

This Report will be made public on 05 September 2023



Report Number **AuG/23/13**

**To:** Audit and Governance Committee  
**Date:** 13 September 2023  
**Status:** Non-Executive Decision  
**Corporate Director:** Lydia Morrison – Interim Director – Corporate Services (S151)

**SUBJECT: QUARTERLY INTERNAL AUDIT 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 30<sup>th</sup> June 2023.

**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/23/13.**
- 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 meeting.

## **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 five 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: one Substantial, three Reasonable, and one Reasonable / No assurance. Summaries of the report findings are detailed within Annex 1 to this report.
- 3.2 In addition two 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 30<sup>th</sup> June 2023 76 chargeable days were delivered against the planned target for the year of 350 days, which equates to achievement of 21.68% 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 (AK)

No legal officer comments are required for this report.

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

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)

Lydia Morrison; Interim Director – Corporate Services (s.151)  
Telephone: 01303 853420 Email: [Lydia.morrison@folkestone-hythe.gov.uk](mailto:Lydia.morrison@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 – 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 30<sup>th</sup> June 2023.

**2. SUMMARY OF REPORTS**

Service / Topic		Assurance level	No of Recs.	
2.1	Folkestone Community Works Programme	Substantial	C	0
			H	0
			M	0
			L	1
2.2	Complaints Sampling	Reasonable	C	0
			H	0
			M	0
			L	5
2.3	Tenants Health & Safety	Reasonable	C	0
			H	1
			M	2
			L	0
2.4	Financial Procedure Rules	Reasonable	C	0
			H	1
			M	4
			L	1
2.5	Contract Management of Waste Collection & Street Cleansing	Reasonable / No	C	10
			H	9
			M	0
			L	0

## **2.1 Folkestone Community Works Programme – Substantial Assurance**

### **2.1.1 Audit Scope**

The programme is in place due to a successful bid by Folkestone & Hythe District Council for a Community Led Local Development (CLLD) Programme funded by the European Regional Development Fund (ERDF) and European Social Fund (ESF). The programme is designed to help local people access jobs, and to grow the local business base by supporting local businesses. The delivery phase of the programme is closing at the end of June 2023 and this review is to ensure that the Council has met all the relevant criteria as the Accountable body when closing the scheme at the end of September 2023.

### **2.1.2 Summary of Findings**

Folkestone & Hythe District Council successfully secured £2.49 million of European funding for a Community Led Local Development (CLLD) programme and with match funding means that there is a total of £4.9 million to invest in Folkestone's most disadvantaged neighbourhoods.

The Folkestone Community Works Programme aim was to improve social and economic community cohesion in the wards of East Folkestone, Central Folkestone, Folkestone Harbour and part of Broadmead. The programme wanted to encourage businesses, organisations, charities and voluntary groups, to put forward and deliver projects that boost employment, help local businesses grow and improve opportunities for local residents. The activity end date for the ESF funding for this programme was 30<sup>th</sup> June 2022 and for the ERDF funding it is 30<sup>th</sup> June 2023. The financial and practical completion dates are also staggered, ESF funding was 31<sup>st</sup> December 2022 and the ERDF funding is 30<sup>th</sup> September 2023, although the aim is to complete this by 31<sup>st</sup> July 2023.

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

- The role of Folkestone & Hythe District Council as the accountable body has been in place since 2016 (as per CLLD guidance) when the programme commenced and established administrative processes have been in place for the whole time of the programme.

Scope for improvement was however identified in the following area:

- The programme officers should always ensure that the grant returns are submitted on a timely and regular basis (i.e. quarterly).

## **2.2 Complaints Sampling – Reasonable Assurance**

### **2.2.1 Audit Scope**

To ensure continuous improvement of the complaints processes and ensure best practice as required by the Policy, random sample testing was undertaken to identify

whether the Council's Customer Feedback and Complaints Policy is being correctly applied when processing complaints received.

### 2.2.2 Summary of Findings

The revised Complaints Policy, approved at Cabinet in May 2021 included the requirement that *'the administration of feedback and complaints is audited annually with a full audit examination undertaken every four years. The audits are independently undertaken by East Kent Audit Partnership who examine and evaluate the procedures and controls in place to ensure best practice is met'*.

This review was an annual check of a random sample of complaints to ensure that the approved policy and procedures are being correctly and consistently applied.

An extract of all complaints logged for 2022/23 was obtained, and a random sample of thirteen cases were reviewed in detail.

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

- An approved Complaints, Compliments and Feedback Policy is in place.
- Levels of complaints are regularly monitored, and annual reporting is in place with summarised statistics being published on the Council's Website.
- Lessons learnt are recorded and monitored.

Scope for improvement was however identified in the following areas:

- There are some omissions of data from the system records which may result in inaccurate statistics being reported.
- Investigating officers do not always inform the Case Management Team when there will be a delay in responding resulting in the response deadline being exceeded and resulting in the complainant not being notified.

## **2.3 Tenants' Health & Safety – Reasonable Assurance**

### 2.3.1 Audit Scope

To provide assurance on the procedures and controls established to ensure that tenant health and safety compliance functions are operating as intended and that this is sufficient to meet expected requirements and legislation where applicable.

### 2.3.2 Summary of Findings

In September 2019 the Regulator of Social Housing issued a Regulatory Notice to Folkestone & Hythe District Council and action was taken to address the issues and improve the services provided so that the Regulatory Notice was lifted. However, the challenge now is to ensure that the high level of service is maintained by both the various contractors and the Council to ensure that tenants continue to live in a safe environment.

Performance has been in decline quarter on quarter for 2022/23, with Q4 being the most challenging period with staff retention and resources having an impact as well

as the change in gas contractor. Greater scrutiny of H&S Compliance will be required in 2023/24 in line with new consumer regulation, particularly around fire safety and fire remedial actions.

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

- Approved policies are in place to support the work on the “Big 6” areas for tenants’ health and safety.
- Performance monitoring of the contractors across the “Big 6” is carried out and issues that arise are addressed and monitored through departmental metrics and reporting to CLT and Cabinet. However, the information needs to improve to ensure that governance responsibilities are fulfilled.
- Actions are taken to reverse the decline in performance of contractors and works programmes to address issues identified from risk assessments etc. It is hoped going forward that new software (NEC) will help to centralise information for properties. This will be managed using the compliance workbook and headline data uploaded to NEC.

Scope for improvement was however identified in the following areas; which are in addition to the work being carried out by officers to address performance issues:

- A review of the performance information provided to Cabinet should be carried out to ensure that it is complying with the requirements of the supporting policies (i.e. Fire Safety Policy). This will ensure governance responsibilities are fulfilled, that Cabinet is aware of any issues and the actions being taken to address them.
- Consideration should be given to reinstating the Fire Risk Assessment performance indicators for the outstanding fire risk actions and ensure that they are reported to CLT and Members, to raise awareness of the issues and the actions being taken as per the Fire Safety Policy
- Consideration should be given to including the breakdown of the fire risk assessment actions and the risk level of each of them on the metrics spreadsheet as they are no longer being recorded as KPI’s.

## **2.4 Financial Procedure Rules – Reasonable Assurance**

### **2.4.1 Audit Scope**

To ensure that the Council’s Financial Procedure Rules are properly approved by the Council’s executive function, cover all appropriate financial matters and provides sufficient guidance to Council Officers to enable them to comply with the approved rules and procedures in place.

### **2.4.2 Summary of Findings**

The Financial Procedure Rules are a written code of procedures approved by Members at Folkestone & Hythe District Council to provide a framework for proper financial management. The Financial Procedure Rules form part of the Council’s Constitution and set out rules on accounting, audit, administrative procedures, and budgeting systems. It is good practice to review them from time to time to ensure they reflect legislative, policy, constitutional and other organisational changes,



especially in the context of the Council's changing structure and methods of operating.

All officers and Councillors have a duty to abide by the highest standards of probity in dealing with financial issues. This is facilitated by ensuring that everyone is clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

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

- The Council has a set of Financial Procedure Rules in place.
- The Council has detailed guidance for officers in respect of complying with the Financial Procedure Rules.
- Officers have recently been reminded of the Council's Financial Procedure Rules as part of the governance training "Getting it Right" that has taken place.

Scope for improvement was however identified in some areas:

- The Financial Procedure Rules should be reviewed and then be submitted to the Audit & Governance Committee for them to recommend to Council for approval.
- The detailed guidance for the Financial Procedure Rules should be reviewed and changes made where necessary as highlighted within this report.
- There should be clarification on the Virement Policy for approvals between £20,001 and £24,999.

## **2.5 Contract Management of Waste Collection & Street Cleansing – Reasonable / No Assurance**

### **2.5.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the waste management and street cleansing function is being carried out efficiently and effectively within an appropriate control framework which reduces any risks to an acceptable level.

### **2.5.2 Summary of Findings**

The Waste Collection and Street Cleansing contract is a joint contract between Dover District Council and Folkestone and Hythe District Council. It commenced in January 2021 for an eight-year period with an estimated total value of around £44 million. For 2022/23 the Folkestone and Hythe District Council paid Veolia £5,215,161 of which, around £1.5 million related to Street Cleansing, the remainder relating to Waste Collection.

The Council is required to comply with the Environmental Protection Act 1990. In order to ensure compliance with the Act, Defra produced a Code of Practice on litter and refuse to give duty bodies more detailed information on the actions needing to be taken to ensure compliance with the Act. In failing to comply with the Defra Code of Practice, the Council is also failing to comply with the Environmental Protection Act 1990.

Monitoring routines are considered to be not working to such an extent that the standards set out in the contract are not being delivered, and no effective action is being taken against the contractor for not delivering. The Council has no option other than to meet the minimum standards set out in the Defra Code. The contract already fails to meet all of those standards. The Council cannot accept a lower standard than the Defra Code as required by the Environmental Protection Act, and should be enforcing the standards set out in the terms and conditions within the contract.

Management can place No Assurance on the system of internal controls around the contract management of the Street Cleansing function and Reasonable Assurance on the system of internal controls around the contract management for the Waste Management function.

The effective controls giving rise to the Reasonable Assurance for the Waste Management function are as follows:

- Suitable procedures are in place to ensure that Veolia is on the whole complying with the key requirements of the contract for waste collections.
- Testing identified that Veolia is providing monthly performance reports to the Contract Supervisor detailing performance achieved for the month.

The primary findings giving rise to the No Assurance opinion in respect of the contract management of street cleansing are as follows:

- The contract states that 'the Contractor shall cleanse all areas covered by the Agreement so that they are Grade A standard', however inspection results show areas to be at grade B 97%, and grade C 3% of the time meaning that the Council is paying for the District to be cleansed to grade A, but receiving a grade B service.
- Where monthly inspections identify areas as needing attention by Veolia, no process is in place to confirm that the contractor has completed that work in accordance with the requirements of the contract.
- Despite the street cleansing function being a 7 days a week service. The Council monitors the contract 5 days a week Monday to Friday. No monitoring is undertaken during busy weekend periods.
- Zone Z areas are not being cleansed to grade A by 08:00 each day as is required by the contract, and are on many occasions being cleansed to grade C. Where zone Z areas are not grade A by 08:00, they are also not being restored to grade A by 11:00 as is required by the contract. Despite this, the Council has not raised any penalties against Veolia for failing to comply with the requirements of the contract.
- Evidence in the sampling highlighted that Veolia is closing jobs as complete when they have not been started. In doing so, Veolia is avoiding the cost of completing the work, and possible financial penalties for not being able to complete the job within the rectification period specified in the contract.
- Section 3.3.4 (B) of the contract states that '*The Contractor shall cleanse all areas covered by the Agreement so that they are Grade A standard*'. Review of 1,474 inspections undertaken by Council inspection staff in the period January to April

2023 recorded most areas to be at Grade B or C meaning that while the Council is paying Veolia to cleanse the District to grade A, it is essentially only receiving a Grade B and, in some cases, only receiving a grade C.

	<b>Grade A</b>	<b>Grade B</b>	<b>Grade C</b>	<b>Grade D</b>
<b>Litter</b>	0%	97%	3%	0%
<b>Detritus</b>	0%	97%	3%	0%

- Mechanical sweeping is not being undertaken in accordance with the requirements of the contract; despite this no penalties have been raised by the Council against Veolia for failing to provide mechanical sweeping in line with the contract.
- Despite the Council paying £85,285 pa for the cleansing of car parks, Veolia is failing to cleanse them in accordance with the requirements of the contract.
- Veolia is failing to ensure that gully/drain gratings on public highways and car parks are not blocked with refuse, fallen leaves, weeds and blossoms, or any other matter as part of his normal cleansing duties. Despite this, Veolia have not raised any financial penalties against themselves for failing to comply with the requirements of the contract. Similarly, the Council has also not raised any penalties against Veolia in respect of blocked gully gratings and drain covers.
- Veolia is failing to keep areas free from detritus which consequently results in excessive weed growth across the district. They are then also failing to remove weeds and grass from hard surface areas across the whole of the District as is required by the contract.
- Penalties are not being raised by the Council against Veolia where Inspectors identify that Veolia have not complied with the requirements of the contract despite there being facility within the contract for the Council to raise penalties against Veolia.
- Very little reliance, if any, can be placed on the performance information being provided by Veolia as testing highlighted that work is closed as completed when in fact it has not started.
- The Council will need a costed plan in place to achieve recycling targets when set by Central Government.
- The street cleansing service standards are not published on the website on a road-by-road basis.

Procedures were found to be in place and working effectively in the following areas of the contract management of the street cleansing function:

- Testing established that all staff involved in the monitoring of the contract have access to both the Defra Code and the contract.
- The Council has allocated a zone to each area across the District as is required by the Defra Code of Practice.
- Contract costs are kept under regular review by the Contract Supervisor.

### **Management Response** –

The Waste & Street Cleansing contract is a jointly arranged with DDC. The contract monitoring and performance are through the Waste Management Team working on behalf of both authorities.

We are pleased to note the reasonable assurance given to the waste collection service given the challenges faced by the service in 2021. The waste collection service is performing well and to the contract standard and it is good to have this confirmed by the findings of the recent audit.

In terms of street cleansing, it is noted that as a joint report most of the on-the-ground testing was carried out in the Dover district. This is however not to downplay the issues identified regarding the contractor's performance and the concerns over the effectiveness of contract monitoring processes. A short-term Action Plan to address the audit outcomes has been prepared and agreed with EKAP.

Actions will include: -

- Establishing clearer processes within the Waste Team that link monitoring/inspections to rectifications and the issuing of contract defaults if required. A more detailed framework on the application of contract defaults to support performance management and target areas of contractor under performance will be developed.
- Specific focus given to monitoring of performance in Zone Zs, mechanical sweeping, and the removal of weed growth.
- A review of Waste Team working hours and weekend working seeking to improve contract monitoring. It should be noted that in summer season in the FHDC area that some monitoring of litter bins is already carried out by the Environmental Enforcement Team over weekends.
- Where necessary, escalation of significant matters raised in the audit with Veolia Senior Management as part of regular client / contractor engagement.

**Director of Place**

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

3.1 As part of the period's work two follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations 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.
Officers' Interests	Reasonable / Limited	Reasonable	C 0 H 7 M 7 L 0	C 0 H 0 M 1 L 0
Garden Waste / Recycling Management	Limited	Limited	C 0 H 1 M 5 L 0	C 0 H 0 M 3 L 0

- 3.3 Details of any individual critical or high priority recommendations outstanding after follow-up are included at Annex 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now being escalated for the attention of the s.151 Officer and Members of the Audit & Governance Committee (none this quarter).

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.

#### **Management Response – Garden Waste / Recycling Management**

It is fully agreed that integrating the Council Garden Waste system and database would be beneficial particularly in terms service to the customer. The IT system team are working on the integration, but this does involve the integration of three systems (GW, direct debit provider and Echo), which brings additional complexity. It has also become clear that in order to integrate system and processes we will need to review the range of payments methods currently available (e.g., cheques and pay point). The aim is to have a fully tested system by the end of Quarter 3, so we are in a good position for next year. (FHDC Chief Officer Place & Regulatory Services)

#### **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: CIL Scheme, Tenancy & Estate Management, and Recruitment & Leavers. Scheduled work to commence in September, also includes planning for the Otterpool LLP Governance review, the detailed scope for the review scheduled for quarter 4 will be drafted as a result of the planning time.

#### **5.0 CHANGES TO THE AGREED AUDIT PLAN**

- 5.1 The 2023-24 audit plan was agreed by Members at the meeting of the Audit & Governance Committee on 15<sup>th</sup> March 2023.

- 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 30<sup>th</sup> June 2023 76 chargeable days were delivered against the planned target for the year of 350 which equates to achievement of 21.68% of the original planned number of days.
- 7.2 The financial performance of the EKAP for 2023-24 is on target.

### **Attachments**

- Appendix 1 Summary of high priority recommendations outstanding 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 2023 against the 2023-24 Audit plan.  
Appendix 4 Assurance Definitions.  
Appendix 5 Balanced Scorecard to Quarter 1.

<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 this Quarter</b>		

<b>SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS YET TO BE REVIEWED</b>			
<b>Service</b>	<b>Reported to Committee</b>	<b>Level of Assurance</b>	<b>Follow-up Action Due</b>
Housing Planned Maintenance - Contracts	July 2022	No Assurance	Work in progress
Contract Management – Controls & Governance	December 2022	Limited	Work in progress
Car Parking Income	December 2022	Substantial / Limited	Work in progress
Employee Benefits in Kind	July 2023	Reasonable / Limited	Work in progress
Housing Tenancy Fraud	July 2023	Limited	October 2023



**PROGRESS AGAINST THE AGREED AUDIT PLAN 2023/24  
FOLKESTONE & HYTHE DISTRICT COUNCIL**

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual To 30/06/2023</b>	<b>Status and Assurance level</b>
<b>FINANCIAL SYSTEMS:</b>				
Budgetary Control	10	10	-	Quarter 2
Business Rates	10	10	0.07	Quarter 2
Capital	10	10	-	Quarter 3
Creditors Duplicates Testing	2	2	0.37	Quarter 4
Housing Benefit Subsidy	10	10	-	Quarter 3
Miscellaneous Grants	10	10	-	Quarter 4
<b>HOUSING SYSTEMS:</b>				
Anti-Social Behaviour	10	10	0.20	Quarter 3
Housing Capital	10	10	0.03	Quarter 2
Housing Contract Letting	10	10	0.17	Quarter 2
Housing Allocations	10	10	0.07	Quarter 4
New Build Capital	10	10	0.03	Quarter 4
Rechargeable Works	10	10	-	Quarter 3
Rent Setting	10	10	-	Quarter 3
Independent Living	10	10	3.32	Work in progress
Tenancy & Estate Management	10	10	0.12	Quarter 2
<b>GENERAL FUND HOUSING</b>				
Leaseholders' Services	10	10	0.07	Quarter 4
HMO's	10	10	-	Quarter 3
<b>INFORMATION GOVERNANCE</b>				
Freedom of Information	10	10	-	Quarter 4
<b>TECHNOLOGY / CYBER:</b>				
ICT Review	10	10	-	Quarter 4
<b>CORPORATE GOVERNANCE:</b>				
Otterpool Park Governance	10	10	0.20	Quarter 4
Financial Procedure Rules	5	5	3.85	Finalised - Reasonable
RIPA	4	4	-	Quarter 4
<b>SERVICE LEVEL</b>				
Climate Change	4	4	-	Quarter 3
Employee Health & Safety	10	10	0.11	Quarter 4
Environmental Protection	10	10	0.20	Quarter 2
Folkestone Community Works	10	7	7.69	Finalised - Substantial

<b>Review</b>	<b>Original Planned Days</b>	<b>Revised Planned Days</b>	<b>Actual To 30/06/2023</b>	<b>Status and Assurance level</b>
CILs	10	10	7.75	Work-in-Progress
Waste Collection & Street Cleansing	15	15	9.84	Finalised – Reasonable / No
<b>HUMAN RESOURCES:</b>				
Payroll	10	10	-	Quarter 3
Recruitment & Leavers	10	10	0.07	Quarter 2
<b>OTHER:</b>				
Committee Reports & Meetings	10	10	2.64	Ongoing
S.151 Meetings & Support	10	10	2.67	Ongoing
Corporate Advice / CMT	5	5	2.58	Ongoing
Liaison with External Audit	1	1	-	Ongoing
Audit Plan Prep & Meetings	10	10	2.37	Ongoing
Follow Up Reviews	14	14	4.26	Ongoing
Complaints Sampling	0	3	6.17	Finalised – N/A
Elections	0	1	1.41	Completed – N/A
<b>FINALISATION OF 2022-23 AUDITS:</b>				
Employee Benefits in Kind	1	1	0.27	Finalised – Reasonable / Limited
Tenancy Counter Fraud	4	4	5.29	Finalised - Reasonable
Tenancy Health & Safety	7	7	5.70	Finalised - Reasonable
Procurement Secondment	7	7	7.50	Finalised – N/A
Procurement Matters	1	1	0.93	Finalised – N/A
<b>Total</b>	<b>350</b>	<b>350</b>	<b>75.86</b>	<b>21.68%</b>

## Appendix 4

### 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.

## Balanced Scorecard

<b><u>INTERNAL PROCESSES PERSPECTIVE :</u></b>	<b><u>2023-24 Actual</u></b>	<b><u>Target</u></b>	<b><u>FINANCIAL PERSPECTIVE:</u></b>	<b><u>2023-24 Actual</u></b>	<b><u>Original Budget</u></b>
	<b>Quarter 1</b>		<b>Reported Annually</b>		
<b>Chargeable as % of available days</b>	<b>86%</b>	<b>90%</b>	<ul style="list-style-type: none"> <li>• <b>Cost per Audit Day</b></li> </ul>	<b>£</b>	<b>£403.37</b>
<b>Chargeable days as % of planned days</b>			<ul style="list-style-type: none"> <li>• <b>Direct Costs</b></li> </ul>	<b>£</b>	<b>£521,918</b>
<b>CCC</b>	<b>16.88%</b>	<b>25%</b>	<ul style="list-style-type: none"> <li>• <b>+ Indirect Costs (Recharges from Host)</b></li> </ul>	<b>£</b>	<b>£10,530</b>
<b>DDC</b>	<b>29.04%</b>	<b>25%</b>	<ul style="list-style-type: none"> <li>• <b>- 'Unplanned Income'</b></li> </ul>	<b>£</b>	<b>Zero</b>
<b>TDC</b>	<b>23.09%</b>	<b>25%</b>			
<b>FHDC</b>	<b>21.68%</b>	<b>25%</b>			
<b>EKS</b>	<b>9.46%</b>	<b>25%</b>			
<b>Overall</b>	<b>22.3%</b>	<b>25%</b>	<ul style="list-style-type: none"> <li>• <b>= Net EKAP cost (all Partners)</b></li> </ul>	<b>£</b>	<b>£532,448</b>
<b>Follow up/ Progress Reviews;</b>					
<ul style="list-style-type: none"> <li>• <b>Issued</b></li> </ul>	<b>17</b>	<b>-</b>			
<ul style="list-style-type: none"> <li>• <b>Not yet due</b></li> </ul>	<b>23</b>	<b>-</b>			
<ul style="list-style-type: none"> <li>• <b>Now due for Follow Up</b></li> </ul>	<b>31</b>	<b>-</b>			
<b>Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)</b>	<b>Partial</b>	<b>Partial</b>			

<b><u>CUSTOMER PERSPECTIVE:</u></b>	<b><u>2023-24 Actual</u></b>	<b><u>Target</u></b>	<b><u>INNOVATION &amp; LEARNING PERSPECTIVE:</u></b>	<b><u>2023-24 Actual</u></b>	<b><u>Target</u></b>
	Quarter 1		Quarter 1		
<b>Number of Satisfaction Questionnaires Issued;</b>	18		<b>Percentage of staff qualified to relevant technician level</b>	61%	60%
<b>Number of completed questionnaires received back;</b>	5		<b>Percentage of staff holding a relevant higher-level qualification</b>	50%	50%
	= 28 %		<b>Percentage of staff studying for a relevant professional qualification</b>	0%	N/A
<b>Percentage of Customers who felt that;</b>			<b>Number of days technical training per FTE</b>	1.5	3.5
• Interviews were conducted in a professional manner	100%	100%	<b>Percentage of staff meeting formal CPD requirements (post qualification)</b>	50%	50%
• The audit report was 'Good' or better	96%	90%			
• That the audit was worthwhile.	98%	100%			