

Audit & Counter Fraud Shared Service
Medway Council & Gravesham Borough Council

Audit & Counter Fraud Update

Medway Council

For the period:

1 April – 31 August 2019

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. Executive Summary

- 2.1 The first five months of 2019-20 have been productive with the following audit reviews finalised; **items in italics had full details of the review included in the 2018-19 annual report*

- *Member Development – Opinion: **Green** (2018-19 review finalised in 2019-20)*
- *Homelessness - Opinion: **Green** (2018-19 review finalised in 2019-20)*
- *Private Housing Enforcement - Opinion: **Amber** (2018-19 review finalised in 2019-20)*
- *Business Planning – Consultancy review so no opinion delivered (2018-19 review finalised in 2019-20)*
- *Risk Management Compliance - Opinion: **Green** (2018-19 review finalised in 2019-20)*
- *Income Collection (Cash) - Opinion: **Green** (2018-19 review finalised in 2019-20)*
- *GDPR - Opinion: **Red** (2018-19 review finalised in 2019-20)*
- *Counter Fraud – Opinion: **Adequate** (2018-19 review finalised in 2019-20)*
- *Establishment Management – Opinion: **Amber** (2018-19 review finalised in 2019-20)*
- *St John Fisher Catholic Comprehensive School - Opinion: **Amber** (2018-19 review finalised in 2019-20)*
- *Adult Social Care – Assessments & Reviews of Care Packages – Opinion: **Amber** (2018-19 review finalised in 2019-20)*
- *HRA Building Management Complicancy - Opinion: **Green** (2018-19 review finalised in 2019-20)*
- *Planning Applications - Opinion: **Green***
- *HRA Managed Moves - Opinion: **Green***

In addition, six reviews have had fieldwork completed and are now going through the quality control process, nine reviews are currently underway and commencement of a number of others is being arranged with the clients. As a consequence of this work, plan delivery as at 31 August was 15% complete, with a further 24% underway. Full details of the individual reviews can be found in section 5 of this report.

- 2.2 Follow up of agreed recommendations has continued and performance as of 31 August stood at 57.5%, with 46 of 80 recommendations due in the period having been implemented. The 34 that remain outstanding and are being monitored in line with the agreed follow up process. Full details of the progress made in relation to recommendation follow up can be found at section 8.
- 2.3 Investigations concluded during the period have identified cashable savings of £18,469 in the form of additional council tax liabilities, both historic and future.
- 2.4 There has been some impact on planned resources due to sickness and a vacancy for an Intelligence Analyst following the previous post holder taking a position within the team as an Audit & Counter

Fraud Officer, resulting in a loss of 87 days from the projected 1249 available at the start of the year. Proposed changes to the plan to remove an audit that cannot go ahead, defer a second to 2020-21 and merge two others with a reduction in the number of days needed, compensates for 40 of those lost days. Full details of those proposals can be found in section 7.

- 2.5 Targets for resources to be split as 65% in favour of audit assurance & consultancy and 35% in favour of pro-active and reactive counter fraud work currently stand at 73% for audit and 27% for counter fraud and 85% of available resource has been spent on productive audit & counter fraud work during the period against a target of 90%.

3. Independence

- 3.1 The Audit & Counter Fraud Charter approved by Medway's Audit Committee in March 2019 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.
- 3.2 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.

4. Resources

- 4.1 The Audit & Counter Fraud Shared Service reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The team currently has an establishment of 14 officers, consisting of; the Head of Internal Audit & Counter Fraud, three Audit & Counter Fraud Team Leaders, eight Audit & Counter Fraud Officers, one audit & Counter Fraud Intelligence Analyst (post vacant since 1 June 2019) and one Audit & Counter Fraud Assistant.
- 4.2 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. The establishment at the time the Audit & Counter Fraud Plans for 2019-20 were prepared, was forecasted to provide a total of 1,952 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 1,249 days.
- 4.3 Net staff days available for Medway for the period 1 April to 31 August 2019 amounted to 430 days and 366 days (85%) were spent on productive audit and counter fraud work. Of this productive time, 267 days (67%) was spent on audit assurance and consultancy work, while 99 (33%) was spent on counter fraud and investigations work. The current status and results of all work carried out are detailed at section 5 of this report.
- 4.4 Staff sickness, a period of vacancy created by a promotion within the team and the retirement of one officer has affected the level of resources available. To date this has resulted in a net loss of approximately 87 days from the original resource budget of 1,249 days for Medway.
- 4.5 Following a successful recruitment process, a new Intelligence Analyst will be joining the team in early September 2019.

5. Results of planned Audit & Counter Fraud work

- 5.1 The Audit & Counter Fraud Plan 2019-20 for Medway was approved by the Audit Committee in March 2019. 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.
- 5.2 The tables below provide details of the work from 2018-19 that has been finalised in 2019-20, the progress of work undertaken as part of the 2019-20 annual plan and the results of investigative work completed during the period.

2018-19 Internal Audit Assurance work completed in 2019-20 (since the last Audit Committee meeting)

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
16	Adult social care - Assessments & reviews of care packages	15	17.8	Final Report Issued	<p>The review considered the following Risk Management Objectives: RMO1 - Effective arrangements are in place for care plans assessments and reviews.</p> <p>The review identified that there is adequate information made available to the public in relation to how access Adult Social Care.</p> <p>The Care Act 2014 sets out the assessment arrangements for care plans that are followed by the Council; government guidelines state assessments should take place within 28 days or within a reasonable time depending on the complexity of the clients' needs. Testing conducted was unable to confirm whether these timescales are met.</p> <p>The '3 Conversation Model' has been adopted by Medway Council and supports frontline staff to have conversations with people to understand their needs and to enable them to be independent and safe.</p> <p>Records are held of all care plans in place and are maintained in a secure manner on the Frameworki system. Each client has a unique reference number, which all applications, documents, meetings and budget information are recorded against.</p> <p>Reviewing Care Plans is vital to ensure that the correct level of care is being given and is within budget. Guidelines state that a review should take place annually and if changes/increases in the level of care are required, a new plan should be created.</p> <p>Review forms are electronically generated for the client by the case worker. Not all areas of the form are mandatory for completion and it was identified during the audit that there were inconsistencies in the level of information recorded in reviews by different officers in relation to the client's budget and care costs. Testing identified that six cases from a sample of 18 had not been reviewed within the required 12 months and that in some cases, new plans had not been created after changes in needs had been identified; with reliance instead placed upon the review document. As a consequence, a further six were apparently being paid above the client's budget as there was no information to suggest otherwise. Opinion: Amber.</p> <p>Overall Opinion: Amber. Recommendations: Two medium priority.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					Recommendations relate to the review form being updated with completion of fields referring to indicative budget and care costs being made mandatory and new plans being created when changes are identified during reviews.
26	Housing Revenue Account Building Management – Compliancy	15	17.6	Final Report Issued	<p>The review considered the following Risk Management Objective: RMO1 - The council has arrangements in place to ensure the required safety checks are carried out on HRA properties so that the council meets its duties as a Landlord.</p> <p>The review found that responsibility for ensuring safety checks are carried out comes under the remit of the Housing Management Team. The service is aware of the safety checks that need to be carried out on the housing stock and information about this can be found in various strategies, standards, policies and plans.</p> <p>Budgets have been put in place for the work required, which are regularly monitored and the relevant accountant confirmed that there was no overspend at the time of audit.</p> <p>Contracts are held with various contractors, some of whom sub-let the work and also with Medway Norse as part of the joint venture. There is evidence that the procurement process has been followed on extending one contract, though two contracts had expired at the time of audit; these are in the process of being re-tendered.</p> <p>Two contracts reviewed as part of the audit itemise works to be carried out by the contractor. The specification for the joint venture contract indicates the roles and responsibilities of the council and the contractor.</p> <p>There is a performance indicator for annual Landlord Gas Safety Record of 100 per cent and contract monitoring is undertaken and reported on. Gas checks are undertaken on a ten-monthly basis to avoid not achieving the target due to non-access issues. The team are also working towards electrical testing being undertaken on a five-yearly basis.</p> <p>There were KPIs in a specification for a joint venture contract with the sub-contractor however some other contracts viewed did not contain KPIs. There was evidence of escalating an issue with one contractor and we understand that there are procedures for the others.</p> <p>Testing undertaken on gas safety and electrical testing data showed that records were held for all premises in the sample. The information for Legionella</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>and fire alarm testing is held at the block it refers to and so was not evidenced, but we understand the Health & Safety Compliance Officer visits blocks to check this is up-to-date.</p> <p>It is understood that work has been undertaken to ensure data is held / shared in accordance with the General Data Protection Regulation (GDPR), with contracts sent to Legal for review / adaptation. The HRA Operation Plan 2018-19 includes two actions related to ensuring that the service is GDPR compliant. Although not directly linked to the scope of this review, it was also identified that there is a Leaseholders Handbook which specifies that "if you sub-let your property, you are legally required to carry out annual gas safety checks". The council does not currently check that its 120 leaseholder properties are undertaking the necessary safety checks where required, which has the potential to limit insurance cover should there be any issues. Opinion: Green.</p> <p>Overall Opinion: Green. Recommendations: Two medium priority.</p> <p>Recommendations relate to Work being undertaken to engage with the owners of leaseholder properties to educate them regarding their responsibilities to undertake relevant safety checks, ensuring those properties that have been sublet have undertaken the relevant safety checks and a process for ensuring compliance / addressing any non-compliance being investigated, Arrangements being put in place for KPIs / performance targets to be in place for all contracts and for the service to receive progress updates on KPIs / performance targets either directly from the contractor or from the council's contract manager for the client on joint venture contracts.</p>

2018-19 Internal Audit Assurance work

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
Core governance and financial systems assurance work					
1	Staff Performance management framework	15	N/A	Terms of Reference being prepared	
2	Project & change management	20	N/A	Not Yet Started	

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
3	General ledger	10	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place to ensure that information is recorded accurately on the General Ledger.
4	Treasury management	15	N/A	Draft Report with Client for Consideration	The review considered the following Risk Management Objectives: RMO1 - The authority has a formal strategy and policy in place for the control of Treasury Management activities in line with the CIPFA Code of Practice. RMO2 - The authority follows appropriate procedures for the investment of funds. RMO3 - The authority follows appropriate procedures for the borrowing of funds.
5	Housing Benefit Overpayments	15	N/A	Fieldwork Complete, In Quality Control	The review considered the following Risk Management Objectives: RMO1 - Adequate processes are in place to support Housing Benefit overpayments. RMO2 - Adequate processes are in place to recover overpaid Housing Benefit.
6	NNDR Recovery	15	N/A	Fieldwork Complete, In Quality Control	The review considered the following Risk Management Objective: RMO1 - Appropriate arrangements are in place to recover unpaid business rates.
7	Asset management & Building Repair & Maintenance Fund	20	N/A	Not Yet Started	
8	Grant payments to voluntary organisations	15	N/A	Proposal to remove	After preliminary enquiries it was established that the council does not pay grants to cvoluntary organisations and instead the council commissions voluntary organisations to provide services on its behalf. As such there are no controls around awarding of grants to be reviewed.
9	Schools	60		Underway	Four schools were selected as part of a risk assessment looking at budgets and the date of the last internal audit review.
	Fairview Community Primary School	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.
	Swingate Primary School	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
	Park Wood Schools Federation	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.
	St Marys Catholic Primary School	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.
Corporate risks assurance work					
10	Transparency	15	N/A	Not Yet Started	
11	Write offs	15	N/A	Terms of Reference being prepared	
12	Adult social care - Assessments & reviews of care packages - Adults with Physical Disabilities	15	N/A	Proposal to remove	In 2018-19 a review was undertaken in respect of assessments and reviews of care packages for adults with learning difficulties, the intention being to conduct review on each key area. However, the recommendations identified as part of the earlier review have been implemented across all of adult social care rather than just in respect of adults with learning difficulties. It is therefore proposed that this review be deferred to 2020-21 to allow changes to take effect and a more accurate review to then take place.
13	Joint Health & Wellbeing Strategy	20	N/A	Fieldwork Complete, In Quality Control	The review considered the following Risk Management Objectives: RMO1 - The council are compliant with the legislation set out in the Health and Social Care Act 2012 regarding sections 192, 193 and 194. RMO2 - The Joint Health & Wellbeing strategy in place is compliant with the legislation. RMO3 - There are controls in place to ensure the strategy is being followed and the outcomes monitored.
14	Public Health - Remote Workers	10	N/A	Not Yet Started	
15	Looked After Children – Section 20 voluntary accommodation <i>Previously Looked After Children – Commissioning of Placements</i>	15	N/A	Not Yet Started	

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
16	Payroll	15	N/A	Not Yet Started	
17	Temporary Accommodation - Rent Collection and Arrears	15	N/A	Not Yet Started	
18	Advocacy	15	N/A	Not Yet Started	
19	Community hubs - income collection	20	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: RMO1 - Effective arrangements are in place for the collection and banking of income received in the council's five Community Hubs.
20	Workforce Development	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objectives: Appropriate procedures are in place to identify and approve the councils staff training requirements. RMO2 - Arrangements are in place to deliver the identified staff training needs.
21	Allocations - Managed Moves	15	7.8	Final Report Issued	The review considered the following Risk Management Objective: RMO1 - The process of 'Managed Moves' are carried out and approved in a fair & transparent manner. The review found that In the financial year 2018-19, 12 Managed Moves were recorded by the housing team. All 12 cases were supported by a referral form, evidence to support the move and were all approved by a senior manager. The lack of written procedure notes to guide officers contributed to inconsistency in the detail recorded for each case. The introduction of procedure notes should detail the roles and responsibilities of all officers involved in the process and ensure justification is recorded for accepted and declined moves, to demonstrate a fair and transparent process. The housing team retain their customer data in the authority's iDox scanning system. The corporate process for line managers to approve access to documents means housing do not currently have direct control over who has access to their documents. A review of users and access permissions will improve GDPR compliance. Opinion: Green. Overall Opinion: Green. Recommendations: Two medium priority. Recommendations relate to creating procedure notes and reviewing access to stored housing data.
22	Trading standards - Enforcement	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objectives: RMO1 - Adequate provisions are in place to ensure effective delivery of Trading Standards Enforcement.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					RMO2 - Procedures are in place to ensure goods seized during an operation/ investigation are handled appropriately. RMO3 - Procedures are in place for the appropriate disposal of goods no longer required for evidential purposes.
23	Innovation Centre Medway	15	N/A	Not Yet Started	
24	Whistleblowing	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objectives: RMO1 - Whistleblowing policies and procedures are place. RMO2 - Whistleblowing cases are managed effectively.
25	Building Repair & Maintenance Fund	N/A	N/A	See item 7	Work to be undertaken as part of the Asset Management review due to the overlapping areas of responsibility.
26	Recharges	15	N/A	Not Yet Started	
27	Parking Enforcement - Civil Enforcement	15	N/A	Not Yet Started	
28	SEND education - Education, Health & Care Plan reviews	15	N/A	Terms of Reference being prepared	
29	Leisure Centre Membership & Income Collection	15	N/A	Not Yet Started	
30	ICT - frontline support	15	N/A	Not Yet Started	
31	Special Educational Needs & Disabilities Transport	15	N/A	Draft Report with Client for Consideration	The review considered the following Risk Management Objective: RMO1 - Effective arrangements are in place for the delivery of Special Education Needs and Disabilities (SEND) Transport.
32	HRA capital repairs & maintenance work allocation	15	N/A	Not Yet Started	
33	Allotments - allocations & income collection	15	N/A	Fieldwork Complete, In Quality Control	The review considered the following Risk Management Objectives: RMO1 - The council monitors the allotment service delivered by Medway Norse as part of the Urban Ranger Service. RMO2 - The council delivers the administrative service to support the allotment service.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
34	Medway Development Company (MDC) - Governance & Accounting	15	N/A	Not Yet Started	
35	Early Help Service (Inc. MAfF, Family Support Service, Common Assessment Framework)	25	N/A	Underway	The team have provided independent verification of several claims for funding from the Ministry of Housing, Communities & Local Government in relation to troubled families.
36	Bus Subsidy Validation	2	N/A	Completed	Independent validation was conducted to confirm that bus subsidy grant funding had been spent in accordance with set conditions to enable to the Chief Executive and Head of Internal Audit & Counter Fraud to sign a statement confirming that grant funding had been appropriately spent.
37	Pothole & Flood Fund validation	2	N/A	Completed	Independent validation was conducted to confirm that pothole and flood resilience grant funding had been spent in accordance with set conditions to enable to the Chief Executive and Head of Internal Audit & Counter Fraud to sign a statement confirming that grant funding had been appropriately spent.
38	Finalisation of 2018-19 planned work	30	8.4	Completed	All outstanding reviews from 2018-19 have now been finalised.
39	Responsive assurance work	15	N/A	Underway	Please see table on page 14.
	Planning Applications	15	14.6	Final Report Issued	<p>The review considered the following Risk Management Objectives:</p> <p>RMO1 – Arrangements exist for planning applications to be administered in line with legislation and council policy.</p> <p>The Planning Department have an ISO9001_2015 accreditation, and a Quality Manual ISO 9001 : 2015. With adherence maintained through their own quarterly audit review. This review confirmed appropriate procedure notes are available setting out the planning processes. Information is easily accessible by members of the public on the council's website, where supporting guides for householders and non-householders outline the council's planning permission checklist. To comply with data protection the council's website also contains the Service Privacy Statement in relation to the processing and retention of personal information. Applications can be submitted electronically via The Planning Portal or in writing, with pre-application advice also available. There was sufficient evidence to demonstrate records of all applications and supporting</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					documentation are retained. Appropriate processes were found to be in place to ensure applications are validated in line with the national and local requirements, and consultation invited in accordance with the timetable set out in legislation. As part of this consultation process a weekly list of applications was found to be distributed to statutory bodies, local interest groups and individuals who advised the Planning Service of their interest in being kept informed about planning matters. Arrangements are in place for appropriate officers to make decisions under delegated powers, or by the Planning Committee when directed to do so by the council's constitution. Evidence was available to provide assurance decision notices are issued to applicants and consultees of the decision. Effective monitoring arrangements are in place with information collated to provide Government returns, and quarterly reports. A review of the latest Development Control performance report for quarter three (Oct-Dec 2018) shows the council to be exceeding the statutory returns. Opinion: Green. Overall Opinion: Green. Recommendations: None.
Counter Fraud Assurance Work					
43	Adoption & Fostering Allowances/Expenses	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: RMO1 - Appropriate arrangements in place for the payment of fostering and adoption allowances and expenses.
44	Carers Parking Permits	15	N/A	Not Yet Started	
45	Recording of working hours	15	N/A	Fieldwork Complete, In Quality Control	The review considered the following Risk Management Objectives: RMO1 - Appropriate arrangements exist for the appointment of agency staff within Children's Services. RMO2 - Review arrangements of payment procedures relating to agency staff. RMO3 - Review arrangements of equipment used by agency staff. RMO4 - Review arrangements to monitor the budget allocation

Other consultancy services including advice & information

Activity	Opinion, summary of findings & recommendations made
North Kent Marshes Internal Drainage Board	The team carried out an audit of the Internal Drainage Board accounts.
Medway Park	At the request of the service, a consultancy review has commenced to review procedures around cash transfers and refunds at the Medway Park Leisure Centre to identify improvements to processes.
Payroll	At the request of the service, a consultancy review has commenced to review processes for dealing with employee expense claims; to enable the new service manager to refresh procedures and identify any scope for improvements in terms of efficiencies and value for money.

Counter Fraud Activity

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
47	Pro-active investigations work	54	N/A	Not yet started	Due to the volume of NFI matches to be reviewed, we have not undertaken any additional pro-active exercises at this time.
48	Data matching exercises, including National Fraud Initiative and Kent Intelligence Network	54	N/A	Underway	Checking of the matches received as part of the 2018-19 NFI exercise continues and a number of cases are under active investigation as a result. The Benefits team are working through the high risk matches relating to Housing Benefit and Council Tax Reduction and have so far identified overpayments totalling £2,440.82 for Council Tax Reduction
49	Fraud awareness	10	N/A	Underway	Members have received fraud awareness training as part of their induction following the elections in May.

Responsive Assurance Activity

Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
Special Guardianship Order Verification	0.5	0.5	Completed	Following a complaint from a customer in receipt of special guardianship order allowances, an underpayment was identified and paid. A further query was received from the customer, so the service were asked to provide independent assurance over the calculations used in response to the earlier complaint to ensure the payments were accurate.

Reactive Investigations work: external investigations

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable Savings	Non-cashable Savings	Prevented Losses
Blue Badge	1	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
Business Rates	0	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
Concessionary Passes	0	1	Investigation commenced in relation to misuse of a disabled bus pass, which was eventually dealt with as an education for the customer but an SPD issue was identified during the course of the investigation and the discount subsequently removed.	£643 (Historic Liability) £315 (Additional liability for future years)	N/A	N/A
Council Tax	6	19	Six cases concluded with no evidence of fraud. Fourteen cases concluded with the removal of the council tax discount/exemption, one of which also resulted in a successful prosecution.	£12,012 (Historic Liability) £4,587 (Additional liability for future years)	N/A	N/A
Homelessness	1	1	Once case concluded and while there was no evidence of homelessness fraud, an SPD issue was identified, which resulted in the discount being removed.	£378 (Historic Liability)	N/A	N/A
Housing Allocations	1	2	One case concluded with no evidence of fraud and one concluded with the customer being removed from the waiting list.	N/A	N/A	N/A
Other	1	1	One case linked to a potentially falsified residents permit was concluded with no evidence of fraud.	N/A	N/A	N/A
Social Care	0	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
School Fraud	0	6	Five cases closed with no evidence of fraud. One case concluded with the removal of a single person discount	£320 (Historic Liability)	N/A	N/A
Tenancy	0	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A

Reactive Investigations work: internal investigations

The Audit & Counter Fraud Team conduct disciplinary investigations on behalf of HR into a range of matters. Details cannot be provided while investigations are ongoing but an anonymised summary will be included in updates after the cases are concluded.

Allegation	Investigation activity & recommendations
	Nothing to report

6. Quality Assurance & Improvement Programme

- 6.1 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 2018.
- 6.2 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.
- 6.3 In line with the QAIP, the team monitor performance against a suite of 24 performance indicators based on the balanced scorecard, covering the four perspectives; financial, internal process, learning & growth and customer. The table below sets out the performance targets, which are grouped into measures for the service and those that are specific to the individual authority. Targets have been set for 17 of the 24 indicators, however it should be noted that these are for full year outturns; as such outturns at present are not to target levels but are provided for Members information.

Ref	Indicator	Target	Outturn for report period
Non LA Specific Performance Measurements			
A&CF1	Cost of the Audit & Counter Fraud Shared Service: Total Cost LA Share	N/A	£676,972 (Budgeted Costs) £467,125
A&CF2	Cost per A&CF day	£400	£347
A&CF3	Proportion of staff with relevant professional qualification: Relevant audit qualification Relevant fraud qualification	75%	21% 57%
A&CF4	Proportion of non-qualified staff undertaking professional qualification training	25%	7%
A&CF5	Time spent on CPD/non-professional qualification training, learning & development	70 days	33 days
A&CF6	Compliance with PSIAS	100%	98%
A&CF7	Staff turnover	N/A	0.36FTE
LA Specific Performance Measurements			
A&CF8	Average cost per assurance review	£5,000	£3,357
A&CF9	Proportion of available resources spent on productive work	90%	85%
A&CF10	Proportion of productive time spent on: Assurance work Consultancy work	65%	71% 2%
A&CF11	Proportion of productive time spent on: Proactive counter fraud work Reactive counter fraud work	35%	2% 25%

A&CF11a	Time spent on SPC associated duties	N/A	55 days
A&CF12	Proportion of agreed assurance assignments: Delivered Underway	95%	15% 24%
A&CF13	Proportion of assignments completed within allocated day budget	90%	100%
A&CF14	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	0%
A&CF15	Proportion of recommended actions agreed by client management	90%	100%
A&CF16	Number of recommendations agreed that are: Not yet due Implemented Outstanding	N/A	27 46 34
A&CF17	Proportion of recommended actions implemented by agreed date	N/A	57.5%
A&CF18	Number of referrals received	N/A	48
A&CF19	Number of investigations closed	N/A	37
A&CF20	Value of fraud losses identified: Cashable (losses that can be recovered) Non-cashable (notional savings based on national estimates) Prevented losses (savings associated with blocked applications)	N/A	£18,255 £0 £0
A&CF21	Customer satisfaction with individual review/assignment	95%	100% (two responses received)
A&CF22	Customer satisfaction with overall service	95%	A wider satisfaction survey was conducted in March 2019 and received 13 responses. All 13 respondents (100%) were either satisfied (five) or very satisfied (eight) with the overall service provided by Audit & Counter Fraud.
A&CF23	Member satisfaction with assurance provided (based on Chair of Audit Committee contribution to Appraisal of the Head of Audit & Counter Fraud role)	Positive	The mid-year appraisal for the Head of Audit & Counter Fraud has not yet taken place.
A&CF24	Opinion of external audit	Positive	External audit report by exception and to date have raised no concerns over the work of internal audit.

7. Review of Audit & Counter Fraud Plan

- 7.1 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.
- 7.2 The most recent resource review projects a loss of approximately 87 days from the original budget of 1,249. The following changes to the agreed plan are proposed, which will compensate for 40 days of the lost resource.
- **Grant payments to voluntary organisations** (15 days) – review to be removed from plan. After preliminary enquiries it was established that the council does not pay grants to voluntary organisations and instead the council commissions voluntary organisations to provide services on its behalf. As such there are no controls around awarding of grants to be reviewed.
 - **Adult social care - Assessments & reviews of care packages - Adults with Physical Disabilities** (15 days) – defer to 2020-21. In 2018-19 a review was undertaken in respect of assessments and reviews of care packages for adults with learning difficulties, the intention being to conduct review on each key area. However, the recommendations identified as part of the earlier review have been implemented across all of adult social care rather than just in respect of adults with learning difficulties. It is therefore proposed that this review be deferred to 2020-21 to allow changes to take effect and a more accurate review to then take place.
 - **Building Repair & Maintenance Fund** (10 days) – This review is to be merged with the planned review of asset management as there are elements of the reviews that overlap quite considerably. Each review was set with a budget of 15 days but the combined review will be set with a budget of 20 days, making a saving of ten days.
- 7.3 We continue to monitor the resource budget on a monthly basis to ensure that we are responsive to changes as soon as possible. must ensure that an adequate level of work can be completed in order to deliver the Council's annual.

8. Follow up of agreed recommendations

- 8.1 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.
- 8.2 Service managers are asked to provide an update on action taken towards implementing all recommendations due on a monthly basis and are also asked to supply evidence to confirm that action has been taken in respect of all High priority recommendations, which is verified by the Audit & Counter Fraud Team.
- 8.3 The first of the two tables below details the current position in relation to the follow up process and the second details recommendations that are now more than six months over their planned implementation date; along with an update from the relevant Service Manager/Assistant Director/Director.

Status of Agreed Recommendations

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
Heritage Buildings	<p>Opinion: Needs strengthening Eight recommendations agreed: five high and three medium priority. Recommendations relate to clearer communication of roles and responsibilities for the maintenance of heritage assets.</p>	Eight recommendations due, eight implemented.
Income collection	<p>Opinion: Needs strengthening Two recommendations agreed: one high and one low priority. Recommendations relate to creating a refunds policy and written procedures.</p>	Two recommendations due, one implemented. One high priority outstanding relating to creating written procedures.
HR Self-Serve	<p>Opinion: Needs Strengthening Three recommendations agreed: one high, one medium and one low priority. Recommendations relate to electronic approval processes, staff delegations and subsequent notifications of roles and responsibilities.</p>	Three recommendations due, two implemented. One high priority outstanding relating to electronic approval processes.
Coroners Service	<p>Opinion: Sufficient One medium priority recommendation agreed. Recommendation relates to formalising the SLA with KCC, which will set out the means by which Medway can have access to budgetary information and allow Medway officers to attend panel meetings to keep abreast of developments.</p>	One recommendation due, one implemented.
Information Requests	<p>Opinion: Needs strengthening Two Recommendations agreed: one medium and one low priority. Recommendations relate to links to the transparency data on the council website and all templates relating to information requests being made available on the staff intranet.</p>	Two recommendations due, two implemented.
Information Governance (Data Protection)	<p>Opinion: Sufficient Two high priority recommendations agreed. Recommendations relate to a process for ensuring all staff attend relevant data protection training with records of attendance maintained and a post implementation review with a programme of corporate monitoring to ensure ongoing compliance.</p>	Two recommendations due, one implemented. Since this audit was finalised in May 2018 a further audit of GDPR has been undertaken. The recommendation made as part of the GDPR audit, which was based on current circumstances, supersedes this one and therefore this action will now be followed-up via the GDPR audit.

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
Staff Expense Reimbursement	<p>Opinion: Strong</p> <p>Two recommendations agreed: one medium and one low priority.</p> <p>Recommendations relate to aligning declarations on electronic and paper claims and including a prompt to authorising managers highlighting their requirement to validate claims and evidence being submitted</p>	<p>Two recommendations due, none implemented.</p> <p>One medium and one low priority outstanding relating to aligning declarations on electronic and paper claims and including a prompt to authorising managers highlighting their requirement to validate claims and evidence being submitted.</p>
Sundry Debtors	<p>Opinion: Needs Strengthening</p> <p>Eleven recommendations agreed: two high, seven medium and two low priority.</p> <p>Recommendations relate to restricting access to users on Integra to ensure appropriate segregation of duties, reconciliations being signed and dated by officers preparing and checking/certifying, the cause of discrepancies between the general ledger control account and sales ledger being identified and corrected, automated reminder letters being issued to debtors, the Corporate Debt Working Group reviewing management information reports, the introduction of written procedures regarding the coding of VAT, a programme of corporate VAT training, the introduction of a standardised invoicing process and a review of the resources devoted to debt recovery.</p>	<p>Eleven recommendations due, four implemented.</p> <p>Six medium and one low priority outstanding relating to automated reminder letters being issued to debtors, the Corporate Debt Working Group reviewing management information reports, the introduction of written procedures regarding the coding of VAT, a programme of corporate VAT training, the introduction of a standardised invoicing process and a review of the resources devoted to debt recovery.</p>
Ethics	<p>Opinion: Needs Strengthening</p> <p>Seven recommendations agreed: five high and two medium priority.</p> <p>Recommendations relate to improving employee awareness of policies relating to ethical conduct, review of the Code of Conduct and enhancing arrangements relating to Gifts & Hospitality.</p>	<p>Seven recommendations due, four implemented.</p> <p>Three high priority outstanding relating to review and of the Code of Conduct and enhancements to arrangements relating to Gifts & Hospitality.</p>
Performance Data Quality	<p>Opinion: Sufficient</p> <p>Three recommendations agreed: one high, one medium and one low priority.</p> <p>Recommendations relate to counting rules being added to Pentana in respect of all current performance measures, a corporate Performance Data Quality Policy, a review of the style of the quarterly performance reports and a strategy relating to commercial ventures being written.</p>	<p>Two recommendation due, two implemented.</p>
Traded Services – Staffing Agency	<p>Opinion: Weak</p> <p>Two recommendations agreed: one high and one medium priority.</p> <p>Recommendations relate to protecting the Council’s legal position regarding service delivery and assurance that project management processes are followed.</p>	<p>Two recommendations due, one implemented.</p> <p>One high priority outstanding relating to assurance that project management processes are followed.</p>

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
Medway Commercial Group – Governance & Accounting	<p>Opinion: Needs Strengthening Four high priority recommendations agreed. Recommendations relate to improving performance reporting and financial monitoring.</p>	<p>Four recommendations due, one implemented. Three high priority outstanding relating to improving performance reporting and financial monitoring.</p>
Bereavement Services	<p>Opinion: Amber Nine Recommendations agreed: one high, seven medium and one low priority. Recommendations relate to procedures being reviewed and updated; installing an online booking system for cremations; updating the website pages relating to the service; storing personal information in a secure area to ensure GDPR compliance; the implementation of a Service Level Agreement for Funeral Directors; training for officers across the service; reconciliation processes being reviewed; a schedule for changes to door code combinations and improvements to the petty cash authorisation process</p>	<p>Eight recommendations due, eight implemented.</p>
Luton Junior School	<p>Opinion: Red Sixteen recommendations agreed: eleven high, four medium and one low priority. Recommendations relate to the school voluntary fund, a review of staff responsibilities and the school finance policy, updates to the school asset register, accurate records being maintained in relation to the booster sessions and associated overtime, overtime being agreed by the Governing Body, the Chair of Governors approving Head Teacher expenses, payroll reports being signed by the officer preparing and the Head Teacher, a HR audit to check staff well-being and that recruitment procedures are correct, the raising of purchase orders and prompt processing of payments, ceasing the purchase of gifts and hospitality, new staff reimbursement processes and detailed records of all income streams.</p>	<p>Sixteen recommendations due, fifteen implemented. One high priority outstanding relating to a review of staff responsibilities.</p>
Residents Parking Permits	<p>Opinion: Red Thirteen recommendations agreed: nine high, three medium and one low priority. Recommendations relate to a hyperlink being added on the council’s Residents Parking Permits webpage to the new online application form, investigations being made in relation to integrating the new online application system and existing RPP system, Terms and Conditions being added to the paper based application form with an updated declaration, a Data Protection Impact Assessments (DPIA) being completed to assess the impact of retaining RPP application evidence, improving arrangements for verifying proof of residency and vehicle ownership for all RPP</p>	<p>Thirteen recommendations due, twelve implemented. One high priority outstanding relating to investigations being made in relation to integrating the new online application system.</p>

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
	<p>applications, parking permit paper being securely stored, applicant email address being added to the application form to automate renewal reminders, application forms being implemented for renewals and change of RPP details, including obtaining evidence to ensure ongoing entitlement to the RPP, conducting reconciliations to ensure full income from RPP sales is received, providing information on the council's website in relation to how to report concerns regarding RPP fraud or misuse, fraud awareness training for the Parking Services Team, investigating mechanisms for the Civil Enforcement Officers to be provided with information regarding cancelled permits, and declarations of interest forms being completed by the Parking Services Team.</p>	
<p>Shared Lives Scheme (Adult Fostering)</p>	<p>Opinion: Amber Four recommendations agreed: one high and three medium priority. Recommendations relate to segregating purchasing and authorisation permissions, ensuring carers agreements are managed effectively and improved transparency with fees.</p>	<p>Four recommendations due, four implemented.</p>
<p>Traffic Management</p>	<p>Opinion: Amber Seven recommendations agreed: two high, four medium and one low priority. Recommendations relate to updating the 'Request a road closure' section of the council's website, adding robust declarations to the application forms for temporary road closures, enhancing existing records to ensure that the status of all temporary traffic order applications can be identified, ensuring that invoices are raised for Town Police Clauses Act applications or obtaining and retaining appropriate approval for the fees to be waived, applying the agreed additional charges for applications which require additional information, establishing robust procedures for the recovery of TTRO invoices, ensuring that TTRO services are not provided to debtors with excessive level of debts and producing procedure notes to support to TTRO process.</p>	<p>Seven recommendations due, seven implemented.</p>
<p>IT Asset Management</p>	<p>Opinion: Amber Three recommendations agreed: two high and one medium priority. Recommendations relate to the management of Snow alerts, assets not picked up by the network for over a month, the production of asset registers relating to computers deemed suitable for reuse and those whose solid state drive has been removed, and over licensed applications and potential cost savings.</p>	<p>No recommendations due before 31 August 2019.</p>

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
Housing Rents	<p>Opinion: Amber Two medium priority recommendations agreed.</p> <p>Recommendations relate to reviewing all users being allocated key controls within the Housing Management System and ensuring that new tenancies created are confirmed by an additional authorised officer to ensure a segregation of duty is maintained in all instances.</p>	One recommendation due, one implemented.
Corporate Credit Cards	<p>Opinion: Red</p> <p>Eleven recommendations agreed: eight high, two medium and one low priority.</p> <p>Recommendations relate to a review to ensure cards are issued to appropriate staff, improving the process for the issue of credit cards, providing guidance to ensure cardholders know how cards should be kept secure and when they should be used and a review, ensuring that cards are only held by the card holder and not a third party, a process to identify card holders that have changed role or left the authority, regular reviews of guidance and associated policy, for credit card use, declarations for authorising officers to confirm purchases were appropriate and associated receipts are held, a process giving finance authority to suspend or remove credit cards where officers fail to return forms on time or regularly fail to provide receipts, the introduction of an authorised signatory list for credit card expenditure, a process to ensure that credit cards are only used by the card holder.</p>	Eleven recommendations due, three implemented. Five high , one medium and one low priority outstanding relating to a review to ensure cards are issued to appropriate staff, a process to identify card holders that have changed role or left the authority, declarations for authorising officers to confirm purchases were appropriate and associated receipts are held, a process giving finance authority to suspend or remove credit cards where officers fail to return forms on time or regularly fail to provide receipts, the introduction of an authorised signatory list for credit card expenditure, a process to ensure that credit cards are only used by the card holder.
HR Recruitment & Vetting	<p>Opinion: Amber</p> <p>Four recommendations agreed: two high and two low priority.</p> <p>Recommendations relate to hyperlinking to relevant training courses in the email issued to all Recruiting Managers, ensuring that all Recruiting Managers complete the relevant training evidence prior to interview, ensuring that all appropriate documentation is retained, including why successful candidates were offered the vacancy and updating the council's DBS policy and associated forms.</p>	Four recommendations due, four implemented.
VAT	<p>Opinion: Red</p> <p>Four high priority recommendations agreed.</p> <p>Recommendations relate to training for all staff that encounter VAT as part of their normal duties, both in raising invoices and paying creditors, ensuring supplier addresses are maintained, the identification of all overseas suppliers,</p>	Two recommendations due, none implemented. Two high priority outstanding relating to training for all staff that encounter VAT as part of their normal duties, both in raising invoices and paying creditors,

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
	implementation of procedures in relation to bad debt relief and income received against written off debt.	
Insurances	<p>Opinion: Amber</p> <p>Four recommendations agreed: Two medium and two low priority.</p> <p>Recommendations relate to documenting procedures for determining the insurance cover required by the council, including operation of the insurance fund; reminding relevant officers of the requirement to notify the Insurances team of changes to insurable risks, updating information in relation to the insurance policies held on the council's intranet and formalising the council's policy in relation to retaining claim records.</p>	<p>Four recommendations due, none implemented.</p> <p>Two medium and two low priority outstanding relating to documenting procedures for determining the insurance cover required by the council, including operation of the insurance fund; reminding relevant officers of the requirement to notify the Insurances team of changes to insurable risks, updating information in relation to the insurance policies held on the council's intranet and formalising the council's policy in relation to retaining claim records.</p>
School Admissions	<p>Opinion: Green</p> <p>Two recommendations agreed: one medium and one low priority.</p> <p>Recommendations relate to declaration of interest forms being completed by staff and the warning notification on the website to parents / guardians being more prominent.</p>	<p>One recommendation due, one implemented.</p>
Private Housing Enforcement	<p>Opinion: Amber</p> <p>Four recommendations agreed: Three medium and one low priority.</p> <p>Recommendations relate to a review of the Housing Enforcement Policy, resolving issues relating to recording enforcement cases on Uniform, reviewing charges for conducting enforcement action and officers completing periodic declarations of interest.</p>	<p>No recommendations due before 31 August 2019.</p>
Service Planning	<p>No opinion given – consultancy review</p> <p>One high priority recommendation agreed.</p> <p>Recommendation relates to reviewing the service planning process to ensure it meets the requirements of the council.</p>	<p>No recommendations due before 31 August 2019.</p>
Risk Management Framework	<p>Opinion: Green</p> <p>Four recommendations agreed: two medium and two low priority.</p> <p>Recommendations relate to reviewing and updating the Risk Management Strategy in line with the ISO31000 (2018) guidance and ensuring consistent wording</p>	<p>No recommendations due before 31 August 2019.</p>

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
	throughout the document, ensuring roles and responsibilities included in the strategy are accurate and relevant, reviewing the Strategic Risk Management Group terms of reference to ensure they are consistent with current practices, and, introducing a process to ensure all risk authors supply a progress update in time for meeting reviews.	
Income Collection (Cash)	<p>Opinion: Green Two medium priority recommendations agreed. Recommendations relate to the location of the safe code and access to the Cashier room in order to comply with conditions in the council's insurance policy.</p>	Two recommendations due, two implemented.
GDPR	<p>Opinion: Red One high priority recommendation agreed. Recommendation relates to implementing an effective monitoring system once the Council has progressed its GDPR compliance sufficiently.</p>	No recommendations due before 31 August 2019.
Assessment & Review of Care Packages	<p>Opinion: Amber Two medium priority recommendations agreed. Recommendations relate to the review form being updated with completion of fields referring to indicative budget and care costs being made mandatory and new plans being created when changes are identified during reviews.</p>	Two recommendations due, two implemented.
Establishment Management	<p>Opinion: Amber Three recommendations agreed: two medium and one low priority. Recommendations relate to ensuring that regular reconciliations take place between HR and Finance records, incomplete HR forms are returned to the relevant manager for completion, HR scan the signed recruitment to vacancy forms onto the Idox system, and, Managers inform HR of all changes relating to staff in post.</p>	No recommendations due before 31 August 2019.
St John Fisher Catholic Comprehensive School	<p>Opinion: Amber Eleven recommendations agreed: four high and seven medium priority. Recommendations relate to declaration of interest forms being completed, updates to the Finance Policy, overtime claims being checked for accuracy, value for money being considered for all purchases, adhering to Medway Council's Gifts & Hospitality Policy, purchase orders for all purchases being raised in advance of purchase, the school obtaining a business credit/debit card, the drinks vending machine contract being cancelled, use of Parent Mail being utilised and the contract for the franking</p>	Seven recommendations due, seven 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
	machine ended, if the franking machine remains, a pin or password protection to be implemented, all reimbursements being paid in the method they were originally paid.	
HRA Managed Moves	<p>Opinion: Green</p> <p>Two medium priority recommendations agreed.</p> <p>Recommendations relate to creating procedure notes and reviewing access to stored housing data.</p>	Two recommendations due, two implemented.

Recommendations still outstanding more than six months after scheduled implementation date

Directorate	Audit & Counter Fraud Review title	Recommendation	Priority	Planned Implementation Date	Management Update
Business Support	HR Self Service	<p>Only Director or Assistant Director can approve posts to electronically authorise payment of expenses and irregular claims through self-serve. Providing they have approved a post to authorise payments the current practice requiring an authorised signatory form when new staff move into post is unnecessary. Removing this process will save time spent processing and saving unnecessary paperwork. To ensure the list of approved posts is correct HR should send Directors and Assistant Directors a list of approved posts to review on an annual or bi-annual basis.</p>	High	31 August 2017	We are implementing a new hierarchy as part of the move to a hosted version of the system, which is due to go live on 01 November 2019.
Business Support	Income Collection	Create written procedures to ensure relevant staff apply refunds correctly.	High	30 September 2017	A new Refunds policy has been drafted and is now going through the relevant process for agreement and sign off. Once this has been agreed, the appropriate procedures can be documented.

Business Support	Staff Expenses Reimbursement	Paper claim forms should be updated to show the same declaration as electronic claims to ensure consistency.	Medium	31 July 2018	We are looking to remove the paper form by 01 November 2019 as part of the move to the hosted version of the system. If there is a chance there will still be a paper copy the wording will be changed.
RCET	MCG Governance & Accounting	The corporate client for recruitment services is required to have a process in place to receive KPI data and monitor performance against the agreed standards in the BTA.	High	30 November 2018	Action to address recommendations is on hold while the comprehensive review of MCG services is completed.
RCET	Ethics	Periodic reviews of Directorate Gift and Hospitality registers should be undertaken to provide assurance to CMT and Members that the registers are being used appropriately with a consistent approach taken by all officers	High	30 November 2018	The current process of recording gifts and hospitality will be reviewed and a process to regularly review the registers put in place
Business Support	Sundry Debtors	Written procedures regarding the coding of VAT should be put in place and issued to departments/services. Those procedures should provide for adequate internal check on the coding of VAT for sundry debtor invoices prior to them being issued.	Medium	31 December 2018	We have changed this into two strands to try and fix this issue as follows: Some areas where invoicing is regular are being trained so that they can raise the invoices direct into the system with the appropriate VAT codes. This allows us then to concentrate on other areas where we are tackling this issue with eForms which are being designed to cover a number of strands and has involved the new Debt Recovery Team. Not only will it be just VAT issues to resolve, but duplicate debtors, ensuring adequate information for debt recovery. It is now a more complex form but is currently being built and would like live before the end of the year.
Business Support	Sundry Debtors	A programme of corporate VAT training should be established to address areas where the coding of VAT is known to be commonly	Medium	31 December 2018	As per above

		incorrect, such as in the areas of licensing charges, remedial works and tuition fees as identified in the audit.			
RCET	Traded Services – Staffing Agency	A process is required which ensures management team receive confirmation that future projects follow the Project Management Toolkit.	High	28 February 2019	Action to address recommendations is on hold while the comprehensive review of MCG services is completed.
RCET	MCG Governance & Accounting	Cabinet should receive a co-ordinated report from corporate clients, to coincide with MCG's six monthly update reports, to advise on their satisfaction of service delivery by MCG.	High	28 February 2019	Action to address recommendations is on hold while the comprehensive review of MCG services is completed.
RCET	MCG Governance & Accounting	Arrangements should be agreed for MCG to provide Medway's Finance Team with the appropriate financial detail in the format required.	High	28 February 2019	Action to address recommendations is on hold while the comprehensive review of MCG services is completed.

Definitions of audit opinions & Recommendation Priorities

<p>Green – Risk management operates effectively and objectives are being met</p>	<p>Expected controls are in place and effective to ensure risks are well managed and the service objectives are being met. Any errors found are minor or the occurrence of errors is considered to be isolated. Recommendations made are considered to be opportunities to enhance existing arrangements.</p>
<p>Amber – Key risks are being managed to enable the key objectives to be met</p>	<p>Expected key or compensating controls are in place and generally complied with ensuring significant risks are adequately managed and the service area meets its key objectives. Instances of failure to comply with controls or errors / omissions have been identified. Improvements to the control process or compliance with controls have been identified and recommendations have been made to improve this.</p>
<p>Red – Risk management arrangements require improvement to ensure objectives can be met</p>	<p>The overall control process is weak with one or more expected key control(s) or compensating control(s) absent or there is evidence of significant non-compliance. Risk management is not considered to be effective and the service risks failing to meet its objectives, significant loss/error, fraud/impropriety or damage to reputation. Recommendations have been made to introduce new controls, improve compliance with existing controls or improve the efficiency of operations.</p>

<p>High</p>	<p>The findings indicate a fundamental weakness in control that leaves the council exposed to significant risk. The recommended action addresses the weakness identified; to mitigate the risk exposure and enable the achievement of key objectives. Management should address the recommendation as a matter of urgency.</p>
<p>Medium</p>	<p>The findings indicate a weakness in control, or lack of compliance with existing controls, that leaves the system open to risk, although it is not critical to the achievement of objectives. Management should address the recommendation within a reasonable timeframe.</p>
<p>Low</p>	<p>The findings have identified an opportunity to enhance the efficiency or effectiveness of the system/control environment. Management should address the recommendation as resources allow.</p>