

This report will be made public on 3 March 2015

Folkestone

Hythe & Romney Marsh
Shepway District Council



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Report number **AuS/14/23**

To: Audit and Standards Committee
Date: 11 March 2015
Status: Non-Executive Decision
Chief Finance Officer (S151): Tim Madden

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 Standards Committee meeting together with details of the performance of the EKAP to the 31st December 2014.

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 Standards 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 AuS/14/23**
- 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 Standards Committee meeting report, together with details of the performance of the EKAP to the 31st December 2014.

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 two reviews with such a level of assurance as shown as Appendix 2 to the EKAP report.
- 2.5 The purpose of the Council's Audit and Standards 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 nine audit reports completed during the period. These have been allocated assurance levels as follows: two were classified as providing substantial assurance, five were reasonable assurance, one a split rating from reasonable to limited assurance and one limited assurance. Summaries of the report findings are detailed within Annex 1 to this report.

- 3.2 In addition, eight follow-up reviews have been completed during the period. The follow up reviews are detailed within section 3 of the update report.
- 3.3 For the period to 31st December 2014, 266 chargeable days were delivered against the planned target of 333.9 days, (including 3.90 days carried over) which equates to achievement of 80% of the planned number of days.
- 3.4 Other performance figures for the East Kent Audit Partnership for the period 2014/15 show good performance against target.

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 Standards 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

No legal officer comments are required for this report.

5.2 Finance officer's comments

Responsibility for the arrangements of the proper administration of the council's financial affairs lies with the Chief Finance Officer (S151). 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**

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@dover.gov.uk

Tim Madden, Chief Finance Officer (S151)
Telephone: 01303 853371 Email: Tim.madden@shepway.gov.uk

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

Internal Audit Annual Plan 2014/15 - Previously presented to and approved at the March 2014 Audit & Standards Committee meeting.

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 Standards Committee meeting, together with details of the performance of the EKAP to the 31st December 2014.

2. SUMMARY OF REPORTS

Service / Topic		Assurance level	Previous assurance level	Direction of Travel
2.1	Treasury Management / Prudential Code	Substantial	Substantial	↔
2.2	Car Parking Income	Substantial	Substantial	↔
2.3	Community Safety & Anti Social Behaviour	Reasonable	N/A	New
2.4	Election Procedures	Reasonable	N/A	New
2.5	Members Allowances & Expenses	Reasonable	Reasonable	↔
2.6	Public Health Burials	Reasonable	N/A	New
2.7	Waste Management	Reasonable	Reasonable	↔
2.8	Creditors	Reasonable / Limited	Substantial	↓
2.9	EKH – Leaseholders Services	Limited	N/A	New

2.1 Treasury Management / Prudential Code – Substantial Assurance

2.1.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls regarding the treasury management service which takes out loans and places investments as appropriate to ensure best use of the Council's financial resources. Also to ensure that appropriate measures are in place to comply with the guidance in the CIPFA Prudential Code, and that relevant reports regarding compliance with the code are made to members and management as necessary.

2.1.2 Summary of Findings

The Council is required to operate a balanced budget and to assist in this it has in place a treasury management process to ensure that its cash flow is adequately planned and that funding for the Council's capital plans is in place. In addition the Local Government Act 2003 requires the Council to adopt the CIPFA Prudential Code and to produce prudential indicators to assist in monitoring the financial thresholds that ensure that the Council is not exposing itself to any unnecessary financial risks.

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

- Established processes are in place in respect of treasury management and the calculating and monitoring of the prudential indicators.
- Regular reporting processes to Members and approval of the supporting strategies on an annual basis.
- The 2014/15 Annual Investment strategy included a new type of investment of up to £3 million pounds in the CCLA Local Authorities Property Fund for up to five years which at present is providing a higher return than the 12 month investments.

2.2 Car Parking Income – Substantial Assurance

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established in the systems to ensure that all income due from car parks and on street parking, including machine income, residents permits and season tickets is adequately monitored and reconciled to expected income and that income trends are monitored for individual car parks for management information.

2.2.2 Summary of Findings

Income from car parks and on street parking, including machine income, resident's permits and season tickets forms a significant income stream to the Council. Therefore there is the need to ensure that internal controls are in place so that all income is correctly accounted for.

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

- The processes within the car parks function are working well including.
 - the issuing of permits and hotel parking vouchers,
 - chasing for non-payment of PCN's and
 - regular meetings with the contractor for the monitoring of the civil enforcement contract.

2.3 Community Safety & Anti Social Behaviour – Reasonable Assurance

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the input from the Council to the Community Safety Unit in order to achieve the Council objectives and to meet legislation which places a duty on local councils to consider how their services impact on crime and disorder. This audit was timed to precede a corporate review that has been scheduled to be undertaken on the remit and resources of the CSU, with the intention that the results of this audit will be taken into account when completing that review.

2.3.2 Summary of Findings

The Council is a named body required to contribute to the Community Safety Partnership (CSP), which is a body required to exist by legislation in relation to community safety. The Community Safety Unit (CSU) is a team within the Council which supports the work of the CSP and liaises with the Police, KCC, Probation Services, Health and other key partners (e.g. Police & Crime Commissioner) to achieve the objectives of the CSP.

When originally created the Council, as the accountable and administrative body, received a significant amount of grant funding to assist in the running of the CSU and its support of the CSP. This funding over the last decade has reduced from, in the region of £200,000+, to around £30,000.

The size of the CSU in staff numbers has also reduced over the years partly as a result of the central government financial restrictions. However, the work undertaken by the CSU and the expectations on what they can achieve has not changed and in fact has probably increased. An example being the new requirements for Community Triggers, which will probably need to be administered by the CSU on behalf of the CSP.

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

- The CSU, through its administrative and partner role, is ensuring that the CSP produces a plan each year and also completes an annual strategic assessment, which are both laid down requirements.
- The CSU is endeavouring to ensure that grant funding is obtained where this is available to support the work of the CSP and the Council as an independent body.

- The CSU is facilitating many projects that meet its own specific objectives and that of the CSP, as well as reacting to current community safety concerns.
- The CSP receives good feedback from partners, Councillors and members of the public who are affected by community safety issues including Anti Social Behaviour.

There are however some areas which require some improvement and these include:

- The updating of information available to the public and partners on the Council's website regarding their work on community safety and that of the CSP.
- The need to involve and recognise the results of other Council sections regarding the Council's work on community safety issues, as the Council's responsibility regarding this cannot be met purely by the CSU with the resources that it has at present.
- The CSU should ensure that the publicity of its work is brought to the attention of both the public, management and Members. This could be done through an annual report just on the work of the CSU.
- The CSP plan could include financial pressures and information on the funding position.
- The work of the CSU should be assessed to ensure that it is purely meeting community safety targets, rather than undertaking the work that other sections should have responsibility for, such as general cleaning in the district.

2.4 Election Procedures – Reasonable Assurance

2.4.1 Audit Scope

To review the procedures in place to effectively administer the election processes and ensure that these are in compliance with Electoral Commission guidelines.

2.4.2 Summary of Findings

The administration of government elections, both local and national held within the district of Shepway is the responsibility of the Returning Officer (Chief Executive). Shepway officers will manage the electoral process on behalf of its own elections and also third parties when requested, such as a general or parish election. The costs of these elections is borne by the respective body, therefore once the election has been held the associated costs will be claimed by the Council from the relevant party, such as KCC.

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

- The administration of the actual electoral voting processes undertaken by the Council is good with no concerns having been raised by relevant parties or the Electoral Commission.
- The training of election staff is of a good standard.
- There is good information available for electors in the district.

It was however identified that there are some areas which require improvement and issues which need clarification. These include:

- The treatment of VAT regarding suppliers.
- The completion of a full reconciliation of income and expenditure prior to the completion of electoral returns for financial reimbursement.
- The calculation of payments to senior election officers.
- The recording of internal charges on the respective election code.

2.5 Members Allowances & Expenses – Reasonable Assurance

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Councillors are paid in accordance with the approved scale of allowances and that adequate evidence is required and monitored where appropriate.

2.5.2 Summary of Findings

The Members' Allowances Scheme is prescribed under regulation and must comply with The Local Authorities (Members Allowances) (England) Regulations 2003 (as amended). Each year a set of allowances is payable to elected Councillors to assist them in undertaking their public role for the district. A basic amount is set together with additional monies for certain responsibilities such as chairing a committee. The last aspect to this is the re-imbusement of approved expenses such as travel and subsistence.

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

- The Members Allowance Scheme has been approved.
- An Independent Remuneration Panel is in place.
- Payments are being made in accordance with those set out in the scheme.
- Members' Allowance payments are publicised.

Scope for improvement was however identified in the following areas:

- New post holder to become more familiar with procedure notes and Constitution.
- Revise guidance notes to Councillors to match Financial Procedure Rules.
- Advise Councillors that expense claims should be made within the financial year to which they relate.
- Claims should be authorised by the Monitoring Officer.

2.6 Public Health Burials - Reasonable Assurance

2.6.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established for Public Health Act Burials, ensuring that any burials were

performed in line with procedures and sufficient records are maintained to safeguard the officer(s) making arrangements / fulfil statutory requirements should there be any estate.

2.6.2 Summary of Findings

Under Section 46 of the Public Health (Control of Disease) Act 1984 it is the duty of the local authority to bury or cremate the body of any person who has died or been found within their jurisdiction, in any case where it appears to the authority that no suitable arrangements have been or are otherwise being made. The Council will look to recover its expenses from any estate left by the deceased.

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

- Revised procedure notes have been implemented which specify in more detail the processes that have to be followed. Although further work is required on them.
- Case register documentation is being completed that shows all the actions that have been carried out in respect of each public health burial.
- The burials contract has been market tested and a new contract has been put in place.

Scope for improvement was however identified in the following areas:

- There is the need to ensure that the Burials Officer has the appropriate powers to act on behalf of the Council especially when visiting a property to search through an individual's belongings. This is being addressed by the Principal Environmental Health Officer as part of a larger project to ensure that all Environmental Health Officers have the correct powers.
- The procedure notes need to be developed further to include processes on the recording and disposal of any items of value or of little value and also what to do if a will is found as a result of the property search.

2.7 Waste Management – Reasonable Assurance

2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the waste management contract terms and conditions are being complied with regarding the performance of the service and to ensure that current payments to the contractor are in accordance with the contract terms.

2.7.2 Summary of Findings

The waste contract is a joint one between Kent County Council, Shepway District Council and Dover District Council and is now into its 4th year. The contract runs for the period 16th January 2011 to 15th January 2021.

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

- Service plans and supporting strategies are in place that support and give the future direction of the service and timetables for completion of various reviews.
- Payments and recharges are processed in a timely fashion.
- Contract monitoring is in place and is continuing to be further developed including revised working practices (from 15th September 2014) which will assist in the increased monitoring of the contractor and ensure that the contractor is meeting the expected standards as per the contract, and will also penalise the contractor for non-performance. The further development of the contract monitoring is in light of the decision taken not to put in place a contract monitoring tool that was expected to be delivered by Waste Consulting Ltd and KCC at the beginning of this contract and the contract monitoring team were still waiting for now.
- Regular meetings are held with the contractor in an attempt to address issues. Although one of the main issues that still needs to be addressed by Veolia is the electronic interface between their ECHO system and each authorities' M3 systems and this is with the contract now into its fourth year.

From discussions with officers and management and viewing the comparison data, there is a two tier contract in place with the Shepway side of the contract is being managed better than the Dover side by the contractor. At Shepway, the contractor seems to be dealing with issues as they arise and are not behind in dealing with the worksheets either for missed bins or delivering receptacles. However at Dover there appears to be an issue with the contractor not being able to keep up with the delivery of the receptacles (484 currently outstanding as at 8/8/2014) and also with the outstanding worksheets for missed bins and other contractual duties (301).

In July 2014 Veolia decided that they would not collect contaminated recycling anymore, in accordance with the contract across both Dover and Shepway. This led to a huge increase in the number of contaminated notices being issued across both Dover (3377 issued) and Shepway (2986 issued) along with increased numbers of telephone calls and complaints to each authorities' call centres. Whilst this is a requirement of the contract, the way that it was rolled out and communicated to the public, could have been better managed by the contractor.

2.8 Creditors - Reasonable / Limited Assurance

2.8.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established in the systems to ensure that creditors payments are valid, authorised, accurate, timely and properly recorded and meet Council guidelines and legislation.

2.8.2 Summary of Findings

The creditors function uses an electronic system to process orders, invoices and payments to suppliers. The raising and authorisation of orders is undertaken in a devolved process with the separate business units undertaking this function and the recording of goods received. Finally the invoices are then processed centrally in the Procurement unit, who also control the suppliers standing data.

The review has concluded a split assurance with an assurance opinion of Reasonable being allocated to the processes for guidance to officers, authorisation of orders, separation of duties, processing of credit notes, authorisation of payment runs, the production of performance indicators and late payments. However, only Limited assurance has been given in respect of the raising of retrospective orders, the payment of potential duplicate invoices and payments to the HMRC in relation to CIS payments.

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

- A number of officers (18) have not accessed the e-Financials system since prior to September 2013, it is therefore likely that they have become unfamiliar with the operation of the system and should have their access reviewed.
- All authorisation limits within the e-Procurement system are set at the amount of available budget, management should satisfy themselves that this is still appropriate especially at the start of the year.
- Approximately 17% of purchase orders are raised after the invoice has been received from the supplier.
- Duplicate invoices were detected as being processed.
- BACS payments are being authorised by an officer who while being listed on the bank mandate has not been granted authorisation by the s.151 Officer.
- A number of payments to HMRC in respect of CIS deductions have been paid after the monthly deadline.

2.8.3 Management Response.

The recommendations have been implemented and I understand the assurance has improved (Head of Democratic Services). See Section 3.1 below.

2.9 EKH – Leaseholders Services - Limited Assurance

2.8.1 Audit Scope

To provide assurance that the service costs incurred by the partner council in respect of relevant properties within the housing portfolio, for which the Council owns the freehold, and which are occupied on lease, or have been sold are appropriately re-charged to the tenants/leaseholders/owners in accordance with statutory provisions and Council policy.

2.8.2 Summary of Findings

There are approximately 1,400 Leaseholders in the housing stock of the four East Kent councils, representing around 8% of the housing stock managed by East Kent Housing (EKH). EKH provides a management service to these leaseholders, although the nature of

the service varies quite widely between each council dependant on the arrangements in place prior to the transfer of the service from each Local Authority to EKH.

The main focus of the review was directed at the following arrangements listed below. It should be noted that the results of the audit have been passed on to City West Homes who was also completing an independent review of the leaseholder service at the same time as this audit review: -

- Examination of key areas and the links between departments and partner councils;
- Examination of the consultation arrangements with leaseholders;
- Examination of the invoicing and debt collection arrangements;
- Examination of documentation and completeness of the audit trail;
- Examination of the way in which service charges were calculated and apportioned.

From the testing completed during this review many of the necessary controls were found to be either partially effective or not effective. This leads us to conclude a Limited Assurance opinion.

Despite this assurance opinion there were identified areas of good practice. Each authority could benefit from adopting at least one of the processes in place at one or more of the partner authorities. Some of the issues that arose spanned across all four sites and these are summarised below: -

- Reliable procedure notes needed to be developed and used;
- EKH needs to strengthen the links between leaseholder services and asset management;
- The Section 20 consultation process was not well exercised and a new process should be adopted which lays out clear areas of responsibility;
- Specified leaseholder satisfaction questionnaires are not provided to leaseholders for major works;
- The annual reports containing individual jobs which are passed to the leaseholder section for the purpose of annual billing should be redesigned in order to strengthen the reconciliation routines; and
- The Leaseholder Handbooks are out of date and should be rebranded, updated and put online.

Some of the issues that arose spanned across two or three sites and these are summarised below: -

- Those Councils that produce estimates should consider reviewing the arrangements and consider changing the word 'estimate' to 'payment in advance';
- Some debt collection arrangements were found to be weak;
- In some instances the audit trail was not complete; and
- In some instances the reconciliation routines were weak;

Some of the other issues that arose were individual to either each Council or to EKH.

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS

3.1 As part of the period's work, seven follow up reviews have 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.

Service / Topic	Original Assurance level	Revised Assurance level	Original recs	Outstanding recs
Safeguarding Policy	Substantial	Substantial	H 0 M 1 L 0	H 0 M 1 L 0
Write Offs	Substantial	Substantial	H 0 M 1 L 1	H 0 M 1 L 0
Liquidations	Reasonable	Substantial	H 0 M 4 L 0	H 0 M 2 L 0
Members Code of Conduct	Reasonable	Reasonable	H 1 M 2 L 0	H 1 M 0 L 0
Data Protection / FOI	Reasonable / Limited	Reasonable	H 3 M 5 L 1	H 1 M 0 L 0
Creditors	Reasonable / Limited	Substantial / Reasonable	H 8 M 2 L 0	H 0 M 0 L 0
Corporate Health & Safety	Limited	Reasonable	H 19 M 1 L 0	H 1 M 0 L 0
EKH – Rents & debt management	Reasonable	Reasonable	H 1 M 5 L 1	H 1 M 1 L 0

3.2 There are three individual high priority recommendations outstanding after follow-up requiring escalation to the Committee at this time and these are shown in Appendix 1.

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: Governance Investigations, Contract Standing Orders, Financial Procedure Rules, and Out of Hours Response.

5.0 CHANGES TO THE AGREED AUDIT PLAN

- 5.1 The 2014/15 audit plan was agreed by Members at the meeting of this Committee on 13 March 2014.
- 5.2 The Head of the Audit Partnership meets on a regular basis with the Section 151 Officer or his 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 2.

6.0 FRAUD AND CORRUPTION

There are currently no reported incidents of fraud or corruption.

7.0 INTERNAL AUDIT PERFORMANCE

- 7.1 For the period ended 31st December 2014, 266 chargeable days were delivered against the planned target of 333.9 days, (including 3.90 days that were carried over from the previous year) which equates to achievement of 80% of the original planned number of days.
- 7.2 The financial performance of the EKAP for 2014/15 is on target for Shepway District Council;
- 7.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has improved on the range of performance indicators it records and measures. The performance against each of these indicators for quarter 3 of 2014/15 is attached as Appendix 3. There are no concerns regarding the resources engaged or outputs.
- 7.4 The EKAP introduced 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. Current feedback arising from the customer satisfaction surveys is featured in the balanced scorecard which is attached as Appendix 4.

Attachments

- Appendix 1 Summary of high priority recommendations outstanding or in progress after follow up
- Appendix 2 Summary of services with limited / no assurances.

- Appendix 3 Progress to 31st December 2014 against the agreed 2014/15 Audit plan.
- Appendix 4 EKAP Balanced scorecard of performance indicators to 31st December 2014.
- Appendix 5 Assurance Statements.

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING OR IN PROGRESS AFTER FOLLOW UP		
ORIGINAL RECOMMENDATION	AGREED MANAGEMENT ACTION TO BE TAKEN	MANAGER'S COMMENT ON PROGRESS TOWARDS IMPLEMENTATION
Members Code of Conduct		
As part of the consideration of Members training (an action identified as required in the Administration Services Service Plan for 2013/14) the Head of Administrative Services should ensure that Members received appropriate training on ethical standards, the requirements of the Code of Conduct, and use of social media.	<p>Reminder training for current members to include information on the use of social media will be given to Members in May 2014.</p> <p>Ethical standards, the code of conduct and the use of social media will be incorporated in the new members training pack ready for members in 2015.</p> <p>Responsibility / Completion Date Head of Administrative Services, Current Members May 2014 and New Members training pack by 2015.</p>	<p>Revision to the full members training pack to include Ethical Standards, Code of Conduct and the use of social media is on target for completion by May 2015. With an election in May 2015 it has been determined most beneficial to train all members after the elections to ensure that all new members are included.</p> <p>Conclusion Progressing with completion anticipated by 31/08/2015.</p>
Data Protection / FOI		
Action must be taken to review and finalise the data retention guidelines. Once finalised all staff should be made aware of the relevant retention periods and a periodic check should be carried out to ensure that the guidelines are being adhered to.	<p>Agreed</p> <p>Responsibility/Completion Date Solicitor to the Council September 2014</p>	<p>There are draft Data Retention Guidelines available on the Intranet. We are currently working to update them. However, as most information is now kept electronically, the Council has recently introduced a policy whereby all archived emails will be permanently removed after three years. That policy will be incorporated into the revised Data Retention Guidelines.</p> <p>Conclusion Outstanding but with the intention of implementing fully.</p>

Corporate Health & Safety		
<p>The Corporate Health and Safety Officer should ensure that:</p> <ul style="list-style-type: none"> a) The Legionella Policy is reviewed and updated. b) A Legionella Action Plan is produced and updated as necessary. c) A Legionella Risk Assessment is produced and kept up to date to reflect action taken to manage Legionella. 	<p>This will be completed in consultation with Properties.</p> <p>Responsibility / Completion Date Corporate Health and Safety Officer / December 2014</p>	<p>This is being looked at by the Kent Corporate Health and Safety group to provide a common Kent policy but has not yet been carried out.</p> <p>There is a previous policy dated 2011, but this requires updating.</p>

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED				
Service	Reported to Committee	Level of Assurance	Management Action	Follow-up Action Due
Section 106s	Sept 2014	Limited	To implement the audit recommendations	To be followed up
EKHR – Tenant Health & Safety	Sept 2014	Substantial / Reasonable / Limited / No	To implement the audit recommendations	Currently being followed up

COMPLETION AGAINST THE AGREED SHEPWAY AUDIT PLAN 2014/15

Review	Original budget	Revised Budget	Actual - 31/12/2014	Status and Assurance level
FINANCIAL SYSTEMS				
Creditors	10	12	12.29	Completed – Reasonable / Limited
Housing Benefit Admin & Assessment	10	0	0.14	Carried over
Treasury Management	10	8	7.83	Completed - Substantial
Prudential Code	5	0		Merged with Treasury Man
Car Parking Income	10	10	11.76	Work in progress
Housing Benefit Fraud	10	0		Deferred
Debtors	10	10	0.10	Quarter 4
HOUSING SYSTEMS				
Rent Deposit Scheme	8	7	6.60	Completed - Substantial
ICT SYSTEMS				
ICT review	10	5		Quarter 4
HUMAN RESOURCES SYSTEMS				
Payroll	10	10	0.10	Quarter 4
GOVERNANCE RELATED				
Procurement Strategy	8	5	0.07	Quarter 4
Governance Investigations	10	5	2.15	Work in progress
Contract Standing Orders	15	10	0.47	Quarter 4
Financial Procedure Rules	10	10	2.71	Work in progress
Fraud Resilience Review	10	10		Quarter 4
SERVICE LEVEL				
Building Control Income	10	9	9.00	Completed - Reasonable
Out of hours response	10	18	18.51	Work in progress
Partnerships	10	16	16.52	Completed - Reasonable
Community Safety Unit	10	11	11.65	Completed - Reasonable
Members Allowances & expenses	10	12	12.14	Completed - Reasonable
Waste Management	15	10	10.74	Completed - Reasonable
Cemeteries & Crematoriums	10	0	0.17	Quarter 3
Public Health Burials	7	6	6.32	Completed - Reasonable
Grounds Maintenance	10	0		Carried over
Lifeline	5	0	0.17	Carried over
Policy & Engagement Unit	5	0		Deferred
Insurance	10	10	1.06	Quarter 4
VAT	10	7	7.46	Work in progress
OTHER				
Audit Committee reports & meetings	10	8	6.01	Ongoing
S151 meetings & support	10	8	5.99	Ongoing
Corporate advice / CMT	3	3	2.48	Ongoing
Audit plan prep & meetings	10	8	5.69	Ongoing
Liaison with external auditor	2	1	0.81	Ongoing
Fraud Group	2	1	0.20	Ongoing
WoW Implementation		54	54.39	Completed
Follow up reviews	15	20	22.47	Ongoing

Reviews to be finalised	10	27.90	26.21	Completed
Days under delivered in 2013/14		3.90	3.90	Allocated
Total	330	333.90	266.11	80% complete as at 31-12-2014
EKH Payment, orders, write offs	5	5		Deferred
East Kent Housing Ltd				
<u>Review</u>	<u>Original budget</u>	<u>Revised Budget</u>	<u>Actual - 31/12/2014</u>	<u>Status and Assurance level</u>
Planned Work:				
Audit Ctte / EA liaison / Follow up	8	8	6.41	Work in progress throughout 2014/15
Finance & ICT systems	10	10	0	Postpone until 2015-16
Tenant Health & Safety	17	27.93	27.93	Completed - Various
Void Property management	15	0	0	Postpone until 2015-16
Sheltered Housing	30	0	0.20	Postpone until 2015-16
Unplanned – CSOs compliance	0	16.94	0	Work in progress
<u>Finalisation of 2013-14 audits</u>				
Leasehold Services	0	14.77	23.19	Completed
Rent Collection & Debt management	0	2.36	2.36	Finalised - Reasonable
Days under delivered in 2013/14	0	0	-0.32	Completed
Total	80	80	59.77	75% at 31-12-2014
Additional days purchased with saving from 2013-14	0	8.1	0	Allocated to Leasehold Services
Compliant Investigation	0	0	6.28	Completed



Balanced Scorecard

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>
	Quarter 3		Reported annually		
Chargeable as % of available days	86%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 		£312.86
Chargeable days as % of planned days	61%	75%	<ul style="list-style-type: none"> • Direct costs (under EKAP management control) 		£392,980
CCC	75%	75%	<ul style="list-style-type: none"> • Indirect costs (Recharges from host) 		£19,990
DDC	80%	75%	<ul style="list-style-type: none"> • “Unplanned income” 		Zero
SDC	65%	75%	<ul style="list-style-type: none"> • Total EKAP cost 		£412,970
TDC	76%	75%			
EKS	75%	75%			
EKH					
Overall	72%	75%			
Follow up Reviews;					
• Issued	41	-			
• Not yet due	17	-			
• Now overdue for Follow Up	33	-			
Compliance with the PIAS for Internal Audit Standards	Partial	Full			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2014-15 Actual</u>	<u>Target</u>
	Quarter 3		Quarter 3		
Number of satisfaction questionnaires Issued;	65		Percentage of staff qualified to relevant technician level	88%	75%
Number of completed questionnaires received back to date;	18 = 28%		Percentage of staff holding a relevant higher level qualification	43%	32%
Of the Questionnaires Returned Percentage of Customers who felt that;			Percentage of staff studying for a relevant professional qualification	25%	13%
	100%	100%	Number of days technical training per FTE	4.18	3.50
• Interviews were conducted in a professional manner	100%	100%		43%	32%
• The audit report was 'Good' or better	100%	100%	Percentage of staff meeting formal CPD requirements		
• That the audit was worthwhile.					

AUDIT ASSURANCE

Definition of Audit Assurance Statements

Substantial Assurance

From the testing completed during this review a sound system of control is currently being managed and achieved. All of the necessary, key controls of the system are in place. Any errors found were minor and not indicative of system faults. These may however result in a negligible level of risk to the achievement of the system objectives.

Reasonable Assurance

From the testing completed during this review most of the necessary controls of the system in place are managed and achieved. There is evidence of non-compliance with some of the key controls resulting in a marginal level of risk to the achievement of the system objectives. Scope for improvement has been identified, strengthening existing controls or recommending new controls.

Limited Assurance

From the testing completed during this review some of the necessary controls of the system are in place, managed and achieved. There is evidence of significant errors or non-compliance with many key controls not operating as intended resulting in a risk to the achievement of the system objectives. Scope for improvement has been identified, improving existing controls or recommending new controls.

No Assurance

From the testing completed during this review a substantial number of the necessary key controls of the system have been identified as absent or weak. There is evidence of substantial errors or non-compliance with many key controls leaving the system open to fundamental error or abuse. The requirement for urgent improvement has been identified, to improve existing controls or new controls should be introduced to reduce the critical risk.