

AUDIT COMMITTEE

24 MARCH 2009

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	Children and Adults	Regeneration Community and Culture	Business Support Department
Main Financial Systems (System Controls) – Assurance audits						
Cash receipting		S				S
Other Financial Audits						
Supporting People		A		A		
Asset and financial management – Brook and Central Theatres						
• Income and Expenditure		S			S	
• Asset Management		U			U	
Internet Bankline		G				G
Council Tax Arrears		●				●
Operational Audits						
Deangate Ridge – VFM		Limited Assurance			Limited Assurance	
Private Sector Housing Grants		A				A
Grounds Maintenance – contract monitoring		U			U	
Workforce Planning and Capacity.		A	A			
BVPI 2007/08 outturn check						
• Waste Services		S			S	
• Housing and Homelessness Services		U				U
• Private Sector Housing		S				S
A228 Part One Claims		●			●	●
Follow up audits (an earlier audit had raised concerns over the control environment)						
Events – financial control		G			G	
Medway Tunnel – management of operational risks		●			●	

Key:

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

- Work carried out but no opinion provided in that area

Completed Audit Activity

Audit: Cash Receipting

Opinion: Satisfactory

The Council generates income from a wide range of activities and sources, all of which is recorded and incorporated into the council’s financial records via the Radius cash receipting system. Since the last audit of cash receipting in 2004, the volume of credit / debit card transactions has increased significantly and the number of over-the-counter cash transactions has reduced. In mid 2008, the latter ceased when public cashier offices at the Civic Centre, Municipal Buildings and Local Office were closed; and the council’s main cashiers were relocated to the Gun Wharf offices to operate as a back-office function.

Cash payments are now received via automated tills installed at several locations, the post and officers and agents at satellite locations who handle and initially receipt relatively small amounts of service-specific payments in accordance with locally determined procedures. Cash collected under the latter arrangements is “banked” either with the council’s main cashiers or directly with the council’s bank.

The Gun Wharf cashiers office directly receipts telephone and Internet payments, postal remittances and cash payments transferred in from pay points and satellite locations.

The objective of this audit was to provide an opinion on controls operating for cash receipting during 2008/2009, which ensure the following:

- Appropriate separation of duties ensures the accuracy and integrity of cash income;
- All payments received at the main cash office and transferred from other pay points are receipted;
- Cash receipts are held securely and banked promptly.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>There is appropriate separation of duties within the cash collection and control function; and controls over the handling, receipt and banking of income collected at the main cash offices are in place and operating effectively.</p> <p>Cash is held securely and banked promptly, with appropriate measures being taken to ensure secure transfer of funds between satellite sites and the cashiers and between the cashiers and the bank.</p> <p>Additionally, the procedures in place to ensure payments received are receipted on the Radius system and allocated correctly are sound.</p> <p>Income received is reconciled to</p>		<p>Four recommendations, relating mainly to:</p> <ul style="list-style-type: none"> • Documenting reconciliation of postal remittances to radius totals; • Use of cash advances / petty cash. 	<p>Management accepted and implemented all four recommendations.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>income receipted on Radius, unidentified income is investigated pending allocation, unders and overs and negative balances are scrutinised. However, the established procedures for post room staff signing cheque batch control sheets and for two cashiers checking handytill income have not been consistently applied. There is a consequent risk that income received may not be recorded in the Council's systems.</p> <p>There are procedures in place for review of the cashiers' collection accounts and to ensure any under-banking is written off with the authorisation of the Control Team Leader. However, these reviews have not been regular or systematic. There is a risk that banking errors may not be identified in a timely manner.</p> <p>Although not part of the cash receipting function, cashiers are responsible for handling petty cash. Cashiers are not comfortable with some of the requests made (e.g. cash payments for work done on behalf of the Council), but do not have the authority to challenge service managers who authorised these requests. Procedures need to be adopted to allow cashiers to escalate these requests to their Service Manager.</p>			

Completed Audit Activity

Audit: Supporting People programme

Opinion: Adequate

Supporting People is the Government funding and regulatory regime for housing related support services to vulnerable people, introduced in 2003, a grant being awarded to each local authority responsible for administering the Supporting People programme within its area.

The objective of this audit was to provide an opinion on controls to manage the risks that:

- Supporting People services may be provided or funded to people who are not legitimately entitled to receive them;
- Services may be provided by a non-approved contractor which may fail to meet the objective of the programme, or may not constitute best VFM;
- The Council may maintain inaccurate records for costs incurred or payments made;
- The Authority may overspend on the grant programme;
- The Council may fail to comply with DCLG requirements and guidance.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>Controls are in place and operating effectively to mitigate the majority of risks to delivering the Supporting People programme. However:</p> <ul style="list-style-type: none"> • One of a sample of 23 contract documents was not signed by either the provider or a Medway Council officer; • Payments made to four of the 14 providers selected were not in accordance with the relevant contract rates, allowing for annual 'inflation increases' approved by the Commissioning Body. Rate increases calculated on 18 contracts for 2007/08 included 13 increased by 2% (though the Commissioning Body approved an increase of 2.5%) and three increased by other percentages (1.8%, 3.6% and 4.8%). In addition, inaccurate weekly subsidy payments had been made to six providers for a minority of their clients. 	<p>The lack of a formally signed contract could impact on the resolution of any disputes that may arise.</p> <p>Payment rates on Abacus may not be accurate and it is possible that some providers are being overpaid.</p>	<p>6 recommendations, relating to:</p> <ul style="list-style-type: none"> • Obtaining a signed copy of the contract, or making arrangements for a reprinted version to be formally signed by the provider and an appropriate Medway Council officer; • Investigating the differences identified between payments and contract price for the four providers and take any corrective action necessary; • Completing a full reconciliation to ensure that payment rates held on the Abacus system agree with those on contracts, taking account of annual 'inflation increases' and approved variations where applicable. Any overpayments made to providers as a result of inaccurate rates should be deducted from future subsidy payments; • Identifying a suitable individual to act as system administrator for 	<p>Management accepted to implement all recommendations by 31 March 2009.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<ul style="list-style-type: none"> ♦ 11 current users of the Abacus system (used to record providers, services and rates and for generating payments) no longer work for Medway. Another user is an employee but their current role suggests access is no longer needed, another had left but had returned to work on a contract basis – both had access to the network, which would enable access to the Abacus system. ♦ Two of 10 payment schedules selected had not been authorised by an appropriate officer prior to the payment run. 	<p>Unauthorised access to, and possible unauthorised amendment of, Supporting People records.</p> <p>Although these were for ‘internal’ payments (to Medway Council Housing) similar omissions could lead to inaccurate or incorrect payments to external providers.</p>	<p>Abacus, who is independent of the contract management and payment process;</p> <ul style="list-style-type: none"> ♦ Reviewing current Abacus users and disabling the access of all those that are not Medway employees and those that do not need access to SP records; ♦ Ensuring that an appropriate officer authorises payment schedules prior to each payment run. 	

Completed Audit Activity

Audit: Asset and financial management – Brook and Central Theatres

Opinion: Unsatisfactory for asset management
Satisfactory for income and expenditure

Medway’s two main theatres, the Central and Brook, offer entertainment venues to the public and in 2007/08 generated income of £1.08 million, with catering activities generating additional gross income of £134,400. Expenditure on procuring goods and services, particularly entertainers, in the same year totalled just over £1 million (excluding staff costs). The theatres’ activities also involve the use of valuable items of equipment.

The objective of this audit was to provide an opinion on controls to manage the risks that:

- Income from all sources may not be comprehensively charged, collected and accounted for;
- Expenditure may not be valid, authorised and comprehensively recorded;
- Valuable equipment may not be protected from loss and/or misuse.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>Appropriate controls over income and expenditure were generally in place and operating effectively. However:</p> <ul style="list-style-type: none"> • There is no independent check on the sequential report/reading numbers produced by the systems recording ticket/gift voucher and bar/catering/confectionery sales. • Individual officers’ collections are retained in unsealed bags in a safe, to which all officers collecting income have access, until the duty manager verifies them against the related return. • Income prepared for banking is placed in sealed bags and stored in the same safe, pending collection by a security courier for transfer to the bank. <p>However, controls over assets were considered to be insufficient, as:</p> <ul style="list-style-type: none"> • Neither theatre maintains an inventory of any assets, there 	<p>All income received may not be accounted for.</p> <p>Responsibility for any undeclared differences cannot be attributed.</p> <p>Responsibility for any loss or theft may prove difficult to attribute, given the access arrangements.</p> <p>No effective means of identifying the current location, misuse or loss of</p>	<p>15 recommendations, relating to:</p> <ul style="list-style-type: none"> • Independently verifying declared collections at the point they leave the responsible officer’s custody; • Restricting access to the safes to a limited number of designated officers; • Independently checking that “end of day” reports from each system/ till are consecutive; • Establishing a financial limit and/or description of items considered valuable, recording this making all relevant staff aware; • Securing valuable, portable, items overnight and when not in use for longer periods, wherever possible, and security marking such items immediately on receipt; • Producing a comprehensive record of furniture and equipment, with responsibility for maintaining it allocated and formally specified; • Establishing arrangements to identify purchases of items 	<p>Management accepted to implement all recommendations, or an appropriate alternative, by the end of January 2009.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>being no definition of the value or nature of furniture/equipment considered to warrant recording and no arrangements for identifying and recording relevant acquisitions, undertaking periodic physical checks or authorising and recording the sale, disposal, loan or movement of such items.</p> <ul style="list-style-type: none"> • There are no requirements to store valuable items securely when not in use, though we acknowledge that this may not be viable for some technical equipment such as specialist sound and lighting equipment, which may be large and/or in constant or regular use. 	<p>any asset. The Council's insurers may reject or reduce any claim for loss or damage because of inability to provide the required or inventory record.</p> <p>Valuable assets may be misappropriated, damaged or used inappropriately.</p>	<p>defined as valuable and ensuring their inclusion in the inventory on delivery;</p> <ul style="list-style-type: none"> • Approving and recording the loan or borrowing of assets, and their transfer between sites; • Approving and recording write-off and/or disposal of valuable assets, and updating the inventory accordingly; • Checking all items in the inventory regularly (at least annually), by an officer not responsible for maintaining the inventory or custody of the assets, with checks recorded appropriately and any discrepancies reported to senior management. 	

Completed Audit Activity

Audit: Internet Bankline

Opinion: Good

Treasury management investments and borrowings are transacted directly with Nat West via the Bankline system. Payroll staff also use the system to make emergency salary payments. The previous Bankline system was accessed via a single standalone PC, from which all transactions were made and reports of those transactions had to be obtained. Nat West have introduced an internet Bankline system that allows access from any PC that is connected to the internet. Medway Council started using this facility in April 2008. In view of this change this audit was carried out to evaluate whether additional or alternative controls will be required to minimise risks to the Council.

Main Findings	Main Risks	Main Recommendations	Management Response
We conclude that the Exchequer Services, Insurance and Systems Manager has taken great care to ensure that segregation of duties between the input and authorisation of bankline payments is enforced. Carefully defining roles and allocating users to those roles has achieved this. Dual systems administration adds to this control by ensuring that one person cannot create new users.	None	No recommendations were made.	N/A

Completed Audit Activity

Audit: Council tax arrears

Opinion: N/A

To ensure that individuals on Medway Council’s payroll, who are also in arrears of council tax, have suitable payment plans in place.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>A data file of council tax arrears was matched against payroll data. The matching process was based on address data.</p> <p>The 262 matches identified then required examination of each case as those identified may not be the liable party for council tax.</p> <p>237 cases examined showed:</p> <ul style="list-style-type: none"> • 128 were not liable for council tax at that address; • 28 had paid the arrears between the data match and examination; • 81 had existing arrangements to recover in place. <p>In a further 25 cases, recovery action was not effective either due to failure to supply information by the council tax payer or existing arrangements were yielding insufficient sums to repay the arrears in a reasonable time frame.</p>	<p>Medway Council employees could be perceived as receiving preferential treatment in comparison to members of the public.</p>	<p>For the 25 cases identified, attachment of earnings should be applied to those on Medway Council’s payroll.</p>	<p>Implemented with immediate effect.</p>

Completed Audit Activity

Audit: Deangate Ridge (Value for Money)

Opinion: Limited Assurance

The Deangate Ridge complex consists of a high quality golf course, clubhouse and bar, gym and athletics track. The course is well used with approximately 35,000 rounds per year. The course is pitched just below smaller private members clubs in both quality and price of golfing experience. The course compares well with its major competitors, providing a good golfing challenge. However, the location of the course compromises its ability to attract custom. This is compounded by the standard of the clubhouse and other facilities, which are below those of its competitors. Deangate Ridge has, for a number of years, failed to yield the level of income the Council has expected of it.

The objective of this audit was to provide an opinion on the adequacy and effectiveness of the controls in mitigating the risks that:

- Business may not be viable;
- Budgetary targets may not be realistic;
- Income may not be maximised;
- Expenditure may not be controlled appropriately
- Transactions may not be accurately or recorded promptly or accurately in the Authority’s financial records.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>In the past year, management have put in place a number of initiatives to obtain better value for the council:</p> <ul style="list-style-type: none"> • Realistic budgets have now been set. • Innovative approach to obtaining investment in the driving range at no cost to the Authority. • Implementation of the Flex system to give accurate management information. <p>Golf courses run by nearby authorities have benefited from significant investment over the long term, with income up to £200,000 per year more than Deangate Ridge. Achievement of similar income levels for Deangate Ridge would require similar commitment to invest in the facilities over a 5-10</p>	<p>No clear strategy for future development of the facilities at Deangate Ridge.</p> <p>Ineffective use of advertising.</p> <p>Fees and charges do not maximise income.</p>	<p>Nineteen recommendations, relating mainly to:</p> <ul style="list-style-type: none"> • Identifying a strategy for future development of the course; • Advertising and marketing; • Revising the fee structure; • Aspects of financial control. 	<p>Management accepted fifteen of the nineteen recommendations, with implementation dates up to March 2009. Their review of fees and charges did not implement any of the changes recommended during the audit.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>year time frame and a willingness to increase fees to the general public. Even then, the location of the course may limit the maximum income level that can be achieved. However, more immediate potential gains of £15-20,000 could be realised from:</p> <ul style="list-style-type: none"> • A more strategic approach to investment in marketing and infrastructure. • Advertising • Phase out membership of the course, with a replacement loyalty scheme. • Reducing the size of off-peak discounts. 			

Completed Audit Activity

Audit: Workforce Planning and Capacity

Opinion: Adequate

Medway Council currently has a workforce of more than 10,000 people (including schools) in order to ensure the provision of local government services to the 250,000 people living in Medway. Medway Council is a comparatively lean organisation, in particular at a senior level. There is a perceived deficiency in certain skills within the organisation (e.g. project and change management), a national shortage of staff within some service areas (e.g. planning and building control), changes in the ways other services will be delivered (e.g. Adult Services) and recognition there are demographic pressures due to an aging workforce that could affect the whole organisation.

Workforce Planning and Capacity has therefore been recognised by the Authority as a significant risk on the Authority’s Corporate Key risk register.

The objective of this audit was to evaluate and to provide an opinion on the presence and effectiveness of controls to manage the risks that:

- The Authority does not take a strategic approach to workforce planning;
- There are inadequate arrangements to monitor and identify staffing needs;
- There is insufficient capacity to meet the identified needs.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>The Authority has some of the key elements in place for effective workforce planning. Regeneration, Community and Culture and Children and Adults directorates have appropriate structures in place and have identified reporting structures. Additionally, key work has been done to ensure sufficient capacity in the future in key areas.</p> <p>However, further work is required to embed a strategic approach to workforce planning across the Authority, particularly in analysing and monitoring workforce data to provide early warning of risks to workforce capacity. This risk is most likely to impact the Authority in Highways, where a high proportion of staff are due to retire within 5 years.</p>	<p>Failure to predict staffing shortage in a timely manner resulting in either an increase in costs (employing consultants) or an inability to deliver the service.</p>	<p>Six recommendations, relating mainly to:</p> <ul style="list-style-type: none"> • Embedding a strategic approach to workforce planning within the authority; • Improving analysis and monitoring of workforce data to provide early warning of risks to workforce capacity; 	<p>Management accepted all six recommendations, with implementation dates ranging from April to December 2009.</p>

Completed Audit Activity

Audit: 2007/08 BVPI outturn validation – Waste Services

Opinion: Satisfactory

This audit was completed at the request of the Assistant Director, Communications, Performance and Partnerships, following the Audit Commission’s selection of six performance indicators relating to household waste management and street cleanliness for review by the external auditor as part of the annual Comprehensive Performance Assessment.

The objective of this audit was to examine the reported outturn and supporting data for six performance indicators relating to household waste management and street cleanliness, to provide assurance that performance reported had been calculated accurately and was supported by robust data.

The performance indicators reviewed were:

- BVPI 82a+b - tonnages recycled and composted (respectively) and percentage of total waste disposal;
- BVPI 199a–c - levels of litter and detritus, graffiti and fly posting;
- BVPI 199d - levels of fly tipping.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>For recycling and composting, the calculation of performance against BVPI 82 was generally satisfactory and supported by sufficiently robust data. However, the recycling total included small quantities of material that does not meet the definition of ‘household waste’ and was thus excluded from the total tonnage.</p> <p>For street cleanliness, the minimum requirement for 300 surveys to be completed each year was met. However, the ward selection methodology used for surveys was not based on the most recent Index of Mass Deprivation (IMD).</p> <p>For fly tipping, the accuracy of the declaration was not verified as data relating to enforcement actions taken during 2007/08 and the previous year was not available during the audit.</p>	<p>Failure to measure performance in line with the BVPI specification, inaccurate calculation of performance or lack of supporting data (ie data quality issues) could impact on the Council’s Use of Resources and Comprehensive Performance Assessments.</p>	<p>Seven recommendations, relating to:</p> <ul style="list-style-type: none"> • exclusion of ‘invalid’ material from recycling totals; • bringing the ward selection methodology for street cleanliness surveys into line with the 2004 Index of Multiple Deprivation; • completion of annual PI collection forms and retention of supporting evidence. 	<p>Management accepted to implement all recommendations, or an appropriate alternative, by 31 March 2009.</p>

Completed Audit Activity

Audit: Housing and Homelessness Services

Opinion: Homelessness and Housing Services
Private Sector Housing

Unsatisfactory
Satisfactory

Following previous years' concerns over the calculation and documentation supporting several performance indicators, senior management requested that internal audit examined specific performance indicators to provide assurance that assessment of the Council's overall performance in 2007/08 was not undermined by deficiencies in the production and substantiation of these indicators. This particular audit formed part of that work and focused on performance indicators relating to homelessness and housing services, which senior management identified as a significant potential risk to the Council's overall performance assessment.

The objective of this audit was to examine the reported outturn and supporting data for 17 performance indicators selected by senior management, to provide assurance that performance reported had been calculated accurately and was supported by robust data.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>With the exception of performance indicators produced by the private sector housing team and three of those relating to housing services, the originally reported performance indicators for 07/08 contained errors and were not substantiated by robust and accurate data.</p> <p>Source data and substantiating records maintained to produce all homelessness and some housing performance indicators contained misclassifications and errors; and particularly the homelessness indicators lacked crucial data and supporting documentation.</p> <p>Overall, production of the majority of specified performance indicators was undermined by one or more fundamental issues, which can be summarised as;</p> <ul style="list-style-type: none"> • Staff delegated responsibility for compiling performance indicators 	<p>Failure to measure performance in line with the BVPI specification, inaccurate calculation of performance or lack of supporting data (ie data quality issues) could impact on the Council's Use of Resources and Comprehensive Performance Assessments.</p>	<p>13 recommendations, relating to:</p> <p><u>Homelessness</u></p> <ul style="list-style-type: none"> • formalising ownership of the Academy system and its data, allocating appropriate resources to ensuring data quality; • introducing a file management system; • ensuring that staff calculating the new NI 156 fully understand the definition of the indicator; • recording the discharge of duty date on Academy and regular production/review of reports identifying closed cases without formal discharge of duty; • ensuring that records for homeless households placed into temporary accommodation include specific evidence of entitlement and placement; • ensuring each client's history has been maintained coherently to identify repeat homelessness. 	<p>Management accepted all recommendations.</p> <p>Note: After the audit work, internal audit assisted the service to ensure that the indicators and the supporting evidence were sound so that they could be put forward for external verification.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>have not understood key elements of the definition;</p> <ul style="list-style-type: none"> • The absence of systematic methodologies to establish base populations; • Base data is extracted with user-defined reports that do not reflect the prescribed requirements; • Staff responsible for original data input are unaware or have little understanding of required input methodologies; • Lack of evidence to support the reported indicators. <p>These deficiencies resulted from the absence of critical control mechanisms in areas responsible for producing the performance indicators.</p>		<p><u>Housing Services</u></p> <ul style="list-style-type: none"> • retaining source reports and outturn data relating to compilation of performance indicators; • specifying the extract criteria, parameters and timetable for BI queries and Codeman reports used to produce performance indicator data; • applying consistent methodologies to calculating the rent debit when producing performance indicators; • documenting procedures for maintaining and producing decent home data on the Codeman system; • providing staff entering works orders on Academy with guidance and training on correct application of job types and priority codes, with periodic management checks to monitor compliance. <p><u>Private Sector Housing</u></p> <ul style="list-style-type: none"> • improving confirmatory processes by obtaining more information from council tax section; • obtaining confirmation from council tax, immediately after payment of the grant, the date and details of first occupation. 	

Completed Audit Activity

Audit: Events - Financial Control - Second Follow-Up

Opinion: Good

The audit ascertained progress on previous recommendations and re-evaluated financial control.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>All the previous audit recommendations were found to have been fully implemented. System changes had been made which had significantly strengthened control and reduced the risk of financial loss.</p> <p>New staff reporting arrangements were due to start which would separate responsibility (assigned to the current Events Manager) for delivery of the events programme, from responsibility (assigned to the Festivals, Arts and Theatres Manager) for supervision of the staff in the Events Team. The effect of this has yet to be seen but no problems are envisaged at this stage in terms of financial control.</p>	<p>None</p>	<p>None</p>	<p>N/A</p>

Completed Audit Activity

Audit: Medway Tunnel

Opinion: n/a

This position statement sets out the current position on managing risks associated with the operation of the tunnel by re-assessing control taking into account previous audit recommendations. The focus had inevitably changed since the first audit and this audit covered controls to manage the operational risks.

Main Findings	Main Risks	Main Recommendations	Management Response
<p>Since the last audit, Medway Council has negotiated to purchase the tunnel and receive a lump sum payment from Rochester Bridge Trust (RBT) in lieu of annual contributions that could have been made under the Deed of Contribution had RBT retained ownership. The lump sum is to finance refurbishment of the tunnel, including replacement of the obsolete computer control system and a CCTV link to the Medway Control Centre. In anticipation of this funding, the works contract has already been put out to tender.</p> <p>Consultants have carried out an Operational Risk Assessment and recommended in their report risk appreciation training and the consideration of additional risk mitigation measures, which are to be implemented via the works contract</p> <p>A Tunnel Operations Manual is being prepared which is intended to be the definitive guide to tunnel operations, and if completed as described to the auditor it should help provide protection for the Council if charges of negligence are laid against it.</p>	<ul style="list-style-type: none"> • That Medway Council could be successfully sued, or could suffer loss of reputation, due to actual or perceived negligence • That the tunnel may not be maintained as cost effectively as it could be. 	<p>At this time, the new regime is not yet in operation and the tunnel operations manual has not been endorsed. Both actions need to be implemented without delay.</p> <p>A further audit will be conducted when the contract has been let and the processes and procedures set out in the manual have been operating for a period.</p>	<p>Tenders for the works contract are currently being evaluated.</p> <p>The manual will be considered by DMT shortly.</p> <p>An audit to review the operation of newly established controls would be welcomed and should take place later this year.</p>

Completed Audit Activity

Main Findings	Main Risks	Main Recommendations	Management Response
<p>The intention is to submit the Manual to the directorate management team . We recommend that every effort should be made by all relevant parties to study and ratify the Manual without delay.</p> <p>In our previous audit reports we have commented on the complexity of the planned maintenance programme, the lack of resources to carry out much of the routine inspection work, and the inability to demonstrate what had been done and what remained outstanding. We found this time that:</p> <ul style="list-style-type: none"> • there has been a complete review of the tunnel equipment maintenance schedule, listing all individual items, their inspection/maintenance requirements and frequency. • new documentation has been prepared which, if properly adhered to, should demonstrate that the correct maintenance action has been taken at the correct times. 			