

AUDIT COMMITTEE
25 SEPTEMBER 2008
OUTCOMES OF AUDIT ACTIVITY

Report from: Internal Audit

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Summary

To advise Members of the outcomes of Internal Audit activity completed since the last meeting of the Audit Committee.

1. Budget and Policy Framework

1.1 Following the Council's decision to establish this committee, it is within the remit of this committee to take decisions regarding accounts and audit issues.

2. Background

2.1 This report contains the outcome of Internal Audit's work since the last report to this committee.

2.2 Generally, Internal Audit reports identify areas where improvement in the control process should be made. However, there is no standard within the internal audit profession of grading the overall control environment. Furthermore, even where recommendations are prioritised, the recipient of the report has no indication of how well the overall control process is operating.

2.3 To address this, Medway Council's Internal Audit has introduced a grading system so that managers have a clear understanding of the operation of the control environment in their area. The audit opinion is set at one of four levels and is formed on completion of the audit testing and evaluation stage but **before** management implement any of the recommendations.

2.4 All audit reports containing recommendations designed to improve the control process are presented with an action plan, which has been agreed with management and specifies the action to be taken, by whom and when. This agreed management action plan is incorporated in the issued final audit report.

- 2.5 Where control is assessed at the lowest level, (“Unsatisfactory”), follow up work will be undertaken within six months.
- 2.6 This report details work completed since the last report to Members. The format of the annexes is as follows: -
- Annex A Definition of audit opinions
 - Annex B Schedule of completed audit work showing the audit opinion provided and Directorates covered
 - Annex C Summary information on completed audits
- 2.7 In addition to the work set out on the following annexes, Internal Audit has also responded to requests to provide advice on control issues to managers.

3. Financial and legal implications

- 3.1 There are no financial or legal implications arising from this report.

4. Recommendations

- 4.1 Members are asked to note the outcome of Internal Audit’s work.

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Background papers

None.

DEFINITIONS OF AUDIT OPINIONS

Control Audits

Good	Controls are in place to ensure the achievement of service objectives, good financial management and to protect the authority against loss. Compliance with the control process is considered to be good and no significant or material errors or omissions were found.
Satisfactory	Key controls exist to enable the achievement of service objectives and obtain good financial management. However, occasional instances of failure to comply with the control process were identified and opportunities to strengthen the control system still exist.
Adequate	Controls are in place and to varying degrees are complied with but there are gaps in the control process, which weaken the system, and losses could occur. There is, therefore, a need to introduce additional controls and improve compliance with existing controls, to reduce the risk of loss to the authority.
Unsatisfactory	Controls are considered to be insufficient with the absence of at least one critical control mechanism. There is also a need to improve compliance with existing controls and errors and omissions have been detected. Failure to improve controls could lead to a decline in financial integrity and lead to an increased risk of major loss or embarrassment to the authority.

Value For Money Audits

High assurance	Objectives being achieved efficiently, effectively and economically
Substantial assurance	Objectives are largely being achieved efficiently, effectively and economically, but there are areas for further improvement.
Limited assurance	Objectives are not being achieved through an appropriate balance of economy, efficiency and effectiveness. Improvements could be made in more than one of the 3E's.
Minimal assurance	Objectives are not being achieved either economically, effectively or efficiently

Completed Audit Activity

Activity ↓	Directorate →	Opinion	Authority Wide	Community Services	Regeneration & Development	Children's Services	Business Support Department
Main Financial Systems							
Creditors –system controls		S					S
Revenue Budgetary Control – system controls		G		S		S	G
Council Tax – monitoring controls		G					G
Creditors – monitoring controls		S					S
Housing and Council Tax Benefit – monitoring controls		G					G
Business rates (NNDR) – monitoring controls		G					G
Payroll - monitoring controls		G					G
Fraud and Corruption assessments (Assurance Audits)							
Council Tax		●					●
Creditors		●					●
Housing and Council Tax benefits		●					●
Housing Rents		●		●			
Business rates (NNDR)		●					●
Payroll		●					●
Treasury Management		●					●
Corporate Governance Audits							
Annual review (compliance with 2007 published Cipfa/Solace requirements) 2007/08		S	S				
Risk Management 2007/08		S	S				
Prevention of Fraud and Corruption - overall arrangements 2007/08		A	A				
Other Financial Audits							
Creditors – duplicate payments check		S	S				
Operational Audits							
Local area agreement		●	●				

Completed Audit Activity

Activity ↓	Directorate →	Opinion	Authority Wide	Community Services	Regeneration & Development	Children's Services	Business Support Department
Adult disability care – service planning		A		A		A	

Key: G = Good, S = Satisfactory, A = Adequate, U = Unsatisfactory

- Work carried out but no opinion provided in that area

Completed Audit Activity

Audit: Creditor Payments System Controls

Opinion: Satisfactory

This is a cyclical audit undertaken to provide a current year opinion on key controls to achieve the following system objectives:

- Payments are made only for authorised transactions;
- Payments are made only for goods & services received;
- Payments are made to the correct supplier for the correct amount;
- Payments are made at the most advantageous time;
- Payments are accurately and promptly reflected in the Council’s financial records.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>Generally, a sound control framework was found to be in place and the majority of key controls are operating effectively to ensure the accuracy and validity of creditor payments. However, there were a number of areas where arrangements required minor enhancements to their application and operation.</p> <p>Due to limited staffing resources, two designated exchequer officers have access to both create /amend supplier records and input payment transactions. To mitigate the risk of improper payments being made, a monthly report identifying invoices input against supplier records, created or amended by the same officer, should be produced and the transactions independently checked. Inquiries found these reports had been produced in two batches towards the end of the year and there was little evidence that the majority of transactions had been independently checked.</p>	<p>A fictitious supplier could be set up on the system and subsequent payments made without detection.</p>	<p>Ensuring that monthly reports of transaction input against a supplier record created by the same officer are regularly produced, independently scrutinised and retained.</p> <p>Periodically reviewing the supplier database to identify and delete duplicate and dormant supplier records.</p> <p>Reminding Webreq “approvers” of the need to promptly process unmatched invoices.</p> <p>A range of minor improvements to some existing reconciliation and control procedures.</p>	<p>All recommendations were agreed and scheduled for implementation by end of August 2008.</p>

Completed Audit Activity

Audit: Revenue Budgetary Control

Opinion: Overall
Children’s & Community Services directorates

Good
Satisfactory

This is audit was undertaken to provide a current year opinion on controls to achieve the following system objectives:

- Budgetary targets are a realistic reflection of needs and resources;
- Budget holders are aware of their budgetary responsibilities and targets, and are advised promptly of any changes;
- Directorates and individual budget holders have access to accurate, complete, regular and timely information on their budgets and progress against targets, in appropriate formats;
- Actual and potential under/overspends are promptly identified and reported to all appropriate levels, remedial action being taken where necessary.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>The budget setting and approval process was well managed. Budget managers were actively involved in the process and tests indicate that signed budget acceptance forms were comprehensively obtained from them.</p> <p>Budgets were entered on Integra reasonably promptly and corporate and directorate accountants maintain control total spreadsheets to monitor and ensure budgets are fully and accurately allocated.</p> <p>Most budget managers questioned confirmed that they had received formal training on the preparation, use, monitoring and reporting of their budgets and support from their directorate accountants. However, some designated budget holders delegate management of their allocated budgets to officers under their control. These officers do not</p>	<p>There is little assurance that officers with a delegated budget management role are aware or accept the associated responsibilities or have the requisite knowledge to undertake the tasks effectively.</p>	<p>Officers with delegated budgetary responsibilities should be identified and provided with timely training and written guidance.</p>	<p>Responsible Finance Managers agreed with the main recommendations and scheduled them for implementation by October 2008.</p> <p>They acknowledged the need to monitor forecasts from budget managers with volatile payroll costs and officers with access to budget build and monitoring folders to identify leavers but considered this was already met by existing arrangements.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>sign the budget acceptance form and there is no arrangement to ensure they receive the formal training.</p> <p>Arrangements for regularly distributing budget monitoring information, collating budget managers' monthly returns and reporting the results to senior management and Members continue to be well organised and executed. Tests indicate that budget managers in the Children's and Community Services directorates respectively supplied 94.4% and 90.7% of the monthly returns due; and that instances of non-compliance were isolated and/or justified.</p> <p>Generally, budget managers' forecasts were accurately reflected in the reports to senior management and Cabinet, which also highlighted significant variances. Arrangements indicate that senior management discuss such variances and proposed remedial action at their directorate management team meetings but the latter's minutes do not consistently record these discussions or the agreed actions.</p> <p>Virements and adjustments were generally appropriately authorised.</p> <p>Most budget managers questioned declared that Webreq orders are now</p>	<p>"Agreed" actions on significant budget variances may be misinterpreted and/or not accurately disseminated to those responsible for their implementation.</p>	<p>DMT discussions of significant variances and agreed remedial actions should be consistently recorded in the meetings' minutes.</p>	

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>raised for most purchases, so the expenditure is immediately reflected in Integra's commitment information. This removes the need to maintain local budget monitoring records except for income and the limited range of non-Webreq transactions. Visits to a sample of budget managers confirmed maintenance of the latter but highlighted a general absence of local records on payroll costs. Managers with volatile payroll costs verify these against source records e.g. timesheets but do not use them to monitor and forecast potential costs because it is often not operationally viable to do so.</p>	<p>The budgetary impact of volatile payroll costs such as overtime, expenses etc may not be promptly identified.</p>	<p>Directorate accountants should identify managers with volatile payroll costs and monitor their outturn projections to ensure they include and reasonably reflect their volatile costs.</p>	

Completed Audit Activity

Audit: Council Tax Monitoring Controls

Opinion: Good

This audit was undertaken to provide an opinion on arrangements to identify any warning signs that might indicate fraud, breakdowns in controls or problems with underlying systems that could lead to material mis-statements in the council's accounts in relation to the council tax function.

Main Findings	Main Risks	Main Recommendations	Management Response
Effective arrangements are in place and operating against all expected monitoring controls.	None	None	N/A

Audit: Creditor Payments Monitoring Controls

Opinion: Satisfactory

This audit was undertaken to provide an opinion on arrangements to identify any warning signs that might indicate fraud, breakdowns in controls or problems with underlying systems that could lead to material mis-statements in the council's accounts in relation to the creditor payment function.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>The accuracy and validity of creditor payments is primarily monitored via budget managers' scrutiny of their monthly budget monitoring reports. This year's audit on revenue budget monitoring found this to be operating effectively.</p> <p>Arrangements for monitoring and reporting compliance with BVPI 8 i.e. payment within 30 days are well established and operating. However, the report used to measure compliance allows an additional 4 days for postage rather than the 2 specified in the guidance. A longer period is permissible if supported by data based on a sample of at least 500 invoices that is broadly representative of invoices received by all departments and at different</p>	<p>The Council's measurement of performance against BVPI 8 requires closer analysis to ensure complete accuracy.</p>	<p>Ensure that evidence substantiating the council's calculation of BVPI 8 conforms to prescribed requirements.</p>	<p>The responsible manager considered there was no merit in increasing the sample size as reporting requirements for this BVPI have reduced.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
times of the year. Substantiating evidence has been produced but its validity is undermined as the sample size is only 120 and thus below the specified minimum.			

Audit: Housing Benefits Monitoring Controls

Opinion: Good

This audit was undertaken to provide an opinion on arrangements to identify any warning signs that might indicate fraud, breakdowns in controls or problems with underlying systems that could lead to material mis-statements in the council's accounts in relation to the housing benefit function.

Main Findings	Main Risks	Main Recommendations	Management Response
Effective arrangements are in place and operating against all expected monitoring controls.	None	None	N/A

Completed Audit Activity

Audit: Business rates (NNDR) – monitoring controls

Opinion: Good

This is audit was undertaken to provide an opinion on arrangements to identify any warning signs that might indicate fraud, breakdowns in controls or problems with underlying systems that could lead to material mis-statements in the council’s accounts in relation to the national non-domestic rates function.

Main Findings	Main Risks	Main Recommendations	Management Response
Effective arrangements are in place and operating against all expected monitoring controls.	None	None	N/A

Audit: Payroll – monitoring controls

Opinion: Good

Medway Council employs over 10,000 people (including schools), of which the vast majority have their pay processed through the “Resource Link” system, managed under the Human Resources structure within the Business Support Department.

The objective of this audit was to assess the adequacy and effectiveness of monitoring controls over the payroll system.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>Overall, most of the monitoring controls of the Council’s payroll system were found to be in place and operating effectively.</p> <p>Two cards used for processing and authorising manual payments, were not however, kept sufficiently secure overnight.</p>	<p>Unauthorised access to the bankline cards that could result in fraudulent payments being made – although this risk was minimal as secondary controls were in place and would promptly highlight any such fraudulent activity</p>	<p>The bankline cards are locked up at all times when not in use and the Head of HR made aware of emergency access arrangements.</p>	<p>Existing procedures were being amended and the use of the cards for authorised access being replaced by direct internet access controls.</p>

Completed Audit Activity

Audit: Corporate Governance Annual review

Opinion: Satisfactory

Corporate governance is a key issue for all local authorities, the original guidance on effective arrangements being provided in 2001 in the CIPFA/SOLACE publication ‘Corporate Governance in Local Government – A Keystone for Community Governance’, this being accepted as the basis for Medway’s own Code of Corporate Governance in 2003. In 2007 CIPFA/SOLACE published the revised ‘Delivering Good Governance in Local Government’ framework to take account of changes in local government accountability requirements and best practice set out in *The Good Governance Standard for Public Services*, published in 2005. It describes ‘governance’ as the systems, processes, culture and values local authorities adopt to “ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.” The Framework consists of six core principles, each supported by varying numbers of principles.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>We consider that, in general, Medway’s Constitution, political and management structure and decision-making processes address the requirements of the revised CIPFA/SOLACE framework. However, the Council’s own local code of corporate governance had not been updated to reflect the revised framework.</p> <p>The revised framework includes ‘best practice requirements’ and the associated guidance shows ‘suggested evidence/good practice’. Much of this differs from that suggested previously and, whilst the majority of requirements are met, Medway is unable to fully demonstrate that some are in place. Aspects considered to require particular attention were:</p> <ul style="list-style-type: none"> • the annual performance plan and medium-term financial plan did not specify how quality of service for users is to be measured; • although the Council’s member 	<p>No specific risks, but inability to demonstrate compliance with the ‘best practice requirements’ of the revised CIPFA/SOLACE framework could impact on the Council’s CPA/</p>	<p>10 recommendations relating to:</p> <ul style="list-style-type: none"> • involving senior management and members in assessing the Council’s arrangements against the revised framework; • revising the local code of corporate governance to reflect the revised framework; • aligning priorities in the annual performance plan with those in the community plan; • updating the annual performance and medium-term financial plans to specify how quality of service for users is to be measured; • providing training to enable additional members to act as substitutes at audit committee; • considering the introduction of a performance management system for members and formal succession plans for officers and members performing key roles; • re-establishing regular Citizens Panel activity and the annual Residents Opinion Poll. 	<p>Due to the delayed issue of the draft report, management have not responded formally to it. However, in discussions they have welcomed the report and agreed to implement the main recommendations.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>development strategy has been recognised by the award of the Member Development Charter by the South East Employers' body, attendance records indicated that none of the members first elected in 2007 had attended all induction training sessions;</p> <ul style="list-style-type: none"> ♦ managers are encouraged to ensure that all new staff are made aware of the induction pack (through which corporate policies/ procedures are disseminated) and attend a 'welcome to Medway' event, but there is no monitoring to confirm this; ♦ Medway has not yet introduced a performance management system for members; ♦ no formal succession planning for key members or officers, reliance being placed on informal arrangements by political groups and directors respectively. 	<p>CAA rating.</p>		

Completed Audit Activity

Audit: Risk Management

Opinion: Satisfactory

Risk management is an intrinsic component of corporate governance, and thus impacts on local authorities' Comprehensive Performance Assessment. Internal Audit has carried out an annual review of the Council's progress in adopting and embedding a consistent method for the identification, evaluation and recording of risk for the last five years.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>Overall, we consider that significant progress was made during 2007/08 on improving the Council's risk management arrangements. A replacement service planning system was introduced for 2008/09 and an external consultant was engaged to introduce a revised risk management system, but these improvements had not been completed by the end of the financial year and there was limited reporting to members during the year.</p> <p>Areas considered to require further improvement were:</p> <ul style="list-style-type: none"> • provision of training on risk management to a minority of service managers who did not attend the training sessions and facilitated workshops; • provision of training to a number of members "with specific responsibility for risk management" who did not attend the corresponding event; • reporting key risks and risk management processes to Cabinet and BS O&S Committee on a regular basis; • ensuring that reports supporting 	<p>The Council is unable to demonstrate that a risk management culture had been embedded into its routine planning and operating processes.</p> <p>Staff may have insufficient knowledge to enable them to effectively manage risk within their own working environment.</p> <p>Members with specific responsibility for risk management may be unable to perform their role effectively.</p> <p>Members with specific responsibility for risk management are unlikely to be aware of the Council's current position.</p> <p>No clear evidence that risks arising</p>	<p>7 recommendations relating to:</p> <ul style="list-style-type: none"> • provision of training to service managers and members who did not attend that provided in February 2008; • regular reporting to Cabinet, Business Support O&S and Audit Committees; • further revision of the template for Cabinet reports to include a dedicated section for risk assessment; • ADs obtaining assurance, during the quarterly monitoring process, that mitigating controls continue to operate effectively; • updates to the risk management strategy to clarify two minor issues. 	<p>All accepted, with an undertaking to implement by the end of December 2008 at the latest.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>strategic policy decisions include an explicit risk assessment;</p> <ul style="list-style-type: none"> ♦ identification of 'service' (or operational) risks and mitigating controls needs to be developed; ♦ obtaining periodic assurance that mitigating controls are operating effectively. 	<p>have been identified and assessed.</p> <p>Lower-level operational risks may not be identified or managed effectively.</p> <p>Controls relied upon to manage risks may fail to prevent the risk occurring.</p>		

Completed Audit Activity

Audit: Prevention of Fraud and Corruption - overall arrangements

Opinion: Adequate

The objective of this audit was to assess the adequacy and effectiveness of management arrangements to minimise the risks of fraud and corruption.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>The Council has a number of policies and controls in place e.g. the anti fraud and corruption and whistleblowing policies; adoption of the codes of conduct; use of the registers to declare offers of gifts and hospitality. There are also some good practices such as participating in the NFI data matches and publicising the work of the Standards Committee. However it was found that:</p> <ul style="list-style-type: none"> ▪ there was no evidence that 7 members had signed the declaration of acceptance of office; ▪ some members of the Standards Committee have not been appropriately trained; ▪ the anti fraud and corruption policy has not been adequately publicised; ▪ there is no formal assessment as to the effectiveness of the policies ▪ there is no corporate monitoring of use of ICT. 	<ul style="list-style-type: none"> ▪ Breach of legislation and non compliance with the requirements of the codes of conduct ▪ Standards Committee may not function effectively ▪ Officers may be unaware of the Council's stance on fraud and corruption; their responsibilities to 'blow the whistle' where appropriate and how to do so; ▪ Senior management will have no assurance as to the effectiveness of the policies in place ▪ Abuse of IT resources may pass undetected for a considerable period of time. 	<ul style="list-style-type: none"> ▪ Evidence that all Members have signed the declaration of acceptance of office ▪ All members of the Standards Committee receive appropriate training ▪ The anti fraud and corruption policy is publicised. ▪ Annual surveys are undertaken to assess effectiveness of policies ▪ Appropriate software is purchased and used to monitor use of IT resources. 	<ul style="list-style-type: none"> ▪ Evidence of Member acceptance of their responsibilities will be obtained ▪ Standards Committee training will be arranged ▪ A survey to be completed in 2009 ▪ Feasibility studies for the appropriate software commencing in 2008 with implementation in 2009

Completed Audit Activity

Audit: Creditors – duplicate payments check

Opinion: Satisfactory

Specialist interrogation software was used to extract and analyse data on approximately 130,500 invoices, paid via the Integra purchase ledger module during the period 1/4/07 to 31/3/08, to identify potentially duplicate payments to the same supplier or to different named suppliers operating from the same address.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>The Integra purchase ledger module automatically highlights invoices entered with the same supplier invoice reference number; but this facility alone cannot prevent duplicate payments. Controls to minimise this risk still depend on input officers' vigilance and compliance with processing procedures and directorates' local invoice verification arrangements, although use of the WEBREQ system has reduced reliance on the latter.</p> <p>Application of interrogation software and subsequent analysis identified 13 matches on payments over £1500 to the same supplier. These totalled £63008.56 but 9 payments totalling £48565.40 had already been identified by the originating services or Exchequer team and recovered. Scrutiny also identified 2 payments for £4450.31 to the same supplier, who had rendered 2 different invoices, ostensibly for the same service.</p> <p>Analysis of payments to suppliers with different purchase ledger records but matching postcodes identified numerous matches. Most resulted from businesses operating in close proximity to each other i.e. high</p>	<p>Duplicate payments may be made.</p>	<p>Officers responsible for inputting invoices onto Integra should be reminded that suffixes such as “.” should not be added to the supplier's invoice reference, without supervisor approval and prior checks for earlier transactions with the same invoice reference.</p> <p>Action should be taken to recover the outstanding duplicated payments.</p> <p>The Social Care & Voluntary Sector Manager and Medway Leisure's Manager should review their arrangements for processing invoices for payment and ensure they contain controls to identify prior payment.</p>	<p>All recommendations were agreed and scheduled for implementation by October 2008</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>streets, business parks etc. but scrutiny identified a further 4 unrecovered duplicated payments totalling £1915.</p> <p>Overall, the volume and value of duplicated payments is not significant and responsibility for them lies with the originating sections. The majority originated from the former Community Services directorate and, in particular, the Social Care Commissioning and Medway Leisure sections.</p> <p>Input of the supplier invoice number minimises the risk of duplicate payments but analysis revealed 43 instances where the suffix “.” was added. There are occasions where such suffixes are validly applied to force through payment of otherwise rejected transactions. Scrutiny revealed 4 instances where its use had resulted in duplicate payments, although in 2 instances its use had seemingly been prompted by requests from the originating section.</p>			

Completed Audit Activity

Audit: Local area agreement grant claims 2007/08

Opinion: not applicable

The Council was allocated £3.6 million in funding under the Local Area Agreement (LAA) grant for 2007/08, this being split between services relating to Children and Young People and those for Safer and Stronger Communities. In March 2008 the DCLG issued a requirement for local authorities' chief internal auditors to provide "a reasonable assurance on the regularity of LAA expenditure".

Main Findings	Main Risks	Main Recommendations	Management Response
<p>Our testing provided sufficient assurance that the LAA grant funding had been spent in its entirety and used to contribute towards the achievement of overall LAA objectives. However, we were unable to link some of the expenditure to achievement of specific LAA objectives, for example, funding was provided for the youth service/positive activities for young people but no specific LAA performance indicators for young people were identified apart from participation in rural initiatives. Similarly, funding was provided for the fostering and adoption services but no specific LAA performance indicators relating to fostering or adoption were identified; however, these services evidently contribute towards the overall objective to "ensure the safety and well being of children and young people".</p> <p>We were advised that, in the majority of cases, the grant had not been 'ring-fenced' for use on specific initiatives but treated as a contribution towards the expenditure incurred in achieving LAA objectives.</p>	<p>No significant risk as evidence that all funding had been spent.</p>	<p>None</p>	<p>N/A</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
This resulted from much of the grant funding consisting of existing central government contributions such as Children's Services and Standards Fund grants, spending of which was not subject to any form of validation.			

Completed Audit Activity

Audit: Adult disability care – service planning

Opinion: Adequate

The audit, which concentrated on the residential, direct payments, adult fostering and homecare budgets, examined control over risks that:

- predictions of demand for disability care services will be inaccurate
- costs of disability care services will be miscalculated.

Main Findings	Main Risks	Main Recommendations	Management Response
<p><u>Service Provision</u></p> <p>There was a good mix of formal and informal methods for obtaining information on existing and possible future clients.</p> <p>Weak areas were Care Managers' client reviews for placements outside Medway and the use of information on local and national trends in special school provision.</p> <p><u>Budget Calculations</u></p> <p>Methods used to calculate the budgets were sound, with extremely detailed monitoring to ensure that changes were taken into account right up to the point of submission of the budget bid.</p> <p>The only real system weakness was the unreliability of data in RAISE, although this was partially compensated for in the budget build by personal knowledge and other sources of information.</p> <p><u>Note</u> Audit investigation of 2007/08 predictions against actual events, showed that even with a good budget build process, accurate estimating may be impossible to achieve.</p>	<p>No advance warning of changes in service requirements.</p> <p>Trends in service requirements may not be identified.</p> <p>Records of care packages may be incorrect or incomplete.</p> <p>New services which have not yet been put on RAISE may be excluded from budget build exercises</p> <p>LD budget monitoring officers may not receive all the information emailed or informally given to Finance officers, and vice versa.</p>	<p>Care Manager reviews should be carried out, especially for clients placed outside Medway.</p> <p>Research into local and national special school provision should be initiated.</p> <p>A routine quality control checking system should be introduced for RAISE.</p> <p>Updating RAISE should be made a key part of users' responsibilities, enforced through management and supervision.</p> <p>A way should be found of putting services on RAISE as soon as they start, without generating payment until the contracts have been agreed.</p> <p>It should be ensured that client service information relevant to monitoring and forecasting reaches both Finance and LD monitoring officers.</p>	<p>All recommendations have been accepted and an action plan agreed. However, at the time of finalising the audit report, some of the actions depended upon approval being granted for recruitment to a Senior Practitioner post.</p>