| DDC   | 18.23%                | 25%           | • - 'Unplanned Income'                   | £                     | Zero                   |
| F&HDC   | 10.38%                | 25%           |  |                       |                        |
| TDC   | 11.17%                | 25%           |  |                       |                        |
| EKS   | 19.27%                | 25%           |  |                       |                        |
| EKH   | 3.30%                 | 25%           |  |                       |                        |
| <i>Plus, C19 Redeployment Days 133.62</i>   |                       |               | • = Net EKAP cost (all Partners)         |                       | £447,660               |
| <b>Overall</b>  | <b>24.08%</b>         | <b>25%</b>    |  |                       |                        |
| Follow up/ Progress Reviews;  |                       |               |  |                       |                        |
| • Issued  | 6                     | -             |  |                       |                        |
| • Not yet due   | 24                    | -             |  |                       |                        |
| • Now due for Follow Up   | 32                    | -             |  |                       |                        |
| Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details) | Partial               | Full          |  |                       |                        |

| <b><u>CUSTOMER PERSPECTIVE:</u></b>   | <b><u>2020-21<br/>Actual</u></b> | <b><u>Target</u></b> | <b><u>INNOVATION &amp; LEARNING<br/>PERSPECTIVE:</u></b>                        | <b>Actual</b> | <b>Target</b> |
|---|----------------------------------|----------------------|---|---------------|---------------|
|   | <b>Quarter 1</b>                 |                      | <b>Quarter 1</b>  |               |               |
| <b>Number of Satisfaction Questionnaires Issued;</b>  | <b>12</b>                        |                      | <b>Percentage of staff qualified to relevant technician level</b>               | <b>75%</b>    | <b>75%</b>    |
| <b>Number of completed questionnaires received back;</b>  | <b>6</b>                         |                      | <b>Percentage of staff holding a relevant higher level qualification</b>        | <b>39%</b>    | <b>36%</b>    |
|   | <b>= 50%</b>                     |                      | <b>Percentage of staff studying for a relevant professional qualification</b>   | <b>15%</b>    | <b>N/A</b>    |
| <b>Percentage of Customers who felt that;</b>   |                                  |                      | <b>Number of days technical training per FTE</b>                                | <b>0.4</b>    | <b>3.5</b>    |
| <ul style="list-style-type: none"> <li>• Interviews were conducted in a professional manner</li> <li>• The audit report was 'Good' or better</li> <li>• That the audit was worthwhile.</li> </ul> | <b>100%</b>                      | <b>100%</b>          | <b>Percentage of staff meeting formal CPD requirements (post qualification)</b> | <b>39%</b>    | <b>36%</b>    |
|   | <b>100%</b>                      | <b>90%</b>           |   |               |               |
|   | <b>100%</b>                      | <b>100%</b>          |   |               |               |

## Appendix 5

### 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.