

This Report will be made public on 21 July 2021



Report Number: **AuG/21/07**

To: Audit and Governance Committee
Date: 29 July 2021
Status: Non-Executive Decision
Corporate Director: Charlotte Spendley – Director – Corporate Services (S151)

SUBJECT: INTERNAL AUDIT QUARTERLY UPDATE 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 30th June 2021.

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/21/07.**
- 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 30th June 2021.

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 three 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 twelve audit reports completed during the period. These have been allocated assurance levels as follows: three were providing substantial, eight were reasonable assurance and one was not applicable for an assurance. Summaries of the report findings are detailed within Annex 1 to this report.
- 3.2 In addition, three 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 30th June 2021 80 chargeable days were delivered against the planned target of 350 days, which equates to achievement of 23% of the planned number of days.

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

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Charlotte Spendley Director – Corporate Services (S151)

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- 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 – Quarterly 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 30th June 2021.

2. SUMMARY OF REPORTS

Service / Topic		Assurance level	No of recs	
2.1	Payroll	Substantial	C H M L	0 0 0 0
2.2	Folkestone Parks & Pleasure Grounds Charity	Substantial	C H M L	0 0 0 0
2.3	Housing Tenants' Health & Safety	Substantial	C H M L	0 0 2 0
2.4	Bank Reconciliation	Reasonable	C H M L	0 0 0 0
2.5	Housing Residents' Engagement	Reasonable	C H M L	0 0 3 0
2.6	Officers Code of Conduct	Reasonable	C H M L	0 0 3 3

2.7	Contract Standing Orders	Reasonable	C H M L	0 1 2 0
2.8	Complaints Monitoring	Reasonable	C H M L	0 1 2 4
2.9	Equality & Diversity	Reasonable	C H M L	0 2 0 1
2.10	Grounds Maintenance	Reasonable	C H M L	0 2 1 2
2.11	Scheme of Delegations	Reasonable	C H M L	0 4 1 2
2.12	Housing Playgrounds, Smoke Alarms & Carbon Monoxide Alarms	Not applicable	C H M L	0 0 0 0

2.1 Payroll – Substantial Assurance

2.1.1 Audit Scope

To ensure that the payroll service provided by Ashford BC on behalf of Folkestone & Hythe DC is adequately controlled to ensure that the right people are getting paid the right amounts at the right time. This review is to concentrate on the standard payroll internal controls and the self-service function.

2.1.2 Summary of Findings

The Council's payroll service continues to be provided by Ashford Borough Council. The original five year agreement which commenced in June 2014, provides for continuation of the service on a year to year basis until such time that the Council decides to terminate the agreement. The service agreement is reviewed annually and the service provided by Ashford Borough Council remains fit for purpose at this time.

The Council's self-serve system (iTrent) allows employees to manage their own personal information and make claims electronically. In the previous audit there were a limited number of staff, for example those at Hythe Pool and Grounds Maintenance, who for operational reasons, could only submit manual claims and this remains unchanged. Seconded Waste staff however do now have access to iTrent.

This annual review finds no material changes to processes since the last review in 2018/19, which was found to be substantial at that time.

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

- The agreement with Ashford Borough Council to provide a payroll service is continuing on a yearly basis as per provision 12.1 of the agreement.
- The service is reviewed on an annual basis; it was last reviewed in October 2020 with both parties satisfied with the current arrangement.
- Controls are in place to ensure statutory deductions are accurately calculated and paid on a monthly basis.
- Payroll transactions are reconciled on a monthly basis with variances of >£100 highlighted and explained.
- Claims in iTrent self-serve are authorised by line managers and spot checked by HR on a monthly basis.
- Access to iTrent is secure.

2.2 Folkestone Parks & Pleasure Grounds Charity – Substantial Assurance

2.2.1 Audit Scope

To ensure that the Folkestone Parks & Pleasure Grounds Charity complies with all required charity regulations, that required documentation is produced and issued to the Charity Commission as required and the Council meets all obligations placed upon it by acting as the Trustee of the Charity.

2.2.2 Summary of Findings

Following the 1974 local government re-organisation, Folkestone & Hythe District Council succeeded the Borough of Folkestone as Corporate Trustee for a number of areas of land in Folkestone. Each was a charity in its own right, specifically provided as a park, pleasure ground or recreation ground for the use and enjoyment of the inhabitants of the town and its neighbourhood. The individual charities all had identical objectives and to improve their administration a successful application was made to the Charity Commission to combine them into one.

Therefore on 13 June 1991 the Folkestone Parks and Pleasure Grounds Charity was established, by a Charity Commission scheme, for the provision of parks, pleasure grounds or recreation grounds for the use and enjoyment of the inhabitants of the former Borough of Folkestone.

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

- External Auditors are in place to review the financial records of the charity and where applicable make recommendations to improve the recording of income and expenditure.
- Annual meetings of the Board of Trustees are held to approve the accounts, the following year's budget and set the required fees and charges with the agenda, reports and minutes now being made available to the public.

- Information that is required by the Charities Commission is submitted to them in accordance with the statutory requirements and dates.

2.3 Housing Tenants' Health & Safety – Substantial Assurance

2.3.1 Audit Scope

To provide assurance on the data integrity, procedures and controls established to ensure that all of the landlord mandatory and good practice health and safety compliance functions are operating as intended and that this is sufficient to meet the Housing Regulator's requirements placed upon the Council and there is a clear direction of travel to excellence.

2.3.2 Summary of Findings

The Council took back responsibility for the management of its housing stock and residents on 1st October. An initial audit review was undertaken in December 2020 at the request of management to give them a position statement on the work required to make the improvements which were necessary to make buildings safe for their tenants. This audit report follows on that initial controls assessment.

Since the completion of the review reported at the last meeting, officers have undertaken a significant amount of work to make the improvements identified. This is evident not only in the improved assurance levels across most areas, but more importantly in the buildings occupied by tenants. This is mainly as a result of the improvements around housekeeping, and the implementation of a process for the regular inspection of all buildings with communal areas to ensure the ongoing safety for tenants in those buildings.

Assurance levels for each area tested are as follows:

Area	Assurance Opinion
Data management / Performance reporting	Substantial
Policies	Substantial
Gas Safety	Substantial
Fire Safety	Reasonable
Lifts	Substantial
Electrical Safety	Reasonable
Legionella	Substantial
House Keeping	Substantial
Overall	Substantial

With the exception of Fire Safety and Electrical Safety, all other areas reviewed have been given an improved assurance rating of Substantial for the following reasons:

- Policies have been completely updated and subject to re-approval, references to the former EKH have been removed.

- Policies and procedures are now in place around the storage of mobility scooters, PAT testing and also difficult to access properties.
- Performance reporting remains accurate.
- Gas safety compliance performance remains at or close to 100% compliance every month.
- Lifts continue to be serviced at regular intervals.
- Issues identified as part of the independent lift examination process are dealt with as soon as practical.
- Robust procedures are now in place for ensuring that all buildings with communal areas are subject to an ongoing inspection routine.
- Issues identified on the inspections are being recorded and tracked through to completion.

Fire Safety has an improved assurance rating of reasonable. Reasons being around (but not limited to), recommencement of fire drills in sheltered schemes, introduction and commencement of a fire door inspection programme and the introduction of block inspections. Reasons for Reasonable as opposed to Substantial assurance are mainly due to the levels of outstanding work in terms of fire prevention works identified through the FRA's, building zone plans and the replacement/repair of faulty fire doors. Some improvement is also necessary around the monitoring of the fire alarm servicing contractor.

Electrical safety has an assurance of reasonable rather than substantial due to the number of domestic properties without a current EICR certificate. Ongoing improvement is being reported each month, nonetheless, a low level of compliance in terms of domestic EICR's was inherited and it will take some time to clear the backlog of work in this regard.

2.4 Bank Reconciliation – Reasonable Assurance

2.4.1 Audit Scope

To ensure that a regular, timely and accurate bank reconciliation of all income and expenditure being received or incurred by the Council, to ensure that the authority's financial accounts are complete, is being undertaken.

2.4.2 Summary of Findings

As part of the Transformation project, the Bank Reconciliation has been in the process of reimagining/streamlining. As part of the discussions this year it has been agreed that the bank reconciliation process should sit within the newly created Case Management team. The aim of the new processes is to -

- Reduce the time it takes to complete monthly bank reconciliation (i.e. Target of half day by the 5th of the month)
- Simplify the process and make it easy to train staff
- Utilise software to assist in increasing auto matching transactions.

The November 2020 Bank Reconciliation was the first month that the new processes were fully carried out.

Management can place Reasonable Assurance on the system of internal controls in operation as the new processes are starting to be embedded.

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

- Revised processes for the bank reconciliation are in place and are being reviewed / tweaked as they become embedded that will embrace the use of auto matching software and free up officer time from lengthy manual processes.
- Resources are in place to ensure that the bank reconciliation routines (Daily, weekly and monthly) are being carried out. Once the Case Officer is confident in carrying out the main reconciliation routine they will then train another officer that can carry out the function when they are on leave etc. In the meantime the Senior Accountant will continue to provide support in the same way as they will provide cover if the Case Management Lead is unavailable to sign off the monthly bank reconciliation.

2.5 Housing Residents' Engagement – Reasonable Assurance

2.5.1 Audit Scope

To provide assurance on the processes and procedures that are in place to effectively engage with the Council's housing tenants & leaseholders and ensure that they are kept aware of current issues regarding the housing service.

2.5.2 Summary of Findings

Folkestone and Hythe District Council provides just over 3,360 affordable rented homes in the district and manages 215 leasehold properties, as well as a small number of shared ownership properties. The housing management service transferred from East Kent Housing back to the Council on 1st October 2020. As part of its vision the Council will ensure that tenants are provided with a range of flexible options for involvement and engagement at different levels, which include both formal and informal settings in person and on line.

The primary finding giving rise to the Reasonable Assurance opinion in this area is as follows:

- The Tenant Engagement Strategy and supporting action plan are now in place following a period of consultation and subsequent approval by Cabinet. The strategy has been developed to fulfil the current and future expectations of the Council, its tenants, the Regulator of Social Housing and central government.

It is proposed that a Progress Report should be carried out in approximately six months, to review the action plan to ensure that its objectives are being delivered. The strategy and supporting action plan was approved in April 2021 and a period of time is needed to allow them to become embedded and the actions begin to have a positive impact with tenants and leaseholders.

2.6 Officers' Code of Conduct – Reasonable Assurance

2.6.1 Audit Scope

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

2.6.2 Summary of Findings

The Council has produced a Code of Conduct for Employees to provide information to officers of the behaviours that are expected of staff. The code states that Folkestone & Hythe District Council expects employees '*to give the highest possible standard of service to the public, and where it is part of their duties, to provide appropriate advice to Councillors and fellow employees with impartiality.*' The Code goes on to say that '*employees are expected, without fear of recrimination, to bring to the attention of the appropriate level of management any deficiency in the provision of service. Employees must report to their Chief Officer or the Monitoring Officer any impropriety or breach of procedure.*'

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

- There is an Officers' Code of Conduct in place which forms part of the Constitution of the Council;
- The Code contains many of the common elements found in other local authorities' code of conduct across England;
- There have been no reported breaches of the Code in the past five years which may suggest there is a positive culture within the Council; and
- The Declarations of Gifts and Hospitality held in electronic form are well documented and approved.

Scope for improvement was however identified in the following areas:

- The current Code may need to be reviewed and updated to take in to consideration new data protection laws, use of social media homeworking, and to reflect the additional employment authorisation rules contained within the additional employment authorisation form;
- Access to declarations made by officers needs to be saved electronically in order for management and internal audit to access information remotely; and
- The Council website still refers to Shepway District Council in some areas online (i.e. the Audit and Governance Committee Terms of Reference).

2.7 Contract Standing Orders – Reasonable Assurance

2.7.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure compliance with the Council's Contract Standing

Orders when procuring supplies and works contracts, especially for quotations and those exceeding the OJEU limits.

2.7.2 Summary of Findings

The purpose of the Council's Contract Standing Orders (CSOs) is to provide a structure within which procurement decisions are made and implemented. This is to ensure that resources are used efficiently, value for money is sought, corporate objectives are met, and transparency is evident. The CSOs specify financial limits which determine, prior to purchase, the number of quotes that must be obtained or whether a full tender process should be followed. In addition, and until 31 December 2020, high value tenders for works and services are governed by EU procurement laws and must be advertised in the OJEU (Official Journal of the European Community). From 1 January 2021 this process has been changed to advertising in the UK based 'Find a Tender Service'. The 'threshold' limits for works and services remain unchanged and these are already incorporated with the Public Contract Regulation 2015.

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

- Contract Standing Orders and a Procurement Guide are in place and as these were last reviewed in 2016, there are plans to update them.
- Contract Standing Orders align with other Council policies, however may require some minor revision.
- Information is readily available to those suppliers wishing to contract with the Council, however the contract register may be incomplete.
- 87.5% of orders \geq £10,000 tested were placed after a minimum of three quotes were obtained.
- 90% of transactions, with potential to form part of a formal contract, were compliant with CSOs.

Scope for improvement was however identified in the following areas:

- Officers should be reminded to include adequate detail on purchase orders to make clear what the purchase is for and to comply with CSO 3.3.
- Retrospective orders should be monitored to ensure compliance with Financial Procedure Rule 3.3.

2.8 Complaints Monitoring – Reasonable Assurance

2.8.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that members of the public and other interested parties have an opportunity to register any complaints against the actions / decisions of the Council and that the process in place works effectively to deal with customer concerns to limit the number of formal complaints being submitted to the Local Government Ombudsman.

2.8.2 Summary of Findings

The key principles of an effective complaints procedure are to promote user satisfaction; to identify areas where services can be improved; to be accessible; and to reflect the organisation's desire to provide a high quality service.

The Council has a two stage complaints process managed by the Case Management Team - Place.

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

- An approved policy is in place, with proposed improvements about to be put forward for approval.
- The Council has clear timescales for dealing with complaints at each stage.
- Complaints received are effectively recorded and monitored to ensure that response deadlines are met.
- The complaints policy and processes are easily accessible on the Council's Website and clearly advise how both feedback and a complaint can be put forward.
- Decision letters provide a full account of the investigating officers understanding of the complaint, the steps taken to investigate, what has been taken into account, the decision and reason for it and where applicable what happens next in respect of remedial action, or if the complainant disagrees how they can challenge the decision.

Scope for improvement was however identified in the following areas:

- Reporting on the level, detail and frequency of complaints, remedial action and lessons learnt to management, members and the public needs improvement in order to meet statutory requirements and the requirements of the Local Government Ombudsman.
- The Dealing with Unreasonably Persistent Complainants and Unreasonable Complainant Behaviour Policy has not been reviewed, to ensure that it remains fit for purpose, since being implemented in 2011.
- The draft procedures/guidance for staff requires updating to reflect current practices in respect of housing management services complaints.

2.9 Equality & Diversity – Reasonable Assurance

2.9.1 Audit Scope

To ensure that the Council meets its own Equality & Diversity Policies and complies with the Equality Act 2010 and any other relevant legislation.

2.9.2 Summary of Findings

The Council has adopted an Equality and Diversity Policy which aims *'to ensure everyone has the right to be treated fairly at work or when using its services'*. This is in accordance with the Equality Act 2010.

The current policy 2016 – 2020 has set six objectives: i) implementing equality impact assessments, ii) monitoring complaints, iii) consultation with communities, iv) communication with communities, v) continuing with the ‘understanding our communities programme and vi) staff training. The Council is developing a new policy for implementation in March 2021 which builds on the current objectives by adding three more which include providing updates to staff and elected members on safeguarding issues, increasing options for customers to connect with the Council and producing a Resident Involvement Strategy for Council tenants and leaseholders.

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

- The new draft policy (2021 onwards) builds on the existing policy 2016 – 2020 and will help ensure the Council remains compliant with its equality and diversity responsibilities;
- The policy is approved and endorsed by the Cabinet;
- The Council is compliant with the requirements of the Equality Act 2010;
- The Council is meeting five of its six equality and diversity objectives;
- The Council is routinely undertaking Equality Impact Assessments when considering the impact on policy implications.

Scope for improvement was however identified in the following areas:

- The Council needs to publish its annual Equality and Diversity Reports on the Equality and Diversity webpage for transparency purposes; and
- The Council is not adequately meeting its equality and diversity objective on staff training as 12% of staff (56) have had no Equality and Diversity Training and 23% of staff (108) were overdue refresher training on Equality and Diversity.

2.10 Grounds Maintenance – Reasonable Assurance

2.10.1 Audit Scope

To provide assurance on the procedures and controls established to ensure that the grounds maintenance service is meeting the Council’s responsibilities to provide a good level of service to the public and is contributing to the improvement of the appearance of the district.

2.10.2 Summary of Findings

The Grounds Maintenance division is responsible for the upkeep of public parks, open spaces, housing land, cemeteries and general amenity areas across the district. It is vital that work is carried out to a high standard so that the district is portrayed in a positive light.

Management can place Reasonable Assurance on the system of internal controls in operation. It should be noted that this assurance is based on the information and evidence provided by officers during discussion held with them. Due to Covid 19

restrictions currently being in place, the physical reviewing of documentation, depots and working practices was unable to be carried out.

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

- Process and work schedules are in place to ensure that all grounds maintenance works are carried out to the highest standard.
- An approved two year contract is in place for the supply of bedding plants in accordance with CSOs.
- Asset registers are in place for vehicles and equipment and an exercise is currently being carried out to list everything on the shelves in the stores and going forward this will be undertaken in January each year.

Scope for improvement was however identified in the following areas:

- The correct fee should be charged for the memorial benches, based on the agreed fees and charges, as for 2020/21 the fee being charged is still the 2019/20 one. Thus resulting in a loss of income to the Council.
- The Donated Memorial Bench Policy should state when it was last updated to ensure that the current version of the policy is being made available to the public.
- Discussions should be held with Procurement to ensure the Contract Standing Orders are being complied, as several contracts for goods and services having been in place for over 10 years.

2.11 Scheme of Delegations – Reasonable Assurance

2.11.1 Audit Scope

To provide assurance that the approved Scheme of Delegations complies with any national guidance and best practice, is adequately advised to Officers and Councillors and that it is being complied with.

2.11.2 Summary of Findings

Local authorities have, in the Local Government Act 1972 (LGA 1972), s 101 specific statutory power to arrange for the discharge of their functions to a committee, sub-committee or an officer of the authority or to any other local authority. This power is subject to any express provision within LGA 1972 or any subsequent Act.

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

- The non-executive functions in the Scheme of Delegations sets out the relevant officers to whom decisions are delegated.
- The non-executive functions in the Scheme of Delegations is reviewed and approved each year at the annual meeting of Full Council.
- Training has been provided for both Councillors and relevant Officers.
- Key decisions taken by Officers under the Scheme of Delegations have been published on the website.

Scope for improvement was however identified in the following areas:

- As the Audit and Governance Committee are responsible for approving changes to the Scheme of Delegations (except for minor ones (i.e. Job Titles) then for consistency and good governance an annual report should be taken to them to approve any changes prior to full Council in May each year. (If there are no changes then a report should be presented to them to confirm this)
- The Scheme of Delegation and the supporting report that goes to Council each year could be revised to include reference to the legislation that they are complying with. (i.e. Section 101 of the Local Government Act 1972 (as amended))
- The Monitoring Officer should either seek an annual update from Heads of Service that sub delegations are up to date or a central register for sub delegations should be put in place that can also be reviewed on a regular basis thus removing the risk of officers not complying with the delegated powers given to them. The recent restructure and new job titles for officers is an example where delegated powers should be reviewed to ensure that they are correct.
- The links on the Council's Intranet and Website should be checked to enable both officers and members of the public to be able to access the Scheme of Delegations documentation if required.

2.12 Housing Playgrounds, Smoke Alarms & Carbon Monoxide Alarms – Not Applicable

2.12.1 Audit Scope

The purpose of this review is to provide some background information regarding the current processes in respect of HRA play area inspections and the testing of smoke and carbon monoxide alarms in Council properties.

2.12.2 Summary of Findings

There are various legislative requirements for the Council to comply with in respect of playground maintenance, taking into account guidance such as from Royal Society for the Prevention of Accidents (RoSPA), and legislation such as Health & Safety Act 1974; Management of Health and Safety at Work Regulations (1999); Occupier's Liability Act (1957, Revised 1984); Children's Act (1989);

Smoke and Carbon Monoxide Alarm (England) Regulations (2015)

The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 came into force on 1 October 2015. This legislation only applies to Private Sector Landlords who are required to have at least one smoke alarm installed on every storey within their properties, and a carbon monoxide alarm in any room containing a solid fuel burning appliance (e.g. coal fire, wood burning stove). The landlord must then ensure the alarms are in working order at the start of each new tenancy. Since these requirements are enforced by local authorities it could be argued that councils should abide by the same legislation as a minimum requirement.

Carbon monoxide alarms are also required in properties that have a boiler installed in the bedroom. If not already known, the Council should establish which of its

properties contain boilers in bedrooms and solid fuel burning appliances, and ensure that working carbon monoxide alarms are fitted.

Regulatory Reform (Fire Safety) Order (2005)

Elements of the Regulatory Reform (Fire Safety) Order 2005 may also be relevant as the Order applies to almost all buildings, places and structures (other than privately owned homes). It requires individuals of an organisation to carry out risk assessments to manage and reduce the risk of fire; this includes fire detection and warning systems which is important for vulnerable residents (e.g. the elderly, or those with disabilities) and thus particularly relevant in sheltered accommodation.

To conclude, the Council has a duty of safety which it recognises in its performance indicators, and failing to do the right thing would reflect badly in the event of an incident. The Council in its Fire Risk Policy 2020, item 6.11 states that it: '... will test all smoke alarms/CO alarms as part of the annual gas safety check visit (or at void stage) and replace where necessary.' It is therefore recommended that the Council follows best practice. Guidance to private sector landlords, which may be useful to local authorities, is that in general smoke alarms should be fixed to the ceiling in a circulation space, such as a hall or a landing, and carbon monoxide alarms should be positioned at head height, either on a wall or shelf, approximately 1 to 3 metres away from a potential source of carbon monoxide.

Leaseholders

Leaseholders are responsible for maintaining their own gas appliances and getting them regularly serviced. Failure to carry out these checks is a breach of the lease agreement and may also invalidate buildings insurance. This information was taken from the FHDC leaseholder guide; there is no definition for 'regular' testing. More detail may be provided in individual leasehold agreements, however it is expected as a minimum that regular would be deemed as annual, in line with Council tenanted properties.

Carbon Monoxide and Smoke Alarm Current testing process and records

Testing of carbon monoxide and smoke detectors is completed by the Gas Contractor. Gas safety checks are carried out annually which includes oil, LPG and electrical heating in properties. Smoke detectors, heat and carbon monoxide detectors are also tested at the same time. Records of testing are held on the LGSR (Landlords Gas Safe Record/ heating service sheets. Therefore the number of tests carried out is the same as the gas safety testing which is almost 100%.

If, for example, at any time there is an issue with an alarm malfunctioning or beeping, the resident is responsible for reporting the fault so that it can be rectified. There is also a degree of responsibility placed upon the resident to regularly test and clean devices and report any faults.

The Council tries to ensure that smoke and heat detectors are hard wired and linked via radio frequency, as is best practice, however the Council is aware that there is still a number of battery operated alarms within the housing stock. These are picked up as the EICR (Electrical Inspection Condition Reports) are completed and any out

of date smoke and heat detectors are replaced, or new ones are fitted where none exist.

Play Area Safety Checks

There are currently eight HRA associated play areas within the district, however ownership and responsibility for one is currently being investigated. Play areas must be inspected to 3 levels of detail

- Weekly - routine visual inspection
- Operational - quarterly, detailed, risk-based inspection of wear and tear
- Annual - detailed inspection of equipment and report on defects.

On a weekly basis the Council's two inspectors conduct a routine visual inspection of all play areas. Both officers are RoSPA (Royal Society for Prevention of Accidents) trained. In addition, a Maintenance Officer inspects 4-6 play areas each week at the operational detailed level to fulfil the quarterly requirement. The Maintenance Officer is certified under RPII (Register of Play Inspectors International Ltd) for operational inspections; these are more detailed risk based assessments of defects to enable the Council to prioritise any required repairs. Annual inspections are undertaken by default by the Council's insurer, Zurich. Records are kept of all inspections made, these are initially hand written sheets which is then transferred to spreadsheets. This process is being looked at to enable electronic recording from the outset.

A percentage of play areas inspected is a performance indicator reported to senior management.

FOLLOW UP OF AUDIT REPORT ACTION PLANS

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS

3.1 As part of the period's work three follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations 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
Constitution	Substantial	Substantial	C 0 H 0 M 0 L 2	C 0 H 0 M 0 L 0

Dog Warden	Substantial	Substantial	C 0 H 0 M 0 L 2	C 0 H 0 M 0 L 0
Counter Fraud Arrangements	N/A	N/A	C 0 H 6 M 0 L 0	C 0 H 1 M 0 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.

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: Community Safety Partnership, S106s & CIL, Housing Benefit Overpayments, and ICT.

5.0 CHANGES TO THE AGREED AUDIT PLAN

- 5.1 The 2021/22 audit plan was agreed by Members at the meeting of the Audit & Governance Committee on 4th March 2021.
- 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.

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 30th June 2021 80 chargeable days were delivered against the planned target of 350 which equates to achievement of 23% of the original planned number of days.
- 7.2 The financial performance of the EKAP for 2021/22 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 30th June 2021 against the 2021/22 Audit plan.
- Appendix 4 Balanced Scorecard to 30th June 2021
- Appendix 5 Assurance Definitions.

SUMMARY OF CRITICAL /HIGH PRIORITY RECOMMENDATIONS OUTSTANDING AFTER FOLLOW-UP – APPENDIX 1		
Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
Counter Fraud Arrangements		
The Council should identify and quantify its fraud risk, which is essential to understanding specific exposures to risk, changing patterns in threats and the potential consequences to the councils and their service users.	Responsibility s.151 Officer for Folkestone-Hythe	Agreed – a review of arrangements, training and approach is underway. Outstanding. New Proposed Completion Date 30 October 2021

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS STILL TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Licensing	September 2020	Reasonable / Limited	Quarter 1
Waste Management	December 2020	Reasonable / Limited	Quarter 1

PROGRESS AGAINST THE F&HDC AUDIT PLAN 2021/22

Review	Original Planned Days	Revised Planned Days	Actual To 30/06/2021	Status and Assurance level
FINANCIAL SYSTEMS				
Business Rates	10	10	-	Quarter 2
Housing Benefit Overpayments	10	10	6.86	Work in progress
Housing Benefit DHP	10	10	-	Quarter 2
Housing Benefit Subsidy	10	10	-	Quarter 4
HOUSING SYSTEMS				
Homelessness	10	10	0.14	Quarter 4
Rent Setting, Accounting & Collection	10	10	-	Quarter 2
Resident Engagement	10	8	8.14	Finalised - Reasonable
Voids Management	10	10	11.51	Work in progress
Tenants Health & Safety	10	10	0.03	Quarter 3
Contract Management	10	10	0.16	Quarter 4
Data Integrity	10	10	0.16	Quarter 2
Garage Deposits/ Management	10	10	0.16	Quarter 2
Housing Regulator	10	10	0.03	Quarter 3
Right to Buy	10	10	0.03	Quarter 4
ICT SYSTEMS				
ICT review	10	10	11.52	Work in progress
HUMAN RESOURCES SYSTEMS				
Flexi, Leave and Sickness	10	10	-	Quarter 3
GOVERNANCE RELATED				
Freedom of Information	10	10	-	Quarter 3
Fraud Resilience Arrangements	10	10	-	Quarter 2
Otterpool Park Governance	10	10	-	Quarter 4
SERVICE LEVEL				
Business Continuity / Emergency Planning	10	10	-	Quarter 4
Councillor Grants	10	10	-	Quarter 2
Climate Change	10	10	2.13	Quarter 3
E-Procurement & Purchase Cards	10	10	-	Quarter 3
Engineers / Coast Management	10	10	-	Quarter 2
Garden Waste / Recycling Management	10	10	-	Quarter 2
Lifeline	10	10	0.10	Quarter 4

Review	Original Planned Days	Revised Planned Days	Actual To 30/06/2021	Status and Assurance level
Folkestone Community Works Programme	10	10	-	Quarter 2
Planning Income	10	10	-	Quarter 3
Safeguarding	10	10	0.64	Quarter 2
OTHER				
Committee Reports & Meetings	10	10	3.37	Ongoing
S151 Meetings & Support	10	10	1.95	Ongoing
Corporate Advice / CMT	5	5	1.22	Ongoing
Liaison with External Audit	1	1	0.03	Ongoing
Audit plan prep & Meetings	10	10	1.85	Ongoing
Follow Up Reviews	14	14	8.87	Ongoing
FINALISATION OF 2020-21 AUDITS				
Scheme of Delegations	10	1	1.29	Finalised - Reasonable
Community Safety Partnership		1	2.47	Draft report
Planning CIL & S106s		5	6.36	Draft report
Grounds Maintenance		1	0.68	Finalised - Reasonable
Housing Compliance		2	6.58	Finalised - Substantial
RESPONSIVE WORK				
Election Duties	0	2	1.74	Completed
Princes Parade			2.26	Work in progress
Total	350	350	80.28	22.94% at 30/06/2021

BALANCED SCORECARD

Appendix 4

<u>INTERNAL PROCESSES PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Original Budget</u>
	Quarter 1		Reported Annually		
Chargeable as % of available days	90%	80%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£356.35
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£459,443
CCC	25.92%	25%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,945
DDC	40.50%	25%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
TDC	18.84%	25%			
F&HDC	22.94%	25%			
EKS	18.78%	25%			
Overall	25.75%	75%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 		£470,388
Follow up/ Progress Reviews;					
<ul style="list-style-type: none"> • Issued • Not yet due • Now due for Follow Up • 	28	-			
	21	-			
	15	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Full			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2021-22 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	Actual	Target
	Quarter 1		Quarter 1		
Number of Satisfaction Questionnaires Issued;	17		Percentage of staff qualified to relevant technician level	75%	75%
Number of completed questionnaires received back;	7		Percentage of staff holding a relevant higher level qualification	39%	39%
	= 41%		Percentage of staff studying for a relevant professional qualification	15%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	1.4	3.5
<ul style="list-style-type: none"> • Interviews were conducted in a professional manner • The audit report was 'Good' or better • That the audit was worthwhile. 	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	39%	39%
	100%	90%			
	100%	100%			

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.