

Audit & Counter Fraud Update

Medway Council

For the period:

1 December 2019 – 31 January 2020

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 two months covered in this reporting period have been productive with the following audit reviews finalised:

- Fairview Community Primary School – Opinion: **Red**
- Swingate Primary School – Opinion: **Amber**
- Trading Standards Enforcement – Opinion: **Amber**
- Whistleblowing – Opinion: **Amber**
- Childrens & Adults Imprest Account – Opinion: **Red**

In addition, three reviews currently have draft reports with clients for consideration, seven reviews are going through the quality control process, and five reviews are currently underway. As a consequence of this work, plan delivery as at 31 January 2020 was 67% complete, with a further 14% 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 January 2020 stood at 78.5%, with 95 of 121 recommendations due in the period having been implemented. The 26 that remain outstanding 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 £4,663 in the form of additional council tax and business rate liabilities, both historic and future, and notional savings totalling £18,750 from the recovery of a council property (£18,000) and a blue badge (£750).
- 2.4 Actions to address a projected loss of 101 days from the projected 1249 days available at the start of the year have been approved at previous committee meetings. Section 7 contains details of a change to the 2019-20 Audit & Counter Fraud Plan that was agreed by the Chief Finance Officer, following consultation with the Chair of the Audit Committee, due to the need for approval in advance of the next committee meeting. This was to defer the review of Parking Enforcement – Civil Enforcement to quarter one of 2020-21 and replace it with a review of Tree Preservation Orders that was identified for the 2020-21 workplan.
- 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 61% for audit and 39% for counter fraud. 87% 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 December 2019 to 31 January 2020 amounted to 213 days and 187 days (88%) were spent on productive audit and counter fraud work. Of this productive time, 113 days (60%) was spent on audit assurance and consultancy work, while 74 (40%) 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	Fieldwork complete, In quality control	The review considered the following Risk Management Objective: RMO1 - There are arrangements in place to effectively manage staff performance.
2	Project & change management	20	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Appropriate arrangements have been put into place to ensure the delivery of the council's business change objectives.
3	<i>General ledger</i>	<i>10</i>	<i>N/A</i>	<i>Deferred to 2020-21</i>	<i>Deferral agreed by Audit Committee – January 2020 meeting</i>
4	<i>Treasury management</i>	<i>15</i>	<i>13.7</i>	<i>Final report issued</i>	<i>Findings already reported to Audit Committee – January 2020 meeting.</i>
5	<i>Housing Benefit Overpayments</i>	<i>15</i>	<i>12.6</i>	<i>Final report issued</i>	<i>Findings already reported to Audit Committee – January 2020 meeting.</i>
6	<i>NNDR Recovery</i>	<i>15</i>	<i>14.9</i>	<i>Final report issued</i>	<i>Findings already reported to Audit Committee – January 2020 meeting.</i>
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>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
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	7.7	Final report issued	<p>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.</p> <p>The review found the Governing Body in a position of needing to ensure ongoing support to their pupils while going through significant leadership changes. Decisions were made with the best interests of the children at heart with due consideration of their financial affordability. In doing so the Governing Body entered into a contract for a Senior Leadership Team without going through a procurement process. This arrangement put the school in a position of being unable to comply with the Medway Council Finance Manual for Schools which require Council employees to be authorised signatories for school finances. Due to the non-compliance with Medway Council procurement rules and the Medway Council Finance Manual for Schools, further testing of the schools financial controls were not conducted. Opinion: Red.</p> <p>Overall Opinion: Red. Recommendations: Three high priority. Recommendations relate to the nomination of an LA representative for the Governing Body, the Governing Body updating declarations of interest, and the Governing Body working with the council to their leadership structure is in line with governance requirements.</p>
	Swingate Primary School	15	12.2	Final report issued	<p>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.</p> <p>No probity issues were identified from the review.</p> <p>The composition of the Governing Body meets those required by legislation however, the minutes of the GB meetings need to contain more detailed information regarding the financial decisions made.</p> <p>There are appropriate arrangements in place to check payroll payments.</p> <p>The petty cash and school cheques are not stored in accordance with the finance policy and the PIN for the Head Teachers credit card has been shared with another member of staff.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					The asset register identifies certain assets not held in classrooms but is not checked independently and there is no designated lower limit for recording assets deemed as valuable. Opinion: Amber. Overall Opinion: Amber. Recommendations: One high, five medium and one low priority. Recommendations relate to reviewing the finance policy, security of cash, cheques and credit card and recording of Governing Body decisions.
	Park Wood Schools Federation	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.
	St Marys Catholic 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.
Corporate risks assurance work					
10	Transparency	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - The council is adequately meeting its transparency requirements.
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>Deferred to 2020-21</i>	<i>Deferral agreed by Audit Committee – September 2019 meeting.</i>
13	<i>Joint Health & Wellbeing Strategy</i>	<i>15</i>	<i>9.7</i>	<i>Final report issued</i>	<i>Findings already reported to Audit Committee – January 2020 meeting.</i>
14	Public Health - Remote Workers	10	N/A	Not yet started - Q4	
15	Childrens Services – Section 17 payments (previously Looked After Children – Section 20 voluntary accommodation)	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RMO1 – There are arrangements in place to ensure prompt and accurate assessment of Section 17 claims. RMO2 – There are arrangements to control expenditure.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
16	Payroll	15	N/A	Deferred to 2020-21	Deferral agreed by Audit Committee – January 2020 meeting
17	Temporary Accommodation - Rent Collection and Arrears	15	N/A	Terms of reference being prepared	
18	Advocacy	15	N/A	Terms of reference being prepared	
19	Community hubs - income collection	20	N/A	Fieldwork complete, In quality control	The review considered 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	Findings already reported to Audit Committee – January 2020 meeting.
21	Allocations - Managed Moves	15	7.8	Final report issued	Findings already reported to Audit Committee – September 2019 meeting.
22	Trading standards - Enforcement	15	24.6	Final report issued	The review considered the following Risk Management Objectives: RMO1 - Adequate provisions are in place to ensure effective delivery of Trading Standards Enforcement. The review found that the team use social media to promote their work, and are looking to become more active in this area. They are proactive in promoting compliance with Challenge 25 and with educating business owners, promoting the Better Business for All initiative. The team is required to consider an industry Standard Regulator's Code and largely can evidence compliance with this. The one area in need of improvement is making information, standards and guidance available to the public and those they regulate. The team is proactive in seeking new vendors of restricted goods and in engaging with businesses to ensure compliance through education. Opinion: Amber. RMO2 - Procedures are in place to ensure goods seized during an operation/ investigation are handled appropriately. The review found that the procedure manual needed to be revised and this was done during the review, with its release being delayed to ensure that anything identified as part of the review could be included. It was identified that petty cash receipts are not always secured, but this can be due to the nature of the seller – market traders rarely, if ever, provide receipts and to ask one would make the trader aware that they were under scrutiny. Goods seized are checked but the frequency could not be established. It was noted that no goods have gone

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					<p>missing and the team has sole access to their secure storage area. Opinion: Amber.</p> <p>RMO3 - Procedures are in place for the appropriate disposal of goods no longer required for evidential purposes.</p> <p>The review found goods seized are held in restricted access secured store room at Gun Wharf and retained until the need to hold them has passed. Any monies seized that are not claimed after six years are donated to the Mayor's charity. Where goods have been seized or voluntarily surrendered, they are destroyed and the team are open to try new methods to find the most efficient, cost effective and ecologically sound way to destroy these goods. Where the goods seized have educational worth for Public Health (vaping and so called legal highs), items re retained for this purpose. Opinion: Green.</p> <p>Overall Opinion: Opinion: Amber. Recommendations: Two medium and two low priority.</p> <p>Recommendations relate to steps to be put into place to ensure transparency by making information publicly available, to ensure full and thorough records are made for each inspection of a business, an annual spot check of the goods held in the secure store and improving records for test purchases.</p>
23	Innovation Centre Medway	15	N/A	Terms of reference being prepared	
24	Whistleblowing	15	14.5	Final report issued	<p>The review considered the following Risk Management Objectives:</p> <p>RMO1 - Whistleblowing policies and procedures are place.</p> <p>The review found that there is a fairly comprehensive whistleblowing policy in place, published on the council's intranet and website, that is not dissimilar to the policies of other councils reviewed as part of the audit. The policy includes links to the contact details for whistleblowing officers, as well as other useful contact details, although these require reviewing. There is however no specific information for managers on how to process concerns raised to them. The policy outlines the procedures and lines of reporting for staff wishing to raise a concern, however review of other councils' whistleblowing processes found that some use an online form for reporting concerns and a flowchart to outline the process. It is not clear from the information within the policy, who the overall responsible officer is and if there is a review date for the policy.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>Whistleblowing is included in the council’s Constitution and the employee Code of Conduct makes reference to the policy. The corporate induction programme includes review of the Code of Conduct and mandatory whistleblowing e-learning, however only seven percent of new starters since January 2018 have undertaken the e-learning. Whistleblowing posters were previously displayed in council offices, but due to out-of-date contact information these have been removed. The whistleblowing policy outlines roles and responsibilities and whistleblowing officers who were in post circa 2016 received training. Two officers stated that they have not received training from the council, although one has requested this. As the policy states that a concern would normally be raised initially with a Line Manager or Supervisor, should that person not have received any training then they may not be aware of how to handle the concern, which could prejudice a potential investigation. Opinion: Amber.</p> <p>RMO2 - Whistleblowing cases are managed effectively.</p> <p>The 2016 whistleblowing training slides state that a Whistleblowing Concern and Monitoring Form must be completed by whistleblowing officers in all situations, even if another route is taken e.g. grievance. The review found however that none of the whistleblowing officers are aware of this form. There is no central system for recording whistleblowing cases and whistleblowing officers have said that they would save this information securely; generally where only they can access it. It is not known where line managers/supervisors would record this information.</p> <p>Historically the number of whistleblowing cases at the council is low (three for 2017-18, one for 2016-17 and four for 2015-16); this is comparable to another council who has published their figures. As most of the whistleblowing officers have not been involved in handling cases, it was not possible for substantive testing to be undertaken on how the processes for acknowledging, investigating and providing feedback are performed. The two cases reviewed however were handled appropriately.</p> <p>The Chief Legal Officer prepares an annual report with input from the whistleblowing officers. This report goes to Audit Committee and the Employment Matters Committee. However, this does not include cases handled by line managers/supervisors that are not reported to the whistleblowing</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					officers, and so could breach the Public Interest Disclosure Act (PIDA). Opinion: Amber. Overall Opinion: Amber. Recommendations: Two high and five medium priority. Recommendations relate to reviewing the whistleblowing policy, including contact details and information for managers, training of whistleblowing officers, managers and staff, investigating the introduction of an online reporting form and ensuring there are systems in place for recording and reporting all concerns.
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	<i>Recharges</i>	<i>15</i>	<i>N/A</i>	<i>Deferred to 2020-21</i>	<i>Deferral agreed by Audit Committee – January 2020 meeting</i>
27	Parking Enforcement - Civil Enforcement	N/A	N/A	Review changed	As highlighted at paragraph 7.3 of this report, as the division are now undertaking a large scale restructure, this review could not go ahead in the current year. The Chief Finance Officer, following consultation with the Chair of the Audit Committee, agreed to defer this item to the 2020-21 workplan and instead bring forward an item identified for that plan into the current year; the Tree Preservation Orders review which was proposed for quarter one of 2020-21.
	Tree Presevation Orders	15	N/A	Terms of Reference being prepared	
28	SEND education - Education, Health & Care Plan reviews	15	N/A	Fieldwork complete, In quality control	The review considered 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	Terms of Reference being prepared	
30	ICT - frontline support	15	N/A	Fieldwork complete, In quality control	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to request and manage ICT frontline support via the Top Desk service.
31	<i>Special Educational Needs & Disabilities Transport</i>	<i>15</i>	<i>15.7</i>	<i>Final report issued</i>	<i>Findings already reported to Audit Committee – January 2020 meeting.</i>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
32	HRA capital repairs & maintenance work allocation	15	N/A	Terms of Reference being prepared	
33	Allotments - allocations & income collection	15	15	Final report issued	Findings already reported to Audit Committee – January 2020 meeting.
34	Medway Development Company (MDC) - Governance & Accounting	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: RMO1 - Medway Council have governance arrangements in place to monitor delivery of Medway Development Company's objectives.
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.
-	Planning Applications	15	14.6	Final report issued	Findings already reported to Audit Committee – September 2019 meeting.
-	Childrens & Adults Imprest Account	20	16.2	Final report issued	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. The imprest account is managed by the Business Admin team at Broadside, where a number of long serving experienced employees are responsible for processing transactions. While local guidance for the processing of transactions is available there are seemingly gaps in what is documented meaning that there may not be a comprehensive guide in the event of staff changes.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>All requests for cash advances, reimbursements or cheques should be accompanied by a claim form that has been authorised by a manager. Testing on a sample of 25 claims identified that only 22 had been appropriately authorised. It was noted that while all 22 had been authorised by officers listed on the central finance register, the admin team do not have access to these records and work on an assumption that officers in certain roles are authorised to sign the claim forms.</p> <p>The imprest account has a set limit of £22,000 and the Business Admin Manager is responsible for completing the reconciliation process each month before passing the schedule to finance for the account to be reimbursed from the council's main bank account. At the time of the review the account balance was £96,683.05DR. It was found that six months' worth of schedules had not been processed. Issues relating to the most recent three months transactions were resolved and processed during the course of the review with the remaining three months to be dealt with during November to bring the account fully up to date. Cash and cheques are stored in a safe at the Broadside office and improvements to cash handling processes have been identified.</p> <p>During the financial year 2018-19, 2,864 transactions were processed through the imprest account, totalling £312,953.06.</p> <p>Records of all payments are maintained and those that are directly client related have a Frameworki reference recorded. Analysis of the transactions identified that £282,778.77 could be linked to client related expenditure. No set policy or guidance is available to specify what the council has a statutory duty provide and what discretionary costs it is also willing to meet. As a consequence, there is no clear guide for staff or managers to determine what it is appropriate to fund and becomes a judgement on the part of the individual. Testing identified that in some case there was no record of specific approval on Frameworki, claims did not have supporting receipts and those that did have receipts did not appear to have been scrutinised by managers before approval.</p> <p>Internal Audit cannot provide assurance on whether the spend on clients was appropriate but did identify during the course of the review that some of the expenditure processed through the imprest account could have been paid via an alternative means rather than cash/cheque. A number of recommendations have been made to reflect these alternative options.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>For the purpose of the review, the remaining £30,174.29 was classified as non-client expenditure. The testing identified that a number of the transactions related to expenditure that could have been dealt with via alternative approved procedures, reimbursement for spend that was outside of council policy and also that VAT is not being reclaimed on any transactions.</p> <p>The Business Admin Team advised that they have challenged claims in the past but as they are authorised by managers, there is little they can do and are required to process the payments. Opinion: Red.</p> <p>Overall Opinion: Red. Recommendations: Eight high, four medium and one low priority.</p> <p>Recommendations relate to a review of procedure notes for the Business Admin team to ensure they are up to date and comprehensive, access to the central register of authorised signatories, a regular check of the account balance to ensure monthly schedules are processed, improvements to cash handling procedures, the creation/update of council policies to reflect the councils' position on the costs it is prepared to meet, detailed criteria for the use of the imprest account in relation to client spend, payments of planned financial support being processed through Frameworki, payment for medical reports being processed via webreq, the use of pre-payment cards for service users in place of cash payments, ceasing the un-necessary use of the imprest account for non-client spend, recording VAT and ensuring it is reclaimed where appropriate, all claims for reimbursement being accompanied by receipts before approval, and an escalation process being put in place for the Admin team to challenge potential inappropriate spend.</p>
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	Draft report with client for consideration	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. RMO2 - Arrangements exist to ensure officers prevent, detect and deter fraud entering the system at all stages.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
45	Recording of working hours	15	N/A	Draft report with client for consideration	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
Payroll	At the request of the service, a consultancy review was undertaken 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	54	N/A	Underway	Data for the 2019-20 Council Tax to Electoral Roll exercise has been submitted and approximately 2496 matches have now been received for checking.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
	National Fraud Initiative and Kent Intelligence Network				A data protection impact assessment has been submitted to the Information Governance Team for Medway to be the pilot authority in a tenancy fraud data matching exercise through the KIN.
49	Fraud awareness	10	1.1	Underway	A fraud awareness session has taken place with the Revenues team.

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	0	One referral rejected on the basis there was no case to investigate.	N/A	N/A	N/A
Council Tax	6	7	Three cases concluded with no evidence of fraud. Four resulted in the removal of the single person discounts.	£3,363 (£2,290 historic liability and £1,073 additional liability for future years)	N/A	N/A
Homelessness	1	1	One referral rejected on the basis there was insufficient information to justify investigation. One case was concluded with no evidence of fraud.	N/A	N/A	N/A
Housing	1	1	One referral rejected on the basis there was insufficient information to justify investigation. One case was concluded with no evidence of fraud.			
Tenancy	0	2	One case concluded with no evidence of fraud. One case resulted in the recovery of the council property.	N/A	£18,000	N/A
School Fraud	0	1	One case concluded with the removal of the offer for a school place.	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
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
Abuse of Position	An employee was dismissed following a disciplinary investigation and hearing, however further details cannot be provided at this time as it is subject to an appeal. The case did however also result in an additional NNDR liability of £1,300.

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	£310
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	11 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	£4,778
A&CF9	Proportion of available resources spent on productive work	90%	87%
A&CF10	Proportion of productive time spent on: Assurance work Consultancy work	65%	60% 1%
A&CF11	Proportion of productive time spent on: Proactive counter fraud work Reactive counter fraud work	35%	11% 28%

A&CF11a	Time spent on SPC associated duties	N/A	19 days
A&CF12	Proportion of agreed assurance assignments: Delivered Underway	95%	67% 14%
A&CF13	Proportion of assignments completed within allocated day budget	90%	80%
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	54 95 26
A&CF17	Proportion of recommended actions implemented by agreed date	N/A	78.5%
A&CF18	Number of referrals received	N/A	32
A&CF19	Number of investigations closed	N/A	14
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	£4,663 £18,750 £0
A&CF21	Customer satisfaction with individual review/assignment	95%	No survey responses received during the reporting period.
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	Views being sought from the Chair in preparation for the HIACF annual appraisal.
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 both the September 2019 and January 2020 meetings of the Audit Committee to address the loss of resources, which as of 31 December was approximately 101 days. Those amendments were the removal of reviews of Grant payments to voluntary organisations (15 days) and Building Repair & Maintenance Fund (10 days); the latter being merged with the asset management audit. Agreement was also received for the reviews of Adult social care - Assessments & reviews of care packages - Adults with Physical Disabilities (15 days), payroll (15 days), General Ledger (10 days) and recharges (15 days), to be deferred to 2020-21.
- 7.3 The 2019-20 workplan contained a review of Parking Enforcement – Civil Enforcement that was scheduled for quarter four; however, as the division are now undertaking a large scale restructure, the review could not go ahead in the current year. The Chief Finance Officer, following consultation with the Chair of the Audit Committee, agreed to defer this item to the 2020-21 workplan and instead bring forward an item identified for that plan into the current year; the Tree Preservation Orders review which was proposed for quarter one of 2020-21. This meant that both reviews would still go ahead to provide the necessary assurance and would not lead to further reduction in the number of audits to be completed as part of the 2019-20 plan.

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>
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>Nine recommendations due, eight implemented. One medium priority outstanding relating to installing an online booking system for cremations.</p>
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</p>	<p>Thirteen recommendations due, thirteen 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>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>	
IT Asset Management	<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>	No recommendations due before 31 January 2020.
Housing Rents	<p>Opinion: Amber Two medium priority recommendations agreed. 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 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>	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.
VAT	<p>Opinion: Red Four high priority recommendations agreed.</p>	Four recommendations due, two 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
	<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, implementation of procedures in relation to bad debt relief and income received against written off debt.</p>	<p>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</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, one implemented.</p> <p>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>
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>
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>One recommendation due, none implemented.</p> <p>One high priority outstanding relating to implementing an effective monitoring system once the Council has progressed its GDPR compliance sufficiently.</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 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>	<p>Three recommendations due, two implemented.</p> <p>One medium priority outstanding relating to regular reconciliations taking place between HR and Finance records.</p>
Treasury Management	<p>Opinion: Green</p> <p>One low priority recommendation agreed.</p>	<p>No recommendations due before 31 January 2020.</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
	Recommendation relates to ensuring there are additional staff trained to cover the Principal Accountant role.	
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 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.</p>	Five recommendations due, four implemented. One high priority outstanding relating to new processes and procedures clearly outlining roles and responsibilities.
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>	Four recommendations due, three implemented. One medium priority outstanding relating to processes being consistently followed throughout the council.
Swingate Primary School	<p>Opinion: Amber Seven recommendations agreed: one high, five medium and one low priority. Recommendations relate to reviewing the finance policy, security of cash, cheques and credit card and recording of Governing Body decisions.</p>	Six recommendations due, six implemented.
Trading Standards Enforcement	<p>Opinion: Amber Four recommendations agreed: two medium and two low priority. Recommendations relate to steps to be put into place to ensure transparency by making information publicly available, to ensure full and thorough records are made for each inspection of a business, an annual spot check of the goods held in the secure store and improving records for test purchases.</p>	Two recommendations due, one implemented. One low priority outstanding relating to improving records for test purchases.
Fairview Community Primary School	<p>Opinion: Red Three high priority recommendations agreed. Recommendations relate to the nomination of an LA representative for the Governing Body, the Governing Body updating declarations of interest, and the</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
	Governing Body working with the council to their leadership structure is in line with governance requirements.	
Whistleblowing	<p>Opinion: Amber Seven recommendations agreed: two high and five medium priority. Recommendations relate to reviewing the whistleblowing policy, including contact details and information for managers, training of whistleblowing officers, managers and staff, investigating the introduction of an online reporting form and ensuring there are systems in place for recording and reporting all concerns.</p>	No recommendations due before 31 January 2020.
Childrens & Adults Imprest Account	<p>Opinion: Red Thirteen recommendations agreed: Eight high, four medium and one low priority. Recommendations relate to a review of procedure notes for the Business Admin team to ensure they are up to date and comprehensive, access to the central register of authorised signatories, a regular check of the account balance to ensure monthly schedules are processed, improvements to cash handling procedures, the creation/update of council policies to reflect the councils' position on the costs it is prepared to meet, detailed criteria for the use of the imprest account in relation to client spend, payments of planned financial support being processed through Frameworki, payment for medical reports being processed via webreq, the use of pre-payment cards for service users in place of cash payments, ceasing the unnecessary use of the imprest account for non-client spend, recording VAT and ensuring it is reclaimed where appropriate, all claims for reimbursement being accompanied by receipts before approval, and an escalation process being put in place for the Admin team to challenge potential inappropriate spend.</p>	No recommendations due before 31 January 2020.

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	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	High	31 August 2017	A new hierarchy will be built for the whole authority. This is the mechanism that will control the delegation of Top Desk Forms and as part of this work Directors will be asked to confirm the

		<p>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>			<p>posts that can sign off various issues and what these individuals can delegate down to. This view will then be the control for authorisation going forward</p> <p>The second part will be that this view will also be used to control who can authorise and delegate in the new Dashboard which is replacing Self Serve as from 01 April 2020.</p> <p>As this is part of the move to a hosted service, which commenced after the recommendation was agreed, approval for a new implementation date of 30 June 2020 is requested.</p>
Business Support	Income Collection	Create written procedures to ensure relevant staff apply refunds correctly.	High	30 September 2017	<p>Implementation of this recommendation was superseded by a change in system, which is currently in the migration process, as the procedures will change.</p> <p>Accordingly the new procedures will be written in line with the new process and approval for a new implementation date of 30 June 2020 is requested.</p>
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	No update received from service.
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	No update received from service.
Business Support	Sundry Debtors	Written procedures regarding the coding of VAT should be put in place and issued to	Medium	31 December 2018	eForms are currently being tested as part of a move to electronic processing,

		departments/services. Those procedures should provide for adequate internal checks on the coding of VAT for sundry debtor invoices prior to them being issued.			meaning a change to procedures. As a consequence, the written procedures will be put in place after this change in process and approval for a new implementation date of 30 June 2020 is requested.
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	As per above, the training will be rolled out as part of the new electronic process implementation. Accordingly approval is sought for a new implementation date of 30 June 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	Implementation has been delayed due to other significant projects being managed by the Finance Systems Team. However, Commercial and non-commercial reminders, a new statement and a process map to introduce two initial debt cycles have been designed and built within Integra and are currently being tested. Approval for a new implementation date of 30 June 2020 is requested in order to allow time for the implementation to be finalised.
Business Support	Sundry Debtors	A standardised invoicing process should be introduced and rolled out to all services.	Medium	31 March 2019	As per above, a new E-debtor form and E-invoice have been built and are in the testing phase. Approval for a new implementation date of 30 June 2020 is requested in order to allow time for the implementation to be finalised.
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	Low	31 March 2019	This recommendation is being picked up as part of the move to a hosted system and full roll out has been delayed by some teething issues

		evidence have been subject to appropriate validation checks.			identified. Use of a new dashboard has been piloted in Finance since 01 February 2020 but full roll out is yet to happen. Approval for a new implementation date of 30 June 2020 is requested to allow full roll out of the new dashboard across the whole council.
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	No update received from service.
Business Support	VAT	VAT training should be provided to all staff dealing with purchase proformas and invoices.	High	30 April 2019	A first draft is currently being tested with a programme to roll out to commence quarter one of 2020-21. Approval for a new implementation date of 30 June 2020 is requested.
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 recommendation is due to be addressed as part of the roll out of e-forms, which is due to take place in quarter one of 2020-21. Approval for a new implementation date of 30 June 2020 is requested.
Business Support	Insurances	Procedures and responsibilities for determining what insurance cover is required, including operation of the insurance fund, should be formally documented.	Medium	30 June 2019	The insurance renewal process is underway and as part of this process the brokers will be providing comments for the document to be presented to the council. The renewal should be completed by 01 April, so

					approval is sought for a new implementation date of 30 April 2020 , to allow for this to happen.
Business Support	Insurances	The Insurances page on the intranet should be updated to reflect the council's current insurance cover and procedures.	Low	30 June 2019	Implementation of this recommendation was delayed by the change of the claims handling system. A review of the information on the intranet, including management reports will be undertaken during quarter one of 2020-21. Approval is sought for a new implementation date of 30 June 2020 .
Business Support	Insurances	The council's policy in regard to retention of claims should be formalised.	Low	30 June 2019	This recommendation is being addressed as part of the review of insurance services mentioned previously. As such, approval is sought for a new implementation date of 30 June 2020 .

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>