
Audit & Counter Fraud Update

Medway Council

For the period:

01 December 2017 – 31 January 2018

1. Introduction

- 1.1 The Audit & Counter Fraud Shared Service for Medway Council & Gravesham Borough Council was established on 1 March 2016. The team provides internal audit assurance and consultancy, proactive counter fraud and reactive investigation services, and the Single Point of Contact between both authorities and the Department for Work & Pensions Fraud & Error Service for their investigation of Benefits Fraud.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require that: *The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board.*

2. Independence

- 2.1. The Audit & Counter Fraud Charter was approved by Medway's Audit Committee in March 2017 and sets out the purpose, authority and responsibility of the team. The Charter sets out the arrangements to ensure the team's independence and objectivity through direct reporting lines to senior management and Members, and through safeguards to ensure officers remain free from operational responsibility and do not engage in any other activity that may impair their judgement. The work of the team during the period covered by this report has been free from any inappropriate restriction or influence from senior officers and/or Members.
- 2.2. Given its responsibilities for counter-fraud activities, the Audit & Counter Fraud Shared Service cannot provide independent assurance over the counter-fraud activities of either council. Instead independent assurance over the effectiveness of these arrangements will be sought from an external supplier of audit services on a periodic basis.

3. Resources

- 3.1. The Audit & Counter Fraud Shared Service Team reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The team has an establishment of 14 officers (13.6FTE) consisting of the Head of Audit & Counter Fraud, the Audit & Counter Fraud Manager (post currently vacant), two Audit & Counter Fraud Team Leaders, nine Audit & Counter Fraud Officers (one post currently vacant) and one Audit & Counter Fraud Assistant. All members of the team started in these posts with the launch of the shared service on 1 March 2016.
- 3.2. The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 64% for Medway with the remaining 36% for Gravesham. At the time the Audit & Counter Fraud Plans for 2017-18 were prepared, this establishment was forecasted to provide a total of 1,666 days available for audit and counter fraud work (net of allowances for leave, training, management, administration etc.) The Audit & Counter Fraud Plan for Medway was prepared with a resource budget of 1,029 days.
- 3.3. Net staff days available for Medway for the period 1 December 2017 to 31 January 2018 amounted to 187.7 and 172.2 days (92%) were spent on productive audit and counter fraud work. Of this productive time, 67% was spent on audit assurance and consultancy work, while 33% was spent on counter fraud and investigations work. The current status and results of all work carried out are detailed at section 4 of this report.
- 3.4. As mentioned in the first update report of 2017-18, long term sickness within the team and the resignation of one member of staff has created a significant gap in resources. A proportion of this gap

has been filled by an agency employee and the costs are being met from vacancy savings created by the current vacancies within the team.

4. Results of planned Audit & Counter Fraud work

- 4.1. The Audit & Counter Fraud Plan 2017-18 for Medway was approved by the Audit Committee in March 2017. The Plan is intended to provide a clear picture of how the council will use the Audit & Counter Fraud Shared Service, reflecting all work to be carried out by the team for Medway during the financial year including the council's core finance and governance arrangements, operational assurance work, proactive counter fraud work, responsive investigations and consultancy services.
- 4.2. The tables below provide the progress of work undertaken as part of the 2017-18 annual plan during the period and the results of investigative work completed. In response to a request from Members of the Audit Committee, this report provides additional information for each review reflecting the number of days allocated to each review and the number of days actually spent on the review once finalised.

2016-17 Internal Audit Assurance work completed in 2017-18 *(Items in Italics have been reported previously)*

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
	<i>Asset management</i>	<i>8</i>	<i>20.7</i>	<i>Final report issued</i>	<i>Findings reported at September 2017 Meeting</i>
	<i>Risk management framework</i>	<i>13</i>	<i>30</i>	<i>Final report issued</i>	<i>Findings reported at September 2017 Meeting</i>
	<i>Fostering – payments to carers</i>	<i>20</i>	<i>-</i>	<i>Final Report Issued</i>	<i>Findings reported at January 2018 Meeting</i>
	<i>Adoption & fostering – expenses claims and other related expenditure</i>	<i>13</i>	<i>-</i>	<i>Final Report Issued</i>	<i>Findings reported at January 2018 Meeting</i>
	<i>Child sexual exploitation</i>	<i>13</i>	<i>-</i>	<i>Final Report Issued</i>	<i>Findings reported at January 2018 Meeting</i>
	<i>Regeneration</i>	<i>15</i>	<i>-</i>	<i>Final Report Issued</i>	<i>Findings reported at January 2018 Meeting</i>

2017-18 Internal Audit Assurance work *(Items in Italics have been reported previously)*

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
Core governance and financial systems assurance work					
1	<i>Finalisation of 2016-17 planned work</i>	<i>20</i>	<i>86.8</i>	<i>Complete</i>	<i>All 2016-17 planned fieldwork has been completed.</i>
2	<i>Risk Management (Operational)</i>	<i>15</i>	<i>N/A</i>	<i>Removed from Plan</i>	<i>Removal from plan agreed at January 2018 meeting. Scope of work was covered by the risk management framework audit meaning that this has effectively been done already.</i>
3	Data Quality	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RMO1 - Performance data is verified to ensure accuracy. RMO2 - Arrangements exist to ensure the council's decisions are based on sound data.
4	NNDR Administration & Reliefs	15	N/A	Draft report with Client for	The review considered the following Risk Management Objectives: RMO1 - Appropriate arrangements are in place for the application of

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
				consideration	discretionary and mandatory NNDR rate reliefs.
5	Financial Planning	15	13.6	Final Report Issued	<p>The review considered the following Risk Management Objectives: RMO1 - The council will have an ongoing plan to balance the budget in the current year and in future years.</p> <p>The review found that the authority has a Medium Term Financial Strategy (MTFS) and Medium Term Financial Plan (MTFP) in place and the budget set reflects the authority's agreed priorities, resources available and the legal requirements. The level of general reserves is equal to minimum balances approved by council as at February 2013, however it was noted that at the moment the MTFS does not include any plans to achieve planned increases in reserves.</p> <p>Roles and responsibilities are defined and communicated to staff to ensure information is received to set the financial plan. Testing on 13 assumptions included in the MTFP found that the accounting teams were able to provide evidence of where all figures had come from. It was noted however there were two assumptions, one for Homelessness and one for Safer Communities where figures were recorded for the next two years but not for the following two years, although there were figures available.</p> <p>There is a timetable in place for setting and approving the financial plan, enabling the budget to be set and agreed in a timely manner. Projected deficits for the upcoming year are presented to Cabinet in September and Members and officers work together on plans to mitigate them before the final budget is presented in February.</p> <p>The Cabinet now have access to projected income and expenditure figures up to and including 2022; though estimates, these figures will give Members some insight into what may be happening in Medway in the future and may help them to make decisions about what immediate action needs to be taken to achieve the required balanced budget.</p> <p>Opinion: Sufficient.</p> <p>Overall Opinion: Sufficient. Recommendations: One medium and one low priority.</p> <p>Recommendations relate to a review of the authority's reserve strategy</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					and ensuring data is included for every year of the MTFP if available
6	Capital Accounting	15	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objectives: RMO1 - Arrangements exist for the appropriate accounting of income and expenditure relating to Capital projects.
7	Bank Reconciliation	15	N/A	Proposal to remove	This was included in the 17-18 plan as a cyclical audit that should occur every three years. There was however an error in the cycle, which did not reflect that the last review took place in 2015-16, meaning that the next review was not due until 2018-19. As a consequence, it is proposed that this review be deferred to 2018-19.
8	Sundry Debtors	15	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objectives: RMO1 - There are arrangements in place to administer the council's sundry debtors. RMO2 - Sundry debts are recovered in line with the Corporate Debt Policy. RMO3 - VAT is correctly coded and charged for goods and services on all debtor invoices raised. RMO4 - There is a single customer account capturing all debtors of the Council.
9	Housing Benefit	15	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objectives: RMO1 - Housing Benefit is appropriately administered and accurately calculated.
10	Ethics	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RMO1 - The council complies with its Code of Governance by behaving with Integrity. RMO2 - The council complies with its Code of Governance by demonstrating a strong commitment to ethical values. RMO3 - The council complies with its Code of Governance by respecting the rule of Law.
11	Constitution Maintenance	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RMO1 - Effective arrangements are in place to maintain Medway Council's Constitution.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
12	Performance Management	15	N/A	<i>Removed from Plan</i>	<i>Removal from plan agreed at January 2018 meeting. There is an overlap with the data quality audit already commenced. Scope of this audit will be rolled into the data quality audit and dealt with as one.</i>
13	Responsive assurance work	15	N/A	Underway	In the period 1 December 2017 to 31 January 2018 the team have: <ul style="list-style-type: none"> • Verified Troubled Families grant claims to the Department for Communities & Local Government (DCLG) and assisted in a DCLG audit.
Corporate risks assurance work					
Finances					
14	Customer Contact Centre – Adult Education Funding Arrangements	15	N/A	Draft report with Client for consideration	The review considered the following Risk Management Objectives: RMO1 - Arrangements are in place to ensure the planning arrangements for the programme of learning are effectively designed with funding sources in mind and provide value for money.
15	Shared Services	15	N/A	Draft report with Client for consideration	The review considered the following Risk Management Objective: RMO1 - Appropriate arrangements have been put into place to ensure the delivery of shared services projects.
16	Off Payroll Engagements	15	N/A	Draft report with Client for consideration	The review considered the following Risk Management Objectives: RMO1 - Effective arrangements are in place to review and record Personal Service Company workers.
17	Final Accounts Preparation	15	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objectives: RMO1 - Statutory deadlines for the preparation of final accounts are fully met. RMO2 - All final accounts issues raised by the External Auditor in the 2016/17 final accounts have been formally acknowledged and are being fully addressed and rectified. RMO3 - Final accounts are prepared and kept fully in accordance with the latest CIPFA Code.
18	Coroner's Service	15	N/A	Fieldwork completed, in	The review considered the following Risk Management Objectives: RMO1 - Arrangements are in place to ensure the Coroner's Service has

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
				quality control	adequate controls in place.
19	Digital Transformation	20	N/A	Removed from plan	Removal from plan agreed at January 2018 meeting. To be completed through attendance at Digital Transformation Working Group.
Children's Social Care					
20	Special Educational Needs & Disabilities Transport	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objectives: RMO1 - Effective arrangements are in place for the delivery of Special Education Needs and Disabilities (SEND) Transport.
Keeping vulnerable young people safe and on-track					
21	Children's Services - 16-19 Strategy	15	7.3	Final Report Issued	<p>The review considered the following Risk Management Objectives: RMO1 - Effective arrangements are in place to deliver the council's Children's Services 16-19 Strategy.</p> <p>In conducting the fieldwork for this review, it was established that the strategy was to be subject to significant change, alongside creation of a Skills Board. As a consequence, this was amended to a consultancy review, which recommends suggested improvements, rather than issuing an assurance and providing a formal assessment and opinion.</p> <p>A Skills Board has already been created to take ownership of the 16-19 Strategy 2016-2020, however it had already been identified, prior to this planned review, that the strategy is no longer relevant to Medway Council and that its objectives are no longer achievable due to the withdrawal of funding to Medway Youth Trust. Consequently it is recommended that the 16-19 Strategy 2016-2020 be reviewed and updated to incorporate achievable and relevant goals that complement the Regeneration Strategy; this should be championed by the newly formed Skills Board. Once implemented;</p> <ul style="list-style-type: none"> • The reviewed strategy should be promoted within Medway, • A budget should be allocated to ensure progression of the strategy, and, • Corporate monitoring of the newly implemented strategy should be conducted to ensure that its objectives are achieved.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
22	Attendance Advisory Service to Schools and Academies (AASSA)	15	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objective: RM01 - Pupil attendance is monitored to identify pupils falling below the required attendance target.
23	Youth Justice	15	N/A	Not Yet Started	N/A
Adult social care transformation					
24	Deprivation of Liberty Arrangements	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objectives: RM01 - Arrangements are in place to ensure DOLS local implementation process is followed.
25	Safeguarding Adults	15	N/A	Draft report with Client for consideration	The review considered the following Risk Management Objectives: RM01 - Effective arrangements are in place for the safeguarding of adults in Medway.
26	Medway Integrated Community Health Equipment Service	15	15.6	Final Report Issued	<p>The review considered the following Risk Management Objectives: RM01 - The budget for the contract is monitored regularly and all payments made are accurate and appropriately authorised.</p> <p>A MICES board is in place with responsibility to monitor the budget and it is recommended they review the budget for the contract. It is based on the spending activity levels for 2014-15 and does not reflect the development of the service to include the Home First initiative and the increase in prescribers ordering equipment. The lead commissioning officer was responsible for ensuring accuracy of payments to the provider, but this position has been vacant for four months. The new lead commissioner will need to understand the large and complex information from the provider to give assurance payments are monitored and accurate.</p> <p>Opinion: Needs Strengthening</p> <p>RM02 - There are processes in place to ensure the service is being delivered in accordance with the contract and is giving the council value for money.</p> <p>Medway Council employs less than 10% of the prescribers ordering equipment through MICES. The processes Medway prescribers have in place ensures VFM is a consideration in their ordering process. The same</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					assurance is not available for the prescribers outside of the council. Opinion: Weak Overall Opinion: Weak. Recommendations: Three high and three medium priority. Recommendations relate to the budget review process taking account of extra initiatives introduced that impact on the increased ordering of equipment, training for the role of lead commissioner, a guidance process for all prescribers in relation to the ordering of equipment that is monitored, prescribers only being added to the system once it has been verified that they are trained to make decisions about orders, commissioners carrying out regular checks of special equipment stocks and commissioners working with providers to ensure they receive value for money.
27	Adult Social Care Strategy 2016 -2020 (Previously titled Adult Social Care Programme Management Office)	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objectives: RMO1: Effective arrangements are in place to deliver the council's "Getting Better Together" - Adult Social Care (ASC) Strategy for Medway.
Government changes to local authority responsibility for schools					
28	Schools	50	N/A	Fieldwork underway	A risk assessment of the schools remaining in Medway's control has resulted in the selection of the following schools for review in 2017-18: <ul style="list-style-type: none"> • Oaklands Primary • Burnt Oak Primary • Wainscott Primary • St Peters Infants • Crest Infants & Nursery All schools will be reviewed to provide assurance that the school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.
Delivering regeneration					
29	<i>Common Housing</i>	15	10.8	<i>Final Report Issued</i>	<i>Findings reported at September 2017 Meeting</i>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
	<i>Register</i>				
30	Environmental Protection	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RM01 - There are appropriate arrangements in place for the effective prevention, detection and deterrent of offences that harm the environment.
31	Parks & Open Spaces	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RM01 - Arrangements are in place for the management of parks and open spaces. RM02 - Arrangements are in place for partnership working with NORSE.
Procurement and savings – capacity & delivery					
32	Medway Commercial Group - Governance & accounting	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RM01 - Governance arrangements in place are effective to ensure the delivery of quality services and value for money through Medway Commercial Group.
33	Legal Services	15	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objectives: RM01 - There are adequate arrangements in place to ensure Medway Council meets its obligation to provide Legal Services to Gravesham Borough Council.
34	<i>Traded services - Health & Wellbeing</i>	15	N/A	<i>Removed from plan</i>	<i>Removal from plan agreed at January 2018 meeting.</i> <i>Traded service for Health and Wellbeing has not yet been established and therefore no processes/controls to audit at this time.</i>
35	Traded services - Staffing Agency	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RM01 - The traded service was established correctly, RM02 – The implementation of the traded service was managed effectively, RM03 – The traded service is used effectively and realising the anticipated savings.
Business continuity & emergency planning					
36	Business Continuity Planning	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RM01 - Arrangements are in place to ensure each service has an

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					updated and relevant Business Continuity Plan in place.
Data & information					
37	Information Governance (Data protection)	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RMO1 - Effective arrangements are in place to ensure compliance ahead of the introduction of the General Data Protection Regulation on 25 May 2018.
38	Information Requests	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RMO1 - Arrangements are in place for the council to assess and respond to information requests in accordance with legislation.
Impact of Welfare Reform					
39	Nil	N/A	N/A	N/A	N/A
Counter Fraud Assurance Work					
40	Client Financial Affairs	15	N/A	Not Yet Started	N/A
41	Staff Expense Reimbursement	15	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objectives: RMO1 – Medway Council has adequate arrangements in place to reduce the risk of fraud associated with mileage expense claims. RMO2 – Medway Council has adequate arrangements in place to reduce the risk of fraud associated with non-mileage expense claims i.e. subsistence, accommodation, car parking.
42	Serious & Organised Crime Risk	15	N/A	Proposal to remove	Following consultation with the client, it was established that Kent Police are the lead for such matters. A review of the partnership working arrangements in a broader sense could be considered for 2018-19.
43	<i>Procurement compliance</i>	15	11.8	<i>Final Report Issued</i>	<i>Findings reported at January 2018 Meeting</i>

Proactive Counter Fraud Work

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
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Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
47	Data matching exercises, including National Fraud Initiative and Kent Intelligence Network	10	N/A	Not Yet Started	Matches received as part of the 2016-17 National Fraud Initiative exercise were distributed to relevant departments for checking in order to eliminate any false positives and to report concerns over suspected fraud to the Audit & Counter Fraud Team. To date, no referrals have been received in connection with these matches. The KIN project has not issued any further matches at this time. An alternative software supplier is still being sought.
48	Fraud awareness	10	N/A	Underway	A Members briefing session took place in September. The presentation applied national statistics at a local level to demonstrate the potential financial impact on Medway Council and its services. Positive feedback was received from all attendees and it is intended that similar sessions will take place with service managers and then individual service areas. This is likely to happen during 2018-19.

Reactive Investigations work: external investigations

Area	Number of cases concluded	Summary of results
CTAX	9	In the period of this report, cases linked to fraudulent discounts, exemptions and reductions were closed. These cases have identified additional Council Tax liabilities with a total value of £3,024. They have also identified additional liability of £315 for future years. There has been a successful conviction relating to a false student certificate being supplied to Medway Council to secure a student exemption. The subject pleaded guilty to one charge under the Fraud Act 2006 for supplying the false certificate and for one count of counterfeiting. He was sentenced to 100 hours unpaid work, costs of £400 and a victim surcharge of £85. The prosecution was led by RB Greenwich as part of a larger case.
Housing	1	One case was closed after a suspicious activity report relating to a right to buy application was issued to the National Crime Agency. A second case linked to a right to buy has resulted in a successful conviction and prevention of a right to buy application. The case remains open while the subject awaits sentence and recovery of the council property is pursued.
Blue Badge	3	Three allegations were received in the period but none were deemed to be suitable for formal investigation.

Reactive Investigations work: internal investigations

Allegation	Investigation activity & recommendations
	The audit & Counter Fraud Team has provided some assistance to HR in the form of disciplinary enquiries but there have been no formal criminal investigations.

Other consultancy services including advice & information

Activity	Opinion, summary of findings & recommendations made
GDPR Steering Group	Audit & Counter Fraud have a representative on this corporate working group, which is overseeing preparations for the implementation of the General Data Protection Regulation in May 2018.
Security & Information Governance Group	Audit & Counter Fraud have a representative on this corporate working group, which promotes effective management of council information.
Digital Transformation	Audit & Counter Fraud have a representative on the strand group which links into the council's digital transformation board.
NRPF	Members of the team have attended meetings with officers from a number of directorates to try and establish a working application process for individuals presenting themselves to the council as having No Recourse to Public Funds.

5. Quality Assurance & Improvement Programme

- 5.1. The Standards require that: *The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement.* The Audit & Counter Fraud Shared Service QAIP was agreed by Medway's Audit Committee in March 2017.
- 5.2. The arrangements set out in the QAIP have been implemented with the collection and monitoring of performance data largely automated through the team's time recording and quality management processes. It should be noted that the results recorded below have not been subjected to independent data quality verification; it is planned that officers in the team will carry out checks to ensure the accuracy of the calculation of performance data reported to Members in future.
- 5.3. In line with the QAIP, the team monitor performance against a suite of 25 performance indicators based on the balanced scorecard, covering the four perspectives; financial, internal process, learning & growth and customer. Performance targets have been set for 15 of the 25 indicators however it should be noted that these are for full year outturns; as such outturns at present are not to target levels for the majority of these but are provided for Members information.

Ref		Target	Outturn to end August 2017
Financial			
A&CF 1	Total cost of the Audit & Counter Fraud Service (compared to the 2015-16 baseline year budgets)	N/A	Medway cost £384,393 (2015-16 budget £522,060)
A&CF 2	Average cost per assurance review	N/A	£5,373 (44 reviews averaging 14 days)
A&CF 3	Cost per A&CF day	N/A	£376
A&CF 4a	Value of cashable fraud losses identified, by fraud type	N/A	Total: 3,339 £3,024 Council Tax (historic periods) and £315 increase in liability for future years.
A&CF4b	Value of non-cashable fraud losses identified, by fraud type		Total: £77,900 One fraudulent right to buy prevented. Discount value £77,900
Internal Process			
A&CF 5	Compliance with PSIAS	100%	91%-94% (based on 17-18 self-assessment)
A&CF 6	Proportion of available resources spent on productive work	90%	92%
A&CF 7	Proportion of productive work time spent on: a) assurance work b) consultancy work	55%	Total 67% 65% 2%
A&CF 8	Proportion of productive time spent on: a) proactive counter fraud work b) reactive counter fraud work	45%	Total: 33% 2% 31%
A&CF 9	Investigator average caseload	TBC	10
A&CF 10	Proportion of agreed plan: a) Delivered (fieldwork completed)	95%	43%

Ref		Target	Outturn to end August 2017
	b) Underway (fieldwork current)		43%
A&CF 11	Proportion of assignments completed within allocated day budget	90%	86%
A&CF 12	Proportion of recommended actions agreed by client management	90%	100%
A&CF 13	Proportion of recommended actions implemented by agreed date	95%	72.8%
A&CF 14	Number of recommendations agreed that are: a) not yet due b) implemented c) outstanding	N/A	22 67 25
A&CF 15	Number of referrals received	N/A	13
A&CF 16	Number of investigations closed	N/A	13
Learning & growth			
A&CF 17	Proportion of staff with relevant professional qualification	25%	79%
A&CF 18	Proportion of non-qualified staff undertaking professional qualification training	25%	21%
A&CF 19	Time spent on CPD/non-professional qualification training, learning & development	TBC	4.9 days
A&CF 20	Staff turnover	N/A	14% (2 employees)
A&CF 21	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	22%
Customer			
A&CF 22	Customer satisfaction with overall service	95%	N/A – full client survey in development – originally planned for 2017-18 but delayed due to resourcing issues. Deferred to 2018-19.
A&CF 23	Member satisfaction on effectiveness of internal audit (as set out in the terms of reference of the Audit Committee)	Positive	N/A – Members views on their satisfaction with the service to be sought through survey in development –2018-19.
A&CF 24	Statement of external audit on internal audit and/or their ability to rely on the work of internal audit	Positive	
A&CF 25	Customer satisfaction with individual review/assignment	95%	5 Surveys returned year to date. Overall satisfaction 100% positive

6. Review of Audit & Counter Fraud Plan

- 6.1 Monitoring of the delivery of planned work is built into the team’s processes with individual officer time recording data feeding into an automated performance monitoring workbook; this tracks the performance of the team against the shared service work-plan as a whole and enables the supervisory staff to plan and support officers to deliver their individual work plans. On at least a quarterly basis, a projection of the resources that will be available to the year end is carried out and compared to forecasts for each item of work on the plan to be completed.
- 6.2 As Members will be aware from previous updates, the reduction in resources created by the sickness within the team and resignation of two employees prompted a full review of the 2017-18 workplan. Some changes to the workplan were subsequently agreed but the Committee was advised that there would need to be further a further request for changes to the agreed plan.
- 6.3 Following further review of the plan, two proposed changes have been identified. The requested changes and their reasons are detailed below;
- Item 7, Bank Reconciliation: this was included in the 17-18 plan as a cyclical audit that should occur every three years. There was however an error in the cycle, which did not reflect that the last review took place in 2015-16, meaning that the next review was not due until 2018-19. As a consequence, it is proposed that this review be deferred to 2018-19.
 - Item 42, Serious & Organised Crime Risk: Following consultation with the client, it was established that Kent Police are the lead for such matters. A review of the partnership working arrangements in a broader sense could be considered for 2018-19.

7. Follow up of agreed recommendations

- 7.1 Where the work of the team finds opportunities to strengthen the council’s risk management, governance and/or control arrangements, the team make and agree recommendations for improvement with service managers. The Standards require that a follow-up process is established: *to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action*. As with all audit work, resources should be prioritised based on risk.

An agreed follow up process is in place, consistent across both councils, whereby service managers are asked to provide an update on the action they have taken towards implementing all audit and counter-fraud recommendations agreed. For all High priority recommendations, service managers are also asked to supply evidence and the Audit & Counter Fraud Team verify this to ensure that the reported action has been taken.

- 7.2 The table below provides an update on the implementation of all recommendations in the recommendation follow up process as of 30 November 2017.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
Adoption Services	Opinion: Weak Four recommendations agreed relating to insufficient arrangements	Four recommendations due, all implemented.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	to review financial assessments.	
Right To Buy	Opinion: Sufficient Seven recommendations, one medium and six low priority. Recommendations relate to increasing staff awareness of Right To Buy fraud, document verification, funding of purchases, retention of signed documents, confirmation that legal charges on a purchased property are applied and use of an existing database to record management information.	Seven recommendations, all implemented.
Purchase Ledger	Opinion: Strong Two medium priority recommendations relating to updates of authorised signatory lists.	Two recommendations, both implemented.
Markets	Opinion: Weak Five recommendations, three high and two low priority. Recommendations relate to arrangements to record, bank and reconcile income.	Five recommendations, all implemented.
Blue Badge	Opinion: Needs strengthening Thirteen recommendations, six high, six medium and one low priority. Recommendations all relate to process improvements.	Thirteen recommendations implemented.
Procurement	Opinion: Sufficient Three medium priority recommendations relating to staff following correct processes for new suppliers.	Three recommendations, all implemented.
Heritage Buildings	Opinion: Needs strengthening Eight recommendations, five high and three medium priority. Recommendations relate to clearer communication of roles and responsibilities in the maintenance of heritage assets.	The service are in discussions with English Heritage. Once these are complete they will provide an update on the recommendations due for implementation.
Legal Services – Dunsfold Associates Ltd	Opinion: N/A as consultancy audit review Three high priority	Three recommendations implemented.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	recommendations relating to a review of arrangements relating to Dunsfold Associates Ltd position as a contractor.	
St Michaels RC school	Opinion: Strong One recommendation relating to the resolution of a self-employed teachers status.	The recommendation has been implemented.
Income collection	Opinion: Needs strengthening Two recommendations, one high and one low priority, relating to policy and procedure.	Work is ongoing with these recommendations. The service manager reports they will be ready for the new financial year.
Council Tax	Opinion: Sufficient Four recommendations, three medium and one low priority. Recommendations relate to reviewing procedural notes, visiting properties with exemptions, processing hardship applications within the agreed time and applying financial penalties where appropriate.	Four recommendations, three implemented and the remaining one is not due for implementation.
Emergency Planning	Opinion: Strong Two low priority recommendations.	One recommendation implemented, the remaining one is not due for implementation.
HR Self Serve	Opinion: Needs strengthening Three recommendations, one high, one medium and one low priority. Recommendations relate to updating user guides, notifying delegated staff of their responsibilities and reviewing the list of posts approved to authorise claims.	Three recommendations implemented.
Bligh	Opinion: Weak Five recommendations, four high and one low priority. Recommendations relate to updating the finance policy, regular reconciliation of petty cash, reconciliation of the school accounts prior to academy transfer,	With the school transferring to an Academy we are not in a position to ensure previous audit recommendations are implemented. The Finance team are finalising the school's finances to ensure their accounts are in order prior to the transfer.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	cancellation of credit card and use of purchase orders.	
Treasury Management	Opinion: Strong One low priority recommendation relating to user access to bankline.	One recommendation implemented.
Cyber Security	Opinion: Sufficient Four recommendations. Three high priority and one medium, relating to reviews of policies & procedures and intranet pages.	Three high priority recommendations have been implemented. An update on the remaining recommendation has been requested as part of the latest follow up process.
Adult Social Care - Financial Assessments & Reviews	Opinion: Needs strengthening Five recommendations, two high, two medium and one low priority relating to monitoring timescales for visits, use of credit checks to prevent fraud, scanning of documentation and completing staff declaration of interests.	Five recommendations, four implemented and one rejected as limited resources made it impractical.
Information Requests	Opinion: Needs strengthening Seven recommendations, one high, five medium and one low priority. Recommendations relate to review of the response process to subject access requests, improving compliance with response times, information on the council's website, improving procedural notes, provision of staff training and improved information reported to management.	Three recommendations have been implemented. Assurance on the remaining four recommendations will come from the audit review of information requests which is currently underway.
Project Management	Opinion: Sufficient Two recommendations, one high and one medium priority, relating to inclusion of change management on the intranet and as part of the project management toolkit.	One recommendation has been implemented. The manager responsible reports the remaining recommendation will be actioned by the new financial year.
Tourism	Opinion: Needs strengthening Two high priority recommendations relating to improving documentary evidence of joint working conducted between Medway Council and third parties, and for service level agreements or contracts to be held for all third party joint working.	Both recommendations have been implemented.
Common Housing	Opinion: Strong	The low priority recommendation has been

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
Register	Two recommendations, one high and one low relating to policy and procedure updates.	implemented. The high priority recommendation is not yet due for implementation.
Visitor Information Centre	Opinion: N/A as consultancy audit review Eleven recommendations, seven high priority and four medium relating to improved controls to secure assets and cash income.	Eleven recommendations implemented.
Risk Management Framework	Opinion: Needs strengthening Four medium priority recommendations relating to staff training and ensuring completion of service plans and risk registers.	The recommendations are not due for implementation.
Adoption & Fostering Expenses Claims	Opinion: Weak Seven high priority recommendations to establish policies, procedures, criteria and a checking process for claims. Five medium priority recommendations to update the finance manual and make improvements to the claim forms.	Ten recommendations have been implemented as part of a larger general review of foster care payments. The remaining two recommendations are not yet due for implementation.
Child Sexual Exploitation	Opinion: Needs Strengthening Four high priority recommendations to analyse referrals, provide briefing instructions to staff, provide awareness training to service managers and all other staff.	One recommendation has been actioned. An update has been requested for two recommendations as part of the latest follow up process. One recommendation is not yet due for implementation.
Fostering – Payments to Carers	Opinion: Needs Strengthening Five recommendations to put policies and procedures in place to improve consistency in decisions made to award and review payments made to carers.	Two recommendations have been implemented. An update has been requested on one recommendation as part of the latest follow up process. Two recommendations are not yet due for implementation.
Regeneration	Opinion: Needs Strengthening Five high and two medium priority recommendations to improve governance arrangements, budget monitoring and risk management of projects.	Two recommendations have been implemented. An update has been requested on one recommendation as part of the latest follow up process. One recommendation is not due for implementation.
Procurement	Opinion: Sufficient Two medium priority recommendations to improve use of the framework in place.	The two recommendations are not due for implementation.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
MICES	Opinion: Weak Three high and three medium priority recommendations to align the budget to the increase in services, agreeing a partnership process for all staff to order equipment, ensuring stock is checked and agree a process for the assessment of items considered not suitable for reuse.	Four recommendations have been implemented. The remaining two recommendations are not due for implementation.
Childrens Services 16-19 Strategy 2016-2020	Opinion: N/A as this was a consultancy review One high priority recommendation to review and update the strategy.	The recommendation is not due for implementation.

Definitions of audit opinions	
Strong (1)	<p><u>Risk Based:</u> Appropriate controls are in place and working effectively, maximising the likelihood of achieving service objectives and minimising the Council's risk exposure.</p> <p><u>Compliance:</u> Fully compliant, with an appropriate system in place for ensuring ongoing compliance with all requirements.</p>
Sufficient (2)	<p><u>Risk Based:</u> Control arrangements ensure that all critical risks are appropriately mitigated, but further action is required to minimise the Council's risk exposure.</p> <p><u>Compliance:</u> Compliant with all significant requirements, with an appropriate system in place for monitoring compliance. Very minor areas of non-compliance.</p>
Needs Strengthening (3)	<p><u>Risk Based:</u> There are one or more failings in the control process that leave the Council exposed to an unacceptable level of risk.</p> <p><u>Compliance:</u> Individual cases of non-compliance with significant requirements and/or systematic failure to ensure compliance with all requirements.</p>
Weak (4)	<p><u>Risk Based:</u> There are widespread or major failings in the control environment that leave the Council exposed to significant likelihood of critical risk. Urgent remedial action is required.</p> <p><u>Compliance:</u> Non-compliant, poor arrangements in place to ensure compliance. Urgent remedial action is required.</p>