

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

Audit & Counter Fraud Update

Medway Council

For the period:

1 September – 30 November 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 three months covered in this reporting period have been productive with the following audit reviews finalised:

- Housing Benefit Overpayments – Opinion: **Green**
- NNDR Recovery – Opinion: **Green**
- Workforce Development – Opinion: **Amber**
- SEND Transport – Opinion: **Green**
- Treasury Management – Opinion: **Green**
- Joint Health & Wellbeing Strategy – Opinion: **Green**
- Allotments – Allocations & Income – Opinion: **Red**

In addition, ten reviews have had fieldwork completed and are now going through the quality control process, and five reviews are currently underway. As a consequence of this work, plan delivery as at 30 November was 50% complete, with a further 13% 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 30 November stood at 79.4%, with 81 of 102 recommendations due in the period having been implemented. The 21 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 £288,112 in the form of additional council tax and business rate 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 101 days from the projected 1249 available at the start of the year. Proposals for responding to this loss of resource are set out 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 71% for audit and 29% for counter fraud. 86% 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 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 September to 30 November 2019 amounted to 362 days and 310 days (86%) were spent on productive audit and counter fraud work. Of this productive time, 219 days (71%) was spent on audit assurance and consultancy work, while 91 (29%) 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 101 days from the original resource budget of 1,249 days for Medway.
- 4.5 We continue to monitor the resource budget on a monthly basis to ensure that we are responsive to changes as soon as possible.

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 (*items in italics reported at a previous meeting*)

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
16	<i>Adult social care - Assessments & reviews of care packages</i>	15	17.8	<i>Final report issued</i>	<i>Findings already reported to Audit Committee – September 2019 meeting.</i>
26	<i>Housing Revenue Account Building Management – Compliancy</i>	15	17.6	<i>Final report issued</i>	<i>Findings already reported to Audit Committee – September 2019 meeting.</i>

2019-20 Internal Audit assurance work (*items in italics reported at a previous meeting*)

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	
3	General ledger	10	N/A	Proposal to defer to 2020-21	Due to system changes in both finance and payroll, there is to be significant changes to processes within the service. The audit review will be more effective if it is delayed until 2020-21.
4	Treasury management	15	13.7	Final report issued	<p>The review considered the following Risk Management Objectives:</p> <p>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.</p> <p>The review found a Treasury Management Strategy is in place which is in line with CIPFA guidelines. Arrangements are in place to ensure this is reviewed annually and there are mid-year and end of the year progress reports presented to the relevant committees. Opinion: Green.</p> <p>RMO2 - The authority follows appropriate procedures for the investment of funds.</p> <p>The review found that the members of the finance team that are responsible for preparing and authorising the daily treasury management transactions follow appropriate procedures for the investment of funds:</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<ul style="list-style-type: none"> • There are procedures in place to ensure investments are only with approved counterparties. • Documentary evidence of all transactions demonstrates controls to segregate duties are in place to minimise the risk of fraud. • Access to the on-line banking system (Bankline) is restricted and the level of access granted is dependent on the role of the officer. • Records of staff with access to the Treasury system are regularly reviewed to ensure only appropriate staff have access. Opinion: Green. <p>RMO3 - The authority follows appropriate procedures for the borrowing of funds.</p> <p>The review found all loans are arranged by an authorised officer and additional approval is not required as the Principal Accountant has delegated authority to arrange borrowing within the limits set out in the strategy.</p> <p>There are no formal arrangements in place to provide cover if the Principal Accountant should be unavailable to arrange borrowing and this may be an issue in times of leave and sickness.</p> <p>There are accurate records maintained of all borrowing and there are regular reconciliation of treasury management records back to main financial system and bank statements to confirm accuracy. Opinion: Green.</p> <p>Overall Opinion: Green. Recommendations: One low priority.</p> <p>Recommendation relates to ensuring there are additional staff trained to cover the Principal Accountant role.</p>
5	Housing Benefit Overpayments	15	12.6	Final report issued	<p>The review considered the following Risk Management Objectives:</p> <p>RMO1 - Adequate processes are in place to support Housing Benefit overpayments.</p> <p>The review found the Housing Benefit (HB) team have comprehensive procedures in place to ensure HB overpayments are kept to a minimum and work proactively to ensure this happens and the subsidy is as unaffected as possible. The overpayment policy, in a truncated version, is available to interested parties, both on the council's website and on the back of each letter issued by Housing Benefits. The system regarding the processing of overpayments is largely automated and required timescales are maintained. Opinion: Green.</p> <p>RMO2 - Adequate processes are in place to recover overpaid Housing Benefit.</p>

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					<p>The review found that the HB team use the comprehensive procedure notes to ensure the correct recovery rate is identified and is only reduced with proof provided by the HB recipient. They have adopted the new process by which employer details are retrieved from HMRC and this enables attachments to be made without recourse to the Magistrates Court. Wherever possible deductions are made from ongoing benefit, reducing costs and ensuring the overpayment is recovered as quickly as possible. Monitoring of the overpayments is carried out on a monthly basis, ensuring collection rates improve year on year. Opinion: Green.</p> <p>Overall Opinion: Green. Recommendations: No recommendations made.</p>
6	NNDR Recovery	15	14.9	Final report issued	<p>The review considered the following Risk Management Objective: RMO1 - Appropriate arrangements are in place to recover unpaid business rates.</p> <p>The review found that appropriate information in relation to NNDR arrears is advertised on the council website, and clear policies and various procedure notes are available to staff.</p> <p>The review found that accounts in arrears are identified via system parameters and audit testing confirmed these to be working appropriately and in accordance with an agreed recovery schedule. Audit testing identified three omissions where a reminder had been withdrawn but no note could be found.</p> <p>Further audit testing carried out confirmed that appropriate further recovery action is actively taken and vulnerability of a debtor is considered where possible. The review found that deferred recovery action is monitored on a monthly basis, and an end date must be applied to any suppression. A review of the monitoring spreadsheet identified an instance where a report had not been reviewed due to team capacity. However, all previous reports found to have been checked, and audit testing on a sample of 10 hold accounts found that an end date had been applied in all instances.</p> <p>The review found that procedures are in place for quarterly reviews to be carried out on the largest debts to ensure that recovery action is actively being taken on unpaid liabilities. Appropriate monitoring is also undertaken of debt which has been returned from the bailiffs.</p> <p>Overall Opinion: Green. Recommendations: One medium priority.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					Recommendation relates to ensuring that notes, including the reason, are applied to an account when an automated reminder or summons has been withdrawn.
7	Asset management & Building Repair & Maintenance Fund	20	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RMO1 - Arrangements are in place to manage and account for the council's assets. RMO2 - Arrangements are in place to manage the council's Building Repair & Maintenance Fund (BRMF).
8	<i>Grant payments to voluntary organisations</i>	<i>N/A</i>	<i>N/A</i>	<i>Removed from plan</i>	<i>Removal agreed by Audit Committee – September 2019 meeting.</i>
9	Schools				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	Draft report with client for consideration	The review considered 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	Draft report with client for consideration	The review considered 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.
	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 complete, In quality control	The review considered 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	Fieldwork complete, In quality control	The review considered the following Risk Management Objective: RMO1 - There are procedures in place regarding debt write-off.
12	<i>Adult social care - Assessments & reviews of care packages - Adults with Physical Disabilities</i>	<i>N/A</i>	<i>N/A</i>	<i>Removed from plan</i>	<i>Removal agreed by Audit Committee – September 2019 meeting.</i>

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13	Joint Health & Wellbeing Strategy	15	9.7	Final report issued	<p>The review considered the following Risk Management Objectives:</p> <p>RMO1 - The council are compliant with the legislation set out in the Health and Social Care Act 2012 regarding sections 192, 193 and 194.</p> <p>The review found that the council is compliant with sections 192, 193 and 194 of the Health & Social Care Act 2012. A Joint Strategic Needs Assessment, a Joint Health & Wellbeing Strategy and a Health & Wellbeing Board with the required membership is in place. Opinion: Green.</p> <p>RMO2 - The Joint Health & Wellbeing strategy in place is compliant with the legislation.</p> <p>The review found there is statutory guidance available which indicates a number of key areas that are required in relation to the Joint Health & Wellbeing Strategy. The only one of these currently missing from the Strategy is ‘measures of progress’ and this is already being worked on for the next review. The Strategy is informed by the Joint Strategic Needs Assessment, which is made up of many chapters; there is a rolling programme in place to ensure that all chapters are reviewed regularly.</p> <p>There are also arrangements in place for an annual review of the priorities in the Strategy to ensure they remain relevant.</p> <p>The current Strategy was approved in line with the requirements set out in the council’s Constitution. Opinion: Green.</p> <p>RMO3 - There are controls in place to ensure the strategy is being followed and the outcomes monitored.</p> <p>The review found that the Joint Health & Wellbeing Strategy is an umbrella strategy, collating strategies across both the council and the CCG, providing a high-level framework for improving health and wellbeing in Medway. The strategy has five key themes and connected to these are a number of strategies or initiatives that are already in place or planned.</p> <p>Each of these individual strategies and initiatives include their own action plans and outcome reporting and testing found evidence to support this for nine out of the ten strategies / initiatives reviewed.</p> <p>It was noted that there is currently no collated reporting of the outcomes of individual strategies and initiatives to the Joint Health & Wellbeing Board.</p> <p>As discussed above the Joint Health & Wellbeing Strategy currently does not have any measures of progress or its own specific action plan, however the author of</p>

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					<p>the strategy is working on introducing training for the Board so that they can create their own action plans and decide what they as individuals would like to see achieved in Medway linked to the key themes included in the Strategy.</p> <p>Opinion: Green.</p> <p>Overall Opinion: Green. Recommendations: One medium priority.</p> <p>Recommendation relates to introducing a process whereby the board are advised of individual strategy outcomes.</p>
14	Public Health - Remote Workers	10	N/A	Not yet started	
15	Looked After Children – Section 20 voluntary accommodation	N/A	N/A	Proposal to change	Following discussions with the new Deputy Director for Childrens Services, it is felt that this area of work should be reviewed within the service for procedural changes before an audit is conducted. Payments under section 17 of the Childrens Act are considered to be an area of greater immediate concern and therefore proposed that this audit is substituted.
	Childrens Services – Section 17 payments	15	N/A	Not yet started	
16	Payroll	15	N/A	Proposal to defer to 2020-21	The payroll service is undergoing significant changes, including a move to a new payroll system, which will likely lead to significant changes in processes. Accordingly, it is felt that the audit would be more productive it were deferred until next year rather than review processes that will likely change.
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	19.3	Final report issued	<p>The review considered the following Risk Management Objectives: RMO1 - Appropriate procedures are in place to identify and approve the councils staff training requirements.</p> <p>The review found that details regarding the centralised training budget process is easily available on the council's intranet, with direct links to request advice. There are effective processes in place to identify training requirements across the organisation, with a Corporate Training Programme available. Testing a random</p>

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					<p>sample of 20 training requests found 16 originated from the recognised processes and 4 were direct from e- mail contact. To ensure a consistent approach it is recommended all training requests are routed through the service desk. Approval for external training, conferences or qualifications up to £500 must be approved by Service Manager, and over £500 by Assistant Director as well. Testing confirmed 11 requests had been appropriately approved and the remaining nine were either not approved by the appropriate level or evidence of the approval could not be provided due to being approved previously before the centralisation of the training budget.</p> <p>The criteria for external training or conferences is based on demonstrating a statutory or mandatory need to the employee’s role. While responsibility for conferences lies with WFD the budgets remain with service managers. It is recommended these budgets transfer to WFD to give them complete responsibility. Staff are advised to contact their allocated WFD Officer to see whether the identified need can be delivered through existing solutions or alternative options including the apprenticeship levy. Audit testing carried out on the random sample of 20 requests found that in all instances there was a statutory or mandatory need linked to the employee’s role. Opinion: Amber.</p> <p>RMO2 - Arrangements are in place to deliver the identified staff training needs.</p> <p>The review found that arrangements are in place for a three quote process to be carried out to identify an appropriate provider, where possible. Audit testing carried out on the random sample of 20 requests found that in ten instances three quotes had been obtained, in nine instances no quotes were obtained due to the requests only being met by one outcome, and in the remaining instance no quote was obtained due to the request of an Assistant Director.</p> <p>The review found that procedures are in place for feedback/ evaluation forms to be provided after each training course and for the results to be recorded & monitored via a course tracker spreadsheet.</p> <p>A budget monitoring spreadsheet is held which is used to monitor the training budget of planned, commissioned and forecasted spend throughout the year. Arrangements are in place for the budget spreadsheet to be reviewed monthly and for quarterly reports to be sent to Assistant Directors to report the total and forecasted spend within their service area. Opinion: Green.</p> <p>Overall Opinion: Amber. Recommendations: five medium priority.</p>

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					Recommendations relate to processes being consistently followed throughout the council, the retention of evidence for approval, centralisation of conference budgets, a review of conference request forms and ensuring that three quotes are obtained in all possible circumstances.
21	<i>Allocations - Managed Moves</i>	15	7.8	<i>Final report issued</i>	<i>Findings already reported to Audit Committee – September 2019 meeting.</i>
22	Trading standards - Enforcement	15	N/A	Fieldwork complete, In quality control	The review considered the following Risk Management Objectives: RMO1 - Adequate provisions are in place to ensure effective delivery of Trading Standards Enforcement. 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	Draft report with client for consideration	The review considered the following Risk Management Objectives: RMO1 - Whistleblowing policies and procedures are place. RMO2 - Whistleblowing cases are managed effectively.
25	<i>Building Repair & Maintenance Fund</i>	<i>N/A</i>	<i>N/A</i>	<i>See item 7</i>	<i>Work to be undertaken as part of the Asset Management review due to the overlapping areas of responsibility.</i>
26	Recharges	15	N/A	Proposal to defer to 2020-21	This is a low priority piece of assurance work relating to the calculation of internal recharges. Given the loss of resource and extremely low level of risk, this can be delayed until 2020-21 and the time allocated to a higher area of risk.
27	Parking Enforcement - Civil Enforcement	15	N/A	Not yet started	
28	SEND education - Education, Health & Care Plan reviews	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RMO1 - There are arrangements in place to ensure EHCP reviews are carried out in compliance with the statutory code of practice for children and young people with special educational needs or disabilities. RMO2 - The provision of support enabled by EHCPs provides value for money.
29	Leisure Centre Membership & Income Collection	15	N/A	Not yet started	

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30	ICT - frontline support	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place to request and manage ICT frontline support via the Top Desk service.
31	Special Educational Needs & Disabilities Transport	15	15.7	Final Report Issued	<p>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.</p> <p>Following a restructure in November 2018, transport for SEND pupils became the responsibility of the School Admissions and Transport team, who were already responsible for transport for mainstream pupils. A number of changes have since been made to procedures and this review assessed the new arrangements put in place.</p> <p>The review found that the council has an Education Travel Assistance Policy for both SEND and mainstream pupils, which was last updated and approved by Cabinet in April 2018. The policy clearly defines the eligibility criteria for transport assistance and provides a framework for how SEND transport is delivered throughout Medway.</p> <p>The budget for SEND transport is regularly reviewed and monitored. Appropriate information regarding SEND transport is available on the council's website, including an online application form. A paper application form is also available on request but is currently being updated to align with the online form. The Education Travel Assistance Policy does not contain a timescale for assessing SEND transport applications, but does include a timescale of 20 working days for mainstream transport applications. Since November 2018 this timescale has been adopted for both areas, which it is understood has significantly reduced time spent dealing with queries in relation to when applications will be assessed. Audit testing supported that there has been an increase in the speed at which applications are processed.</p> <p>In order to approve applications, a Travel Assistance Panel is in place which is conducted virtually on a weekly basis. An agenda is compiled with details of all SEND transport applications that require a decision and input is provided by the SEN and School Admissions and Transport teams in relation to eligibility and the type of transport required based on the application. Audit testing on a random sample of 20 pupils confirmed that all applicants were eligible and all applications had been authorised by the panel. An accurate record is maintained of all pupils</p>

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					<p>receiving SEND transport and documentation in relation to each application is appropriately stored.</p> <p>Arrangements are in place to source appropriate transport for eligible pupils, with a new role of Commissioning and Quality Assurance Officer created during re-structuring, responsible for contract management between the council and transport providers. A procurement exercise for transport was recently undertaken with 15 providers now on the framework, rather than the previous 10, to ensure competition. These companies have been invited to tender for the different home to school routes and contracts will be put in place for two years. Providers of SEND transport are required to submit monthly invoices for the children that they have transported and it is understood that invoices are checked to the list of children in receipt of SEND transport prior to payment. During audit testing it was noted that invoices received from the various transport providers contain vastly different information about the journeys undertaken and the children that have been transported. Although we were advised that the contracts issued to providers give details of the information that is required to facilitate payment, it may be prudent to issue a pro-forma invoice to the companies in order that they all provide uniform information, which would assist with the checking and monitoring process. Although school attendance lists are not routinely checked for all invoices, random checks will be carried out on attendance lists.</p> <p>As an alternative to transport, parents / carers can instead opt to transport their own child to school and receive a set mileage allowance. Previously, claims for payment would need to be submitted regularly, however the payment method has been changed to align with mainstream pupils so that the amount payable for the child's journey to and from school is now calculated for the whole year and paid at set periods.</p> <p>Following a change in policy, the review process for SEND transport has changed and parents and carers are now required to make an annual application for SEND transport for their child. During May / June 2019 an application form and pre-populated form was sent to approximately 1,200 families who had been in receipt of travel assistance during 2018-19. Parents were asked if there had been any changes to the child's needs and if they were happy with the transport arrangements being provided and were invited to submit a fresh application. A</p>

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					<p>deadline date was given for the return of the reviews and after that deadline a reminder letter was sent to those who had not replied, with every effort made to make contact.</p> <p>Local authorities do not have a statutory duty to provide home to school transport free of charge for learners aged 16 to 19; in Medway, a contribution of £600 is required towards transport costs if the young person is 16 or over, with a dispensation given to low income families in receipt of certain benefits. Audit testing confirmed that invoices are appropriately raised for this contribution.</p> <p>Overall Opinion: Green. Recommendations: None.</p>
32	HRA capital repairs & maintenance work allocation	15	N/A	Not yet started	
33	Allotments - allocations & income collection	15	15	Final report issued	<p>The review considered the following Risk Management Objective: RMO1 - The council monitors the allotment service delivered by Medway Norse as part of the Urban Ranger Service.</p> <p>The review found the allotment service is delivered by Medway Norse with support from Medway Allotment Federation and one of the Council's admin hubs, while the Head of Waste Services is responsible for the budget.</p> <p>The Allotments and greenspaces provision is currently delivered via Medway Norse, however the council still retains the statutory responsibilities and the last strategy expired in 2016. Consequently the service has no strategic direction or objectives.</p> <p>The admin hub are over reliant on one officer, with little resilience if they are absent or admin provision to other services is a priority. Likewise Medway Norse are also over reliant on one officer, who consequently relies on voluntary support from the Medway Allotment Federation to provide inspection and new tenant plot inspection service.</p> <p>Roles and responsibilities are not clearly defined with functions the admin hub would appear to be responsible for being dealt with by Medway Norse e.g. updating rent fees and charges within the Colony system, issuing of credit notes.</p> <p>As a consequence, Medway Norse have autonomy to make decisions regarding allotments, with the decision making controlled by one officer, no trained officers available to support as and when it is required and little oversight or deference to a senior officer in the decision making process.</p>

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					<p>Medway Norse make decisions to issue notices or terminate tenancies on behalf of the Council without always having evidence available to support their decision. The evidence relating to allocations, transfers, credit notes, concessions, removal from waiting lists etc. indicates they may not be made in the way the Council would wish them to be made, so clarity on the decision making process is required. The admin hub are also not managed by the Head of Waste Services and do not have a route to escalate concerns if they disagree with decisions made.</p> <p>The Colony system is the database used for allotments and while it meets the Council's, it is not used to its full potential. The system could be used for full management of tenancies but is only as good as the information users input into it. Each person on the waiting list or with a tenancy should have clear notes attached and updated by users detailing every interaction with them and every action or decision should have a case note as this would make for a more complete picture.</p> <p>There are two processes with Colony that require manual intervention, payment receipt and waiting lists. IT solutions are available to remove the manual interventions but come with cost implications.</p> <p>A range of performance indicators should be agreed and monitored at regular Council/Medway Norse meetings.</p> <p>The role of the Medway Allotment Federation should be considered and ways in which the Council can build a relationship with them or consult with them when changes are made to the allotment process.</p> <p>Overall Opinion: Red. Recommendations: Five high, five medium and one low priority.</p> <p>Recommendations relate to the implementation of a new strategy, new processes and procedures clearly outlining roles and responsibilities, liaison with the Business Change team to review the current IT solution, a review of resources available to deliver the service, introduction and monitoring of KPI's, review of current process to ensure GDPR compliance, a review of fee calculations process within Colony, clarification of the published fees and charges relating to Bloors Lane Church Allotments, clearer information being supplied to tenants in respect of payments, income received being reconciled</p>

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					regularly, and building and maintaining a relationship with the Medway Allotment Federation.
34	Medway Development Company (MDC) - Governance & Accounting	15	N/A	Terms of reference being prepared	
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	0.5	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	5.4	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 below.
-	<i>Planning Applications</i>	<i>15</i>	<i>14.6</i>	<i>Final report issued</i>	<i>Findings already reported to Audit Committee – September 2019 meeting.</i>
-	Childrens Services Imprest Account	20	N/A	Draft report with client for consideration	The review considered the following Risk Management Objective: RMO1 - The use and management of the imprest account is in accordance with the council's guidelines.
Counter Fraud Assurance Work					
43	Adoption & Fostering Allowances/Expenses	15	N/A	Fieldwork complete, In quality control	The review considered 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	Fieldwork complete, In quality control	The review considered the following Risk Management Objectives: RMO1 - Adequate procedures are in place to prevent, detect and deter Carers Parking permits fraud at time of application.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					RMO2 - Arrangements exist to ensure officers prevent, detect and deter fraud entering the system at all stages.
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

Responsive assurance work

Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
No responsive assurance work has been completed in this period.				

Other consultancy services including advice & information

Activity	Opinion, summary of findings & recommendations made
Medway Park	At the request of the service, a consultancy review was undertaken 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.
Security & Information Governance Group	Audit & Counter Fraud have a representative on this corporate working group, which supports the council in its efforts to ensure compliance with GDPR.
Strategic Risk Management Group	Audit & Counter Fraud have a representative on this corporate working group, which supports the council in its efforts to co-ordinate Strategic Risk Management.

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	Resource has been directed to the National Fraud Initiative and Kent Intelligence Network data matching rather than undertaking additional pro-active work..
48	Data matching exercises, including National Fraud Initiative and Kent Intelligence Network	54	31	Underway	<p>Checking of the matches received as part of the 2018-19 NFI exercise continues, although the success rate to date is limited. Data is due to be submitted for the 2019-20 Council Tax to Electoral Roll check in January 2020.</p> <p>Data matching through KIN identified a potentially unrated Business Park. Following visits to the address, 11 units were identified (2 units let together) and this resulted in ten new premises being added to the ratings list with a total value of £293,886.</p>
49	Fraud awareness	10	1	Underway	Fraud awareness sessions within Housing have started to take place with the intention on training the entire department by March 2020.

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	0	1	One case concluded with the cancellation of a badge.	N/A	£750	N/A
NNDR (Business Rates)	1	10	Ten cases concluded with new properties being added to the ratings list from 01 April 2019.	£293,866	N/A	N/A
Council Tax	8	6	Two cases concluded with no evidence of fraud. One resulted in the removal of the council tax reduction award and two further cases resulted in the removal of single person discounts.	£4,362 (£3,647 historic liability and £715 additional liability for future years)	N/A	N/A
Homelessness	1	0	One referral rejected on the basis there was insufficient information to justify investigation.	N/A	N/A	N/A

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable Savings	Non-cashable Savings	Prevented Losses
School Fraud	1	1	One case concluded with the issue of a caution for assisting with the provision of false information.	N/A	N/A	N/A
Tenancy	0	3	Three cases concluded with no evidence of fraud.	N/A	N/A	N/A
Right to Buy	1	0	One referral rejected on the basis there was insufficient information to justify investigation.	N/A	N/A	N/A
Parking Permits	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
No internal investigation work has been completed in this period.	

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	£582,917 (Budgeted Costs) £373,250
A&CF2	Cost per A&CF day	£400	£305
A&CF3	Proportion of staff with relevant professional qualification: Relevant audit qualification Relevant fraud qualification	75%	21% 50%
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	46 days
A&CF6	Compliance with PSIAS	100%	98%
A&CF7	Staff turnover	N/A	-
LA Specific Performance Measurements			
A&CF8	Average cost per assurance review	£5,000	£4,616
A&CF9	Proportion of available resources spent on productive work	90%	86%
A&CF10	Proportion of productive time spent on: Assurance work Consultancy work	65%	68% 3%
A&CF11	Proportion of productive time spent on: Proactive counter fraud work Reactive counter fraud work	35%	16% 13%
A&CF11a	Time spent on SPC associated duties	N/A	38 days

A&CF12	Proportion of agreed assurance assignments: Delivered Underway	95%	50% 13%
A&CF13	Proportion of assignments completed within allocated day budget	90%	71%
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%	14%
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	30 81 21
A&CF17	Proportion of recommended actions implemented by agreed date	N/A	79.4%
A&CF18	Number of referrals received	N/A	28
A&CF19	Number of investigations closed	N/A	34
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	£288,112 £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	
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 Amendments to the annual workplan were agreed at the September meeting of the Audit Committee to address the loss of resources, which at the time was approximately 87 days. Those amendments were the removal of reviews of Grant payments to voluntary organisations (15 days), Adult social care - Assessments & reviews of care packages - Adults with Physical Disabilities (15 days) and Building Repair & Maintenance Fund (10 days); the latter being merged with the asset management audit.
- 7.3 The most recent resource review projects the loss to be approximately 101 days, 66 days for internal audit and 35 days for counter fraud. In addition, the service must respond to the changes in risk faced by the organisation following the results of the recent OFSTED review in Childrens Services. As a consequence, the following changes to the agreed plan are now proposed;
- **Payroll** (15 days) – defer to 2020-21. The payroll service is undergoing significant changes, including a move to a new payroll system, which will likely lead to significant changes in processes. Accordingly, it is felt that the audit would be more productive if it were deferred until next year rather than review processes that will likely change.
 - **General Ledger** (10 days) – defer to 2020-21. Due to system changes and the changes in payroll that have already been mentioned, there is to be significant changes to processes within the service. As with payroll, the audit review will be more effective if it is delayed until 2020-21.
 - **Recharges** (15 days) – defer to 2020-21. This is a low priority piece of assurance work relating to the calculation of internal recharges. Given the loss of resource and extremely low level of risk, this can be delayed until 2020-21 and the time allocated to a higher area of risk.
- 7.4 These changes and those agreed by the Audit Committee in September provide a total reduction of 90 days against the loss of 66. However, to respond to the change in risk, a review of the Children’s Services Imprest Account (20 days) has been added to the plan, leaving a net reduction of 70 days.
- 7.5 In addition, it is proposed the planned review of Looked after Children – Section 20 voluntary accommodation is replaced with a review of Section 17 Payments. Following consultation with the new Deputy Director for Children’s Services, it was felt that this was an area of greater immediate concern where internal audit resource would be better directed.

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
Income collection	<p>Opinion: Needs strengthening</p> <p>Two recommendations agreed: one high and one low priority.</p> <p>Recommendations relate to creating a refunds policy and written procedures.</p>	<p>Two recommendations due, one implemented.</p> <p>One high priority outstanding relating to creating written procedures.</p>
HR Self-Serve	<p>Opinion: Needs Strengthening</p> <p>Three recommendations agreed: one high, one medium and one low priority.</p> <p>Recommendations relate to electronic approval processes, staff delegations and subsequent notifications of roles and responsibilities.</p>	<p>Three recommendations due, two implemented.</p> <p>One high priority outstanding relating to electronic approval processes.</p>
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, seven implemented.</p> <p>Three medium and one low priority outstanding relating to automated reminder letters being issued to debtors, the introduction of written procedures regarding the coding of VAT, a programme of corporate VAT training and the introduction of a standardised invoicing process.</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, five implemented.</p> <p>Two high priority outstanding relating to enhancements to arrangements regarding Gifts & Hospitality.</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
Performance Data Quality	<p>Opinion: Sufficient</p> <p>Three recommendations agreed: one high, one medium and one low priority. 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>Three recommendation due, two implemented. One medium priority outstanding relating to introduction of a corporate Performance Data Quality policy.</p>
Traded Services – Staffing Agency	<p>Opinion: Weak</p> <p>Two recommendations agreed: one high and one medium priority. 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. An audit of Project & Change Management is due to be undertaken in Q4 as part of the 2019-20 Audit & Counter Fraud Plan. This action, which relates to assurance that project management processes are followed, will therefore now be followed-up as part of this audit, which will consider project management arrangements as a whole.</p>
Medway Commercial Group – Governance & Accounting	<p>Opinion: Needs Strengthening</p> <p>Four high priority recommendations agreed. Recommendations relate to improving performance reporting and financial monitoring.</p>	<p>Four recommendations due, three implemented. One high priority outstanding relating to improving performance reporting.</p>
Bereavement Services	<p>Opinion: Amber</p> <p>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</p> <p>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</p>	<p>Sixteen recommendations due, sixteen implemented.</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
	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.	
Residents Parking Permits	<p>Opinion: Red</p> <p>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 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>Thirteen recommendations due, twelve implemented.</p> <p>One high priority outstanding relating to investigations being made in relation to integrating the new online application system.</p>
IT Asset Management	<p>Opinion: Amber</p> <p>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 30 November 2019.</p>
Housing Rents	<p>Opinion: Amber</p> <p>Two medium priority recommendations agreed.</p>	<p>One recommendation due, one implemented.</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>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>	
Corporate Credit Cards	<p>Opinion: Red Eleven recommendations agreed: eight high, two medium and one low priority. 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>	<p>Eleven recommendations due, nine implemented. One high and one medium priority outstanding relating to declarations for authorising officers to confirm purchases were appropriate and associated receipts are held and the introduction of an authorised signatory list for credit card expenditure.</p>
VAT	<p>Opinion: Red Four high priority recommendations agreed. 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, implementation of procedures in relation to bad debt relief and income received against written off debt.</p>	<p>Four recommendations due, two 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.</p>
Insurances	<p>Opinion: Amber Four recommendations agreed: Two medium and two low priority. 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, one implemented. One 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, 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 recommendation due, two implemented.</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>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>	
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>Four recommendations due, three implemented.</p> <p>One medium priority outstanding relating to a review of the Housing Enforcement Policy.</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 30 November 2019.</p>
Risk Management Compliance	<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 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.</p>	<p>Four recommendations due, four implemented.</p>
GDPR	<p>Opinion: Red</p> <p>One high priority recommendation agreed.</p> <p>Recommendation relates to implementing an effective monitoring system once the Council has progressed its GDPR compliance sufficiently.</p>	<p>No recommendations due before 30 November 2019.</p>
Establishment Management	<p>Opinion: Amber</p> <p>Three recommendations agreed: two medium and one low priority.</p> <p>Recommendations relate to ensuring that regular reconciliations take place between HR and Finance records, incomplete HR forms are returned to the relevant manager</p>	<p>Two recommendations due, two implemented.</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
	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.	
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 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.</p>	Eleven recommendations due, eleven implemented.
Joint Health & Wellbeing Strategy	<p>Opinion: Green One medium priority recommendation agreed. Recommendation relates to introducing a process whereby the board are advised of individual strategy outcomes.</p>	One recommendation due, one implemented.
NDR Recovery	<p>Opinion: Green One medium priority recommendation agreed. Recommendation relates to ensuring that notes, including the reason, are applied to an account when an automated reminder or summons has been withdrawn.</p>	One recommendation due, one implemented.
Treasury Management	<p>Opinion: Green One low priority recommendation agreed. Recommendation relates to ensuring there are additional staff trained to cover the Principal Accountant role.</p>	No recommendations due before 30 November 2019.
Allotments	<p>Opinion: Red Eleven recommendations agreed: Five high, five medium and one low priority. Recommendations relate to the implementation of a new strategy, new processes and procedures clearly outlining roles and responsibilities, liaison with the Business Change team to review the current IT solution, a review of resources available to deliver the service, introduction and monitoring of KPI's, review of current process to ensure GDPR compliance, a review of fee calculations process within Colony, clarification of the published fees and charges relating to Bloors Lane Church</p>	One recommendation due, one 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
	Allotments, clearer information being supplied to tenants in respect of payments, income received being reconciled regularly, and building and maintaining a relationship with the Medway Allotment Federation.	
Workforce Development	<p>Opinion: Amber. Five medium priority recommendations agreed. Recommendations relate to processes being consistently followed throughout the council, the retention of evidence for approval, centralisation of conference budgets, a review of conference request forms and ensuring that three quotes are obtained in all possible circumstances.</p>	One recommendation due, one 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 Suport	HR Self Service	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.	High	31 August 2017	The issue of hierarchies will be resolved with the move to hosted. Hosted did take place for November but there have been a few teething problems. As a result I would not expect this change to be in place until January/February 2020.
Business Suport	Income Collection	Create written procedures to ensure relevant staff apply refunds correctly.	High	30 September 2017	This will move to quarter one 2020. The volume is low so the risk is low.
Business Suport	Staff Expenses Reimbursement	Paper claim forms should be updated to show the same declaration as electronic claims to ensure consistency.	Medium	31 July 2018	This will be addressed after the move to hosted. Hosted did take place for November but there have been a few

					teething problems. As a result I would not expect this change to be in place until January/February 2020.
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	I will be working to ensure there is consistency of KPIs and standards. As an interim I have put in place risk management tools, this should capture some of the immediate concern, however as we need to work in collaboration, further work is required in QT 4.
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. This project is due to be completed by the end of December 2019.
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 checks on the coding of VAT for sundry debtor invoices prior to them being issued.	Medium	31 December 2018	E-forms are currently being built and tested so that the correct VAT appears automatically thereby reducing the chance of error, but will slip to first quarter 2020.
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 incorrect, such as in the areas of licensing charges, remedial works and tuition fees as identified in the audit.	Medium	31 December 2018	E-forms are currently being built and tested so that the correct VAT appears automatically thereby reducing the chance of error, but will slip to first quarter 2020.
Business Support	Sundry Debtors	Where possible the process for debtor recovery is automated and specifically the generation of the second two debtors' reminder letters is automated so that they are generated and can be monitored in performance terms against designated SMART debtor day timescales.	Low	31 March 2019	Commercial and non-commercial reminders, a new statement and a process map to introduce 2 initial debt cycles have been designed / are being built within Integra and will link in with R11 when the E-invoice is ready to go live. Target date: January 2020.

Business Support	Sundry Debtors	A standardised invoicing process should be introduced and rolled out to all services.	Medium	31 March 2019	E- debtor form now built. Finance Operations Systems team now building E-invoice (See R6). Target date: January 2020.
Business Support	Staff Expenses Reimbursement	Update SelfServe4You, so that when managers authorise a claim, a question appears asking for confirmation that the claims and supporting evidence have been subject to appropriate validation checks.	Low	31 March 2019	This will be addressed after the move to hosted. Hosted did take place for November but there have been a few teething problems. As a result I would not expect this change to be in place until January/February 2020.
Business Support	Corporate Credit Cards	Cardholders and authorising officers to sign a declaration that receipts for all purchases have been provided, all purchases are for a business purpose and the credit card was the most appropriate means to make the purchase.	High	31 March 2019	This went live November 2019.* <i>*Awaiting evidence to verify recommendation has been implemented.</i>
RCET	Ethics	Directorates should adopt a consistent approach to how they record Gifts and Hospitality and consider whether the information held complies with data retention policies. It is suggested that consideration be given to adapting the register to include a column for officers to state whose approval was sought before accepting gifts or hospitality. Direction should be given to ensure officers know how to report offers of gifts and hospitality.	High	30 April 2019	The current process of recording gifts and hospitality will be reviewed. This project is due to be completed by the end of December 2019.
Business Support	VAT	VAT training should be provided to all staff dealing with purchase proformas and invoices.	High	30 April 2019	This is currently being tested for the first draft with a programme to role out to commence quarter One 2020.
Business Support	VAT	Training should be provided to ensure all officers dealing with refunds and credit notes are fully aware of how VAT should be dealt with.	High	30 April 2019	This has slipped as a result of the the item above but will be picked up as part of the roll out of the eForms in quarter one.

RCET	Residents Parking Permits	Investigations to be made with ICT services in relation to linking the Jadu and Taranto systems to transfer information.	High	31 May 2019	No update received.
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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>