Appendix 1

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

Audit & Counter Fraud Annual Report 2019-20

Medway Council

1. Introduction

The Audit & Counter Fraud Shared Service was established on 1 March 2016 to provide internal audit assurance and consultancy, proactive counter fraud and reactive investigation services to Medway Council & Gravesham Borough Council.

The Chartered Institute of Internal Auditors (CIIA) defines internal auditing as: an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Audit & Counter Fraud Shared Service combines this role with working alongside the councils to manage their fraud risk, including work to prevent, detect and investigate fraudulent activity committed against the councils. The team also acts as the Single Point of Contact between both authorities and the Department for Work & Pensions Fraud & Error Service for their investigation of Benefits Fraud.

In accordance with the Public Sector Internal Audit Standards (the Standards), the Head of Audit & Counter Fraud provides Members with Update reports detailing the work and findings of the team. The Standards also require that the Chief Audit Executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

2. Opinion of the Chief Audit Executive

The Accounts & Audit Regulations 2015 require local authorities to ensure that they have: *a sound system of internal control which— (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk.* The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The Audit & Counter Fraud Team has carried out all internal audit work in line with the Public Sector Internal Audit Standards and in accordance with our Quality Assurance & Improvement Programme.

In my capacity as Chief Audit Executive, with responsibility for the provision of internal audit services to the council, I am required to provide the organisation, and the Chief Executive, with a statement as to my opinion of the adequacy and effectiveness of the organisation's risk management, control and governance processes. This opinion is intended to support the council's annual governance statement.

In assessing the level of assurance to be given, the following have been taken into account;

- The results of all work carried out by the Audit & Counter Fraud Shared Service for Medway from the preparation of the Annual Internal Audit Report 2018-19 in June 2019 to the 30 June 2020,
- follow-up of recommendations linked to audits from previous periods,
- Significant recommendations not accepted by management or acted upon and the consequent risks,
- The effects of any significant changes in the organisation's objectives or systems, including,
    - The effects of changes to the control environment resulting from emergency decisions taken in response to the Covid 19 Pandemic,
- Matters arising from previous reports to the organisation, and
- The results of work performed by other assurance providers.

While suspension of internal audit activity during emergency response has had some impact on the volume of planned assurance work being completed, I am satisfied that the;

- approach to extend the period of completion for assurance reviews overrunning from 2019-20,
- monitoring of changes to the control environment as emergency decisions were made, with responsive assurance applied as necessary, and
- assurance related activities undertaken by redeployed staff in new areas of risk, such as business support grants,

means that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's risk management, system of internal control and governance processes.

While it has been identified that the authority has mainly established adequate internal controls within the areas subject to review between 01 April 2019 and 30 June 2020, there are areas where compliance with existing controls should be enhanced or strengthened or where additional controls should be introduced to reduce the risk of loss to the authority. Where such findings have been made, recommendations have been made to management to improve the controls within the systems and processes they operate. Management have accepted responsibility for the implementation of these recommendations and follow up arrangements are in place to ensure that appropriate action is taken. The results of all work completed will be reported to the Finance & Audit Committee in accordance with the Audit & Counter Fraud Charter.

It is therefore my opinion that Medway Council's framework of governance, risk management and system of internal control is adequate and effective, and contributes to the proper, economic, efficient and effective use of resources in achieving the council's objectives.

3. Independence

The Audit & Counter Fraud Charter was approved by Medway's Audit Committee in March 2020 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.

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. The most recent of these reviews was undertaken by Tonbridge & Malling Borough Council in 2018-19.

4. Resources

The Audit & Counter Fraud Shared Service Team reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. At the start of the year, the team had an establishment of 14 officers (13FTE), made up of the Head of Audit & Counter Fraud, three Audit & Counter Fraud Team Leaders, eight Audit & Counter Fraud Officers (7FTE), one Audit & Counter Fraud Intelligence Analyst and one Audit & Counter Fraud Assistant.

The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 64% for Medway with the remaining 36% for Gravesham. At the time the Audit & Counter Fraud Plans for 2019-20 were prepared, this establishment 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.). This forecast took into account the resource available with the vacant Audit & Counter Fraud Officer post being filled with effect from 01 June 2019. The Audit & Counter Fraud Plan for Medway was prepared with a resource budget of 1,249 days.

The vacant Audit & Counter Fraud Officer post was filled from 01 June 2019 following a recruitment process but left a further vacancy for an Audit & Counter Fraud Intelligence Analyst as the successful candidate was from within the service. Following a successful recruitment process, this vacancy was filled with effect from 01 September 2019. An Audit & Counter Fraud Officer (0.36FTE) also retired in September 2019, which was unknown at the time of the initial forecast.

In March 2020, the council moved to the 'response' phase of its emergency planning due to the Covid 19 pandemic. The Audit & Counter Fraud service was identified as non-critical and ceased all business as usual activity with available resource being directed to other more critical areas of the council. This situation resulted in a number of changes, such as a number of staff not using annual leave entitlement and the cancellation of planned team meetings. This list is not exhaustive but the overall result was an increase in the resource available in comparison to projections reported earlier in the year.

As of 31 March 2020, the net staff days available for Medway for 2019-20 amounted to 1,216 days and 1046 days (86%) were spent on productive audit and counter fraud work. Of this productive time, 68% was spent on audit assurance and consultancy work, while 32% was spent on pro-active counter fraud and investigations work. The current status and results of all work carried out are detailed at section five of this report.

Learning and development needs and objectives were agreed through the Performance Development Review (appraisal) process, and delivered through a mixture of formal qualification training, formal skills training, job-shadowing/mentoring and 'on the job' training. Away day team meetings have taken place every other month, and all team members have had regular one to one meetings with their line manager to monitor progress with work-plans and to continue to identify and support staff to become proficient in all aspects of the team's work.

5. Results of planned Audit & Counter Fraud work

The Audit & Counter Fraud Plan 2019-20 for Medway was approved by the Audit Committee in March 2019. The Plan was intended to provide a clear picture of how the council would use the Audit & Counter Fraud resources, reflecting all work planned for 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.

Arrangements to monitor 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.

During the course of the year the plan was amended to take into account changes in resource levels, operational risk levels and objectives of the organisation. Members agreed revisions to the original plan for 2019-20, which are summarised below;

- Planning Applications - Originally scheduled for 2018-19 but deferred at the request of the service after the 2019-20 plan had been approved. This addition was noted in the 2018-19 annual report.
- General Ledger – Review deferred to 2020-21.
- Building Repair & Maintenance Fund – Merged with the review of Asset Management.
- Grant Payments to Voluntary Organisations – removed from the plan.
- Adult social care - Assessments & reviews of care packages - Adults with Physical Disabilities – Looked After Children – Commissioning of Placements – Area of focus initially changed to section 20 Voluntary Accommodation but this was changed again to Section 17 Children in Need.

- Payroll – Review deferred to 2020-21.
- Recharges – Review deferred to 2020-21.
- Parking Enforcement – Civil Enforcement – Review moved to 2020-21.
- Tree Preservation Orders - Review scheduled for 2020-21 but brought forward to 2019-20 in place of Parking Enforcement.
- Childrens Services Imprest Account – Review added to plan mid-year.

The tables below provide details of the work from 2018-19 that was finalised in 2019-20, the progress of work undertaken as part of the 2019-20 annual plan and the results of investigative work completed.

Due to the cessation of 'business as usual in early March 2020, a number of reviews were incomplete as of 31 March. As part of the recovery phase, the decision was taken on 23 April to recommence work on outstanding reviews from 2019-20 to ensure good coverage across the control environment of the council and limit the impact caused by the cessation of activity during the emergency response. Clients for all reviews where fieldwork was 75% or more complete were contacted and works recommenced. All reviews that fell into this category had fieldwork completed and were therefore considered delivered, although finalisation of reports may remain outstanding in some cases. The progress outlined in the table below for all reviews that are yet to be finalised is the position as at 30 June 2020

2018-19 Internal Audit Assurance work finalised in 2019-20 (items in italics have been detailed in previous update reports)

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
16	*Adult social care - Assessments & reviews of care packages*	*15*	*17.8*	*Final Report Issued* *Findings reported September 2019*	*The review considered the following Risk Management Objective:* ***RMO1 - Effective arrangements are in place for care plans assessments and reviews.*** *The review identified that there is adequate information made available to the public in relation to how access Adult Social Care.* *The Care Act 2014 sets out the assessment arrangements for care plans that are followed by the Council; government guidelines state assessments should take place within 28 days or within a reasonable time depending on the complexity of the clients' needs. Testing conducted was unable to confirm whether these timescales are met.* *The '3 Conversation Model' has been adopted by Medway Council and supports frontline staff to have conversations with people to understand their needs and to enable them to be independent and safe.* *Records are held of all care plans in place and are maintained in a secure manner on the Frameworki system. Each client has a unique reference number, which all applications, documents, meetings and budget information are recorded against. Reviewing Care Plans is vital to ensure that the correct level of care is being given and is within budget. Guidelines state that a review should take place annually and if changes/increases in the level of care are required, a new plan should be created. Review forms are electronically generated for the client by the case worker. Not all areas of the form are mandatory for completion and it was identified during the audit that there were inconsistencies in the level of information recorded in reviews by different officers in relation to the client's budget and care costs.* *Testing identified that six cases from a sample of 18 had not been reviewed within the required 12 months and that in some cases, new plans had not been created after changes in needs had been identified; with reliance instead placed upon the review document. As a consequence, a further six were apparently being paid above the client's budget as there was no information to suggest otherwise.* ***Opinion: Amber.*** ***Overall Opinion: Amber. Recommendations: Two medium priority.*** ***Recommendations relate to the review form being updated with completion of fields referring to indicative budget and care costs being made mandatory and new plans being created when changes are identified during reviews.***

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
26	*Housing Revenue Account Building Management – Compliancy*	*15*	*17.6*	*Final Report Issued* *Findings reported September 2019*	*The review considered the following Risk Management Objective:* ***RMO1 - The council has arrangements in place to ensure the required safety checks are carried out on HRA properties so that the council meets its duties as a Landlord.*** *The review found that responsibility for ensuring safety checks are carried out comes under the remit of the Housing Management Team. The service is aware of the safety checks that need to be carried out on the housing stock and information about this can be found in various strategies, standards, policies and plans.* *Budgets have been put in place for the work required, which are regularly monitored and the relevant accountant confirmed that there was no overspend at the time of audit.* *Contracts are held with various contractors, some of whom sub-let the work and also with Medway Norse as part of the joint venture. There is evidence that the procurement process has been followed on extending one contract, though two contracts had expired at the time of audit; these are in the process of being re-tendered.* *Two contracts reviewed as part of the audit itemise works to be carried out by the contractor. The specification for the joint venture contract indicates the roles and responsibilities of the council and the contractor.* *There is a performance indicator for annual Landlord Gas Safety Record of 100 per cent and contract monitoring is undertaken and reported on. Gas checks are undertaken on a ten-monthly basis to avoid not achieving the target due to non-access issues. The team are also working towards electrical testing being undertaken on a five-yearly basis.* *There were KPIs in a specification for a joint venture contract with the sub-contractor however some other contracts viewed did not contain KPIs. There was evidence of escalating an issue with one contractor and we understand that there are procedures for the others.* *Testing undertaken on gas safety and electrical testing data showed that records were held for all premises in the sample. The information for Legionella and fire alarm testing is held at the block it refers to and so was not evidenced, but we understand the Health & Safety Compliance Officer visits blocks to check this is up-to-date.* *It is understood that work has been undertaken to ensure data is held / shared in accordance with the General Data Protection Regulation (GDPR), with contracts*

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					sent to Legal for review / adaptation. The HRA Operation Plan 2018-19 includes two actions related to ensuring that the service is GDPR compliant. *Although not directly linked to the scope of this review, it was also identified that there is a Leaseholders Handbook which specifies that "if you sub-let your property, you are legally required to carry out annual gas safety checks". The council does not currently check that its 120 leaseholder properties are undertaking the necessary safety checks where required, which has the potential to limit insurance cover should there be any issues.* ***Opinion: Green.*** ***Overall Opinion: Green. Recommendations: Two medium priority. Recommendations relate to Work being undertaken to engage with the owners of leaseholder properties to educate them regarding their responsibilities to undertake relevant safety checks, ensuring those properties that have been sublet have undertaken the relevant safety checks and a process for ensuring compliance / addressing any non-compliance being investigated, Arrangements being put in place for KPIs / performance targets to be in place for all contracts and for the service to receive progress updates on KPIs / performance targets either directly from the contractor or from the council's contract manager for the client on joint venture contracts.***

2019-20 Internal Audit Assurance work (items in italics have been detailed in previous update reports)

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
Core governance and financial systems assurance work					
1	Staff performance management framework	15	14.8	Final Report Issued	The review considered the following Risk Management Objective: **RMO1 - There are arrangements in place to effectively manage staff performance.** The review found that a staff performance framework (known as MedPay) has been in place for approximately six years, with HR undertaking annual reviews of the application of the framework. Agreement has recently been given to commission an independent review of the framework and funding for this has also been agreed.

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					Until recently, the Corporate Induction Programme included mandatory training for both staff and managers on 'how to prepare for your Performance Development Review (PDR)' and a 'manager's guide – how to undertake the PDR', however the latter has been downgraded to recommended. This contradicts the MedPay Policy which states that 'any officer who is required to undertake a MedPay Progression Award Review will be required to undertake specific training before they proceed with the review.' From information supplied by Workforce Development it was confirmed that in the last three years, 119 people undertook 'how to prepare for your PDR' training and 131 people undertook 'how to undertake the performance development review / managers guide – how to undertake the PDR' training. There have been 1,156 new starters since January 2018. Testing on a sample of 10 managers identified that 70 per cent had not undertaken the managers training. MedPay guidance for employees and managers gives comprehensive detail on the PDR process including, objective / target setting; personal development planning; 1-to-1s, mid and end of year reviews and feedback on the assessment score; as well as, contingency arrangements in place for staff who have not completed a full years' service and other information for staff on secondments etc. The PDR form includes provision for comments to be made about the initial target setting, mid-year review and end of year review that should be dated and signed by both the employee and the manager. The employee surveys for 2017 and 2019 contained three questions under the heading of 'your line manager'. The results of the 2019 survey indicated that 84 per cent of respondents had a PDR review in the last year and 67 per cent of respondents had a 1-to-1 supervision session in the last month. There is no centralised compliance process to ensure that the PDR process has been completed as prescribed in the guidance, as HR only require and receive the assessment score. It is understood that SelfServe4You can be utilised to record the PDR process which would enable reports to be run by senior management to check that the PDR process is being undertaken as prescribed. The MedPay guidance gives details of the moderation process and how staff can appeal if they are not satisfied with the outcome. HR issued a MedPay manager briefing and timescales document for the end of the 2018-2019 PDR year, giving a timetable of actions and who was responsible. Not all assessment scores had been input by the deadline, but were entered following intervention by the Directorate Management and Corporate Managements teams.

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					There were ultimately 1908 members of staff with a MedPay score that went through DMT/CMT moderation. Information on how to deal with poor performance is included in the MedPay guidance, however managers are not advised on how PDR documents should be retained for GDPR compliance. **Opinion: Amber.** **Overall Opinion: Amber. Recommendations: Three high and one medium priority.** **Recommendations relate to updating training requirements in the Corporate Induction Programme; ensuring all staff undertake training in relation to the MedPay framework, investigating the PDR recording process available through SelfServe4You and updating PDR guidance to state how PDR documents should be retained for GDPR compliance.**
2	Project & change management	20		Fieldwork complete, in quality control	The review considered 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	*General ledger*	*10*	*N/A*	*Deferred to 2020-21 January 2020*	*As a consequence of system changes within both finance and payroll, there were to be significant changes to processes within the service. The audit review was therefore deferred to 2020-21 in order to be more effective.*
4	*Treasury management*	*15*	*13.7*	*Final report issued* *Findings reported January 2020*	*The review considered the following Risk Management Objectives:* ***RMO1 - The authority has a formal strategy and policy in place for the control of Treasury Management activities in line with the CIPFA Code of Practice.*** *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.*** ***RMO2 - The authority follows appropriate procedures for the investment of funds.*** *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:* *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.*

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					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.*** ***RMO3 - The authority follows appropriate procedures for the borrowing of funds.*** *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.* *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.* *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.*** ***Overall Opinion: Green. Recommendations: One low priority.*** ***Recommendation relates to ensuring there are additional staff trained to cover the Principal Accountant role.***
5	*Housing benefit overpayments*	*15*	*12.6*	*Final report issued* *Findings reported January 2020*	*The review considered the following Risk Management Objectives:* ***RMO1 - Adequate processes are in place to support Housing Benefit overpayments.*** *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.*** ***RMO2 - Adequate processes are in place to recover overpaid Housing Benefit.*** *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*

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					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. Overall Opinion: Green. Recommendations: No recommendations made.***
6	*NNDR recovery*	*15*	*14.9*	*Final report issued* *Findings reported January 2020*	*The review considered the following Risk Management Objective:* ***RMO1 - Appropriate arrangements are in place to recover unpaid business rates.*** *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.* *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.* *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.* *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.* ***Overall Opinion: Green. Recommendations: One medium priority. 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		Fieldwork complete, in quality control	The review considered 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).**

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
8	*Grant payments to voluntary organisations*	*15*	*N/A*	*Removed from plan September 2019*	*After preliminary enquiries it was established that the council does not pay grants to voluntary organisations and instead commissions voluntary organisations to provide services on its behalf. As such there were no controls around awarding of grants to be reviewed.*
9	Schools				A budget of 60 days was originally set for the review of four schools (15 each).
	Fairview Community Primary School	*15*	*7.7*	*Final report issued* *Findings reported March 2020*	*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.*** *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.*** ***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.***
	Swingate Primary School	*15*	*12.2*	*Final report issued* *Findings reported March 2020*	*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.*** *No probity issues were identified from the review.* *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.* *There are appropriate arrangements in place to check payroll payments.* *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.*

Ref	Activity	Number of Days Allocated	Number of 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		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	18.1	Final report issued	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.** The review found that the school's Governing Body meets the requirements of The School Governance (Constitution) (England) Regulations 2012. Although declaration of interests is a standard agenda item at Governing Body meetings, the Governing Body Register of Business Interests records the date declarations were originally made, which for some members was several years ago. The Head Teacher and Finance Manager check and sign-off monthly payroll reports and the Office Manager prepares payroll forms for signature by payroll signatories. Audit testing found all staff to be legitimate, discretionary payments were in accordance with the school's Pay Policy and a sample of payroll payments were correct. The school has a Finance Policy that was last reviewed in Summer 2019. The policy does not include the confidential annex provided in the Medway Council model school finance policy to identify banking arrangements in more detail and the policy also does not include the full list of bank signatories. Although the policy mentions quotations for purchases, there is no information about how many quotes are required and the spend limit before quotes are necessary. The Finance Policy gives details about petty cash, with an individual spend limit of £20; however audit testing found that this had been exceeded on seven occasions during the period reviewed. Approval for aggregated spend above the Head Teacher's limit of £10,000, is not always recorded in the Governing Body minutes of meetings. The school has a NatWest Onecard in the name of the school and the Head Teacher. We were advised that this card is also used for online purchases by other

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					members of staff, which contravenes the terms & conditions of the card. The Finance Manager checks Onecard statements but this should be done by a member of staff who is not an authorised signatory on the school's bank account or a user of the card. There is also currently no separation of duties in the school's purchasing and payment processes, with the Finance Manager carrying out most of the tasks, including signing cheques and adding items to the asset register. Analysis of purchases revealed that there is nearly a 50 percent split between purchase orders being raised and non-purchase order transactions; we were advised that due to the difficulty of changing orders on SIMS they are not raised for goods/services where the final cost is not always known in advance (e.g. utilities). Several instances were identified of school funds having been used to purchase refreshments (e.g. tea, coffee, milk, sandwich lunches etc.) for staff and occasionally governors, which is not in accordance with the Medway Council Hospitality Policy for schools. Income streams include the breakfast and after-school clubs which are reconciled by the Finance Manager. The breakfast club is making a profit and the after-school club a loss, which is being subsidised by the breakfast club. The Governing Body is aware of this and the after-school club was reviewed again in December 2019, when it was found that it is still making a loss, but it was agreed to give the club a bit more time to become established and continue reviewing. DfE guidance states that 'optional extras' should only cover the cost of providing the service, although it is permissible to use any profit to buy resources etc. for the activity it is related to. Income, petty cash, trip money and voluntary funds are held in a locked safe within a locked room, with separate containers for each activity. School cheques and the Onecard are also held in the safe. Banking is undertaken in accordance with the school Finance Policy. The asset register is maintained by the Finance Manager and matches the suggested content in Medway Council Schools' Finance Manual, apart from noting if security marked, expected useful life and indicating the date of the most recent asset check and who performed it. While furniture is listed, it does not include purchase date or cost. It should be noted that the opinion for this review is based on the risk of significant loss, error, fraud, impropriety or damage to reputation occurring; however no evidence of this has been identified during the course of the review. **Opinion Red. Overall Opinion Red. Recommendations: Three high and seven medium priority.**

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					Recommendations relate to completion of annual declaration of interests for Governors, the updating of the school Finance Policy, ensuring that petty cash payments do not exceed the amount stated in the Finance Policy, recording approval for spend above the Head Teacher's limit in the Governing Body minutes, reviewing use of the Onecard to ensure separation of duties and that the terms & conditions of the card are met, putting in place arrangements to ensure there is a separation of duties in the purchasing and payment processes, making arrangements for purchase orders to be raised wherever required, ensuring the Hospitality Policy is adhered to, ensuring profit made from the breakfast club is used appropriately, and reviewing the asset register to include sufficient information should a claim need to be made.
Corporate risks assurance work					
10	Transparency	15	11.2	Final report issued	The review considered the following Risk Management Objective: **RMO1 - The council is adequately meeting its transparency requirements.** The Local Government Transparency Code 2015 requires that information for 15 datasets is made available to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services. The Code mandates that some information is published quarterly, while other information is published annually. Datasets should be published no later than one month after the quarter or year to which they are applicable. The review found: • One dataset is not required as the council does not use procurement cards; • Four datasets have been published, contain all mandatory information and are up-to date; • One dataset has been published and contains all mandatory information but it is out-of-date; • One dataset has been published and is up-to-date but has some elements of the mandatory information missing; • Two datasets are out-of-date and have elements of the mandatory information missing; • Six datasets could not be found on the website. Guidance recommends that the data is published on a single web page that links to the individual files. The data should also be located in a standalone document rather than as part of a committee report. Audit testing found there is no central web page on the council's website for transparency / open data to be linked to and

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					so it was not easy to find some of the data that has been published. The Government also recommends that local authorities publish data in three star formats where this is suitable and appropriate, alongside open and machine-readable format. Some of the data which has been published was found to be in the recommended format but not all. Part 3 of the Transparency Code: *Information recommended for publication* sets out a series of recommended datasets which the Government encourage local authorities to make available in order to increase transparency. The recommended information is provided in part for two datasets. We were advised that the Information Governance Team are in the process of reviewing what needs to be done in regard to the Transparency Code and the Publication Scheme and will then contact Service Managers should the data not be found on the council website. While local authorities must publish the data in accordance with the Code, the Government is not planning to monitor compliance with the Code. However, it will react to complaints from the public under existing frameworks, including the Freedom of Information Act (FOIA) and the Environmental Information Regulations (EIR) and non-compliance could result in funding bids being refused. **Opinion: Red.** **Overall Opinion: Red. Recommendations: Two medium and one low priority. Recommendations relate to arrangements being put in place to ensure all required datasets are be posted in a central location of the website and in an appropriate format; arrangements being put in place to ensure datasets are updated in line with the required timescales; and arrangements being put in place to ensure that managing compliance with the Code is included in the service plan for the Information Governance Team.**
11	Write offs	15	19.1	Final Report Issued	The review considered the following Risk Management Objective: **RMO1 - There are procedures in place regarding debt write-off.** The review found that although there is a Corporate Debt Strategy and Policy; however, this is not widely used and is not available on the council's Intranet. The policy also states that it will be reviewed annually but this has not been done since 2017. The council's Constitution stipulates the financial limits for writing-off irrecoverable debt. In practice this has often been delegated by Directors and the Chief Finance Officer to other staff which is permissible within the Constitution, but records to support this sub-delegation could be better recorded and reviewed.

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					For the service areas where audit testing was possible it was found that most of them either use their own systems to record write-off information or the council's Financial Management System (Integra), but although systems have the capability to run reports this is not done on a regular basis. For the sample data provided, there was evidence that checks had been made before writing-off, however one service area said that due to the age of the debts, Finance had agreed that they be written off without undertaking the required checks to trace the debtor. Although one service area has identified debt to be written-off, it has not been written-off on Integra since at least 2015-16. Although in the main there was evidence of a segregation of duties, one service area said they allow the officer identifying the write-off to approve it. The Constitution and Corporate Debt policy state that Cabinet should receive a report annually on irrecoverable debt. While the information has been available Cabinet have not received a report on this since 2016. A more transparent approach to writing off debt is required to demonstrate corporate responsibility for debt across the council by also incorporating reports on debt performance into directorate management teams. **Opinion: Amber.** **Overall Opinion: Amber. Recommendations: Six high and two medium priority. Recommendations relate to reviewing and circulating the Corporate Debt Strategy and Policy, putting in place procedure and process documents for all areas to ensure a consistent and timely approach to writing-off debt from the Council financial systems, ensuring records kept of any sub-delegated authority to write off debt, ensuring that exhaustive checks are made in a timely manner before writing-off debts, ensuring there is a segregation of duties and that write-offs are actioned on Integra, and ensuring that Management Teams and Cabinet receive reports on debt recovery performance and debt write-off.**
12	*Adult social care - assessments & reviews of care packages - adults with physical disabilities*	*15*	*N/A*	*Deferred to 2020-21 September 2019*	*In 2018-19 a review was undertaken in respect of assessments and reviews of care packages for adults with learning difficulties, the intention being to conduct review on each key area. However, the recommendations identified as part of the earlier review have been implemented across all of adult social care rather than just in respect of adults with learning difficulties. This review was deferred to 2020-21 to allow changes to take effect and a more accurate review to then take place.*
13	*Joint Health & Wellbeing Strategy*	*20*	*9.7*	*Final report issued*	*The review considered the following Risk Management Objectives:* ***RMO1 - The council are compliant with the legislation set out in the Health and Social Care Act 2012 regarding sections 192, 193 and 194.***

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					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.*** ***RMO2 - The Joint Health & Wellbeing strategy in place is compliant with the legislation.*** *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.* *There are also arrangements in place for an annual review of the priorities in the Strategy to ensure they remain relevant.* *The current Strategy was approved in line with the requirements set out in the council's Constitution.* ***Opinion: Green.*** ***RMO3 - There are controls in place to ensure the strategy is being followed and the outcomes monitored.*** *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.* *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.* *It was noted that there is currently no collated reporting of the outcomes of individual strategies and initiatives to the Joint Health & Wellbeing Board.* *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 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.* ***Opinion: Green.***

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					Overall Opinion: Green. Recommendations: One medium priority. Recommendation relates to introducing a process whereby the board are advised of individual strategy outcomes.
14	Public Health - remote workers	10	N/A	Not completed	Due to the impact of the COVID-19 pandemic and redeployment of A&CF staff, it was not possible to complete this review.
15	Looked After Children – Section 17 Children in Need	15	11.4	Final Report Issued	The review considered the following Risk Management Objectives: **RMO1 – There are arrangements in place to ensure prompt and accurate assessment of Section 17 claims.** The service have taken steps to identify the need for clearer policy and procedural guidance to improve consistency in the provision of Section 17 assistance. This review found evidence to support the need for this action and recommends its introduction to officers as soon as possible. **Opinion: Red.** **RMO2 – There are arrangements to control expenditure.** Evidence identified an inconsistency in the budget recording of s17 payments and a lack of information to identify the relevant Child In Need. The introduction of procedures recommended in RMO1 will address this, while steps have already been taken to simply the budget coding. There are significant levels of payment by cash, which may not always be necessary. Steps are required to identify and implement more secure methods of payment to reduce the risks associated with cash payments. **Opinion: Red.** **Overall Opinion: Red. Recommendations: Two high priority. Recommendations relate to the distribution of new policies and procedures and identifying secure payment methods as an alternative to cash.**
16	*Payroll*	*15*	*N/A*	*Deferred to 2020-21 January 2020*	*The payroll service was undergoing significant changes during 2019-20, including a move to a new payroll system, which would likely lead to significant changes in processes. Accordingly, it was felt that the audit would be more productive it were deferred until 2020-21 rather than review processes that would likely change.*
17	Temporary accommodation - rent collection and arrears	15	17.1	Final Report Issued	The review considered the following Risk Management Objectives: **RMO1 – The effectiveness of the provision of Temporary Accommodation.** The Public Sector Housing team and Temporary Accommodation teams work together to ensure the accommodation used as temporary accommodation meets the required safety standards. Both teams intend to improve their current arrangements with a programme of increased visits to properties. There was evidence to demonstrate the needs of individuals are considered when providing accommodation and that active steps are taken to support tenants through the

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					process of claiming Housing Benefit. There is scope for improving the recording of visits and recording the decisions made when allocating property. **Opinion: Green.** **RMO2 – The budget for temporary accommodation is appropriately managed.** The review found the service has robust procedures in place to manage and monitor arrears. Rent arrears are closely monitored on a weekly basis with flexibility to consider individual needs or the vulnerability of clients whilst ensuring appropriate action is taken. At the time of the review the service had greatly reduced the amount of rent arrears and while appropriate controls are in place and working effectively it is expected the Covid19 pandemic will have had a temporary impact on the way officers engage with tenants and manage rent arrears. **Opinion: Green.** **Overall Opinion: Green. Recommendations: Two low priority. Recommendations relate to improved recording of visit details and a review and update of procedure guides.**
18	Advocacy	15	N/A	Not completed	Due to the impact of the COVID-19 pandemic and redeployment of A&CF staff, it was not possible to complete this review.
19	Community hubs - income collection	20	28.5	Final report issued	The review considered the following Risk Management Objective: **RMO1 – Effective arrangements are in place for the collection and banking of income received in Community Hubs.** The review found that there are procedure notes and mentoring in place to ensure Hub staff know how to correctly account for income, safely handle cash and there are appropriate cashing up procedures. Adequate arrangements are in place for daily takings to be held in safes until collected for banking. Each Hub has an arrangement for their income to be collected regularly to prevent the risk of Hubs holding cash in excess of the insured levels. Visits to all Hubs provided assurance that safes are in secure locations. Bar one, all Hubs have restricted safe access to appropriate officers. The safe key arrangements at one Hub gave the cleaner access to the safe. While no discrepancies were found as a result of this the potential risk means the control for the key arrangements require immediate review. Till discrepancies are checked and reported to managers for further investigation if necessary. All Hubs had adequate procedures to reconcile income and stock items they sell, however concerns were identified regarding the stock control arrangements for visitor parking permits. This will form the subject of a review in 2020-21. To reduce cash volumes the Hubs have a limit for cash

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					transactions but a change in practice has not been reflected on the public facing website. **Opinion: Amber.** **Overall Opinion: Amber. Recommendations: One high and one low priority. Recommendations relate to amending information available on the council website and restricting access to safes.**
20	*Workforce development*	*15*	*19.5*	*Final report issued* *Findings reported January 2020*	*The review considered the following Risk Management Objectives:* ***RMO1 - Appropriate procedures are in place to identify and approve the councils staff training requirements.*** *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 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.* *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.*** ***RMO2 - Arrangements are in place to deliver the identified staff training needs.*** *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*

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					requests only being met by one outcome, and in the remaining instance no quote was obtained due to the request of an Assistant Director. *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.* *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.*** ***Overall Opinion: Amber. Recommendations: five medium priority. 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	*Allocations – HRA managed moves*	*15*	*7.8*	*Final Report Issued* *Findings reported September 2019*	*The review considered the following Risk Management Objective:* ***RMO1 - The process of 'Managed Moves' are carried out and approved in a fair & transparent manner.*** *The review found that In the financial year 2018-19, 12 Managed Moves were recorded by the housing team. All 12 cases were supported by a referral form, evidence to support the move and were all approved by a senior manager.* *The lack of written procedure notes to guide officers contributed to inconsistency in the detail recorded for each case. The introduction of procedure notes should detail the roles and responsibilities of all officers involved in the process and ensure justification is recorded for accepted and declined moves, to demonstrate a fair and transparent process.* *The housing team retain their customer data in the authority's iDox scanning system. The corporate process for line managers to approve access to documents means housing do not currently have direct control over who has access to their documents. A review of users and access permissions will improve GDPR compliance.* ***Opinion: Green.*** ***Overall Opinion: Green. Recommendations: Two medium priority. Recommendations relate to creating procedure notes and reviewing access to stored housing data.***

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22	*Trading standards - enforcement*	*15*	*24.6*	*Final report issued* *Findings reported March 2020*	*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 missing and the team has sole access to their secure storage area.* ***Opinion: Amber.*** ***RMO3 - Procedures are in place for the appropriate disposal of goods no longer required for evidential purposes.*** *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.*** ***Overall Opinion: Opinion: Amber. Recommendations: Two medium and two low priority.***

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					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.
23	Innovation Centre Medway	15		Fieldwork complete, in quality control	The review considered the following Risk Management Objective: **RMO1 – There are arrangements in place for the management of the facilities offered at the Innovation Centre Medway (including tenancies, virtual offices, meeting rooms)**
24	*Whistleblowing*	*15*	*14.5*	*Final report issued* *Findings reported March 2020*	*The review considered the following Risk Management Objectives:* ***RMO1 - Whistleblowing policies and procedures are place.*** *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.* *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.*** ***RMO2 - Whistleblowing cases are managed effectively.***

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					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. 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. *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 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	*Building Repair & Maintenance Fund*	*N/A*	*N/A*	*See item 7*	*Work to be undertaken as part of the Asset Management review due to the overlapping areas of responsibility.*
26	*Recharges*	*15*	*N/A*	*Deferred to 2020-21 January 2020*	*This was 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 review was deferred to 2020-21 and the time allocated to a higher area of risk.*
27	Tree Preservation Orders	15	N/A	Not completed	Due to the impact of the COVID-19 pandemic and redeployment of A&CF staff, it was not possible to complete this review.
28	SEND education - Education, Health	15	16.2	Final Report Issued.	The review considered the following Risk Management Objectives:

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	& Care Plan reviews				**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.** The review found that there are arrangements in place to review EHC plans within the required timescales. The service are working with ICT to resolve issues with their system, Synergy. These issues have resulted in a reliance on education providers to drive some of the review process, inefficient manual processes and the duplication of records. As and when ICT resolve the issues, the service can utilise Synergy to automate processes and improve efficiency in the review process. These efficiencies could enable officers to attend targeted EHC plan review meetings and enable the local authority to drive the EHC review process. Assurance can be given that the local authority is meeting its duty to notify decisions within the required timescale and the amount of personal budgets is correctly paid. **Opinion: Amber.** **RMO2 - The provision of support enabled by EHCPs provides value for money.** The review found arrangements are in place to ensure payments for pupils with EHCPs in mainstream schools are calculated accurately and to cancel funding if an EHCP ceases. Arrangements were found to be in place to provide assurance all monies due are monitored and appropriate action taken. Data extracted from their system was found to be unreliable and should be brought to the attention of ICT to resolve. If officers are unable to attend review meetings an alternative process is required to ensure education providers use the funding from Medway appropriately or that it is reduced/removed if appropriate. **Opinion: Green.** **Overall Opinion: Amber. Recommendations: One high and one medium priority. Recommendations relate to IT solutions to improve process efficiency.**
29	Leisure Centre Membership & Income Collection	15	20.1	Final Report Issued	The review considered the following Risk Management Objectives: **RMO1 – Processes are in place to manage leisure membership income.** The review found that fees charged to new members was appropriately approved. The information regarding all types of memberships available is available on the council website and through information and literature available at the centres. The literature available at the sites has the current prices stated; however, it would be advisable to add a statement that prices shown in literature are accurate at time of printing and may be subject to change. Once members sign up to a membership, they are given a copy of the membership terms and conditions. The

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					website was found to have two versions of these terms and conditions available and the paper version available on site was different to both of these. Students, Juniors and Seniors are eligible for discounted membership on production of appropriate evidence of eligibility. This supporting evidence is not retained to enable post membership validation. Members of these groups were found to have anomalies with their dates of birth seemingly not supporting eligibility for the discounted rate received. On this basis there is limited assurance the controls are sufficient to ensure members only receive the membership they are entitled to and are paying the correct fees. All income collected for memberships is appropriately allocated in the council's financial systems. Guidance is required to ensure there is a consistent approach to creating and managing member accounts. Management require procedures to monitor the accuracy of membership data and to investigate or take action to correct discrepancies. **Opinion: Amber.** **RMO2 – Only those with valid memberships have access to associated leisure facilities.** The review found there are procedures in place to cancel or suspend membership if monthly fees are unpaid and leisure centres have procedures in place to check those accessing leisure facilities have valid and associated membership. **Opinion: Green.** **RMO3 – Membership personal data is held in compliance with current data protection regulations.** Members provide personal data in the application process. There are appropriate processes in place to transfer this to the leisure system. The leisure system also has appropriate levels of user permissions to control access to the personal information it holds. Each site has appropriate controls in place to securely retain personal details from the onsite applications. To ensure GDPR compliance work is required to ensure the service only retain personal data for as long as it is required. There is a range of personal data held on site, in the leisure system and in a council scanning system which the council may no longer need to retain, especially when it relates to membership that has ceased. Improvement is required to identify the personal data held, create a data retention register and implementation of changes to system and manual processes to ensure compliance with GDPR. **Opinion: Red.**

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					Overall Opinion: Amber. Recommendations: One high, three medium and two low priority. **Recommendations relate to amending fees & charges information on literature and the council website, producing consistent T&C for members, procedures to deliver consistent approach to manage memberships, procedures to monitor accuracy of membership data, seeking advice on VAT for leisure services and compliance with GDPR.** **All medium and low priority recommendations were implemented before the review was finalised.**
30	ICT - frontline support	15	14.1	Final Report Issued	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.** The review found that access to the Top Desk service-desk portal is signposted from the council's intranet site and there are a number of user guides/knowledge articles giving information on using the portal/resolving issues. Appropriate system back-up and disaster recovery arrangements are in place and there are plans for a new contact point within ICT where users will be able to speak to ICT officers directly and also by email and telephone, in addition to using the portal. SLAs are used to establish the required process and timescales, and can be set-up to include approval and segregation of duties. Users are able to see the latest stage and target completion date of their service desk calls via the portal. Audit testing focusing on a sample of 20 core ICT calls received in 2019-20 found that: • 65% of ICT calls were handled by the original call recipient, with evidence that the majority of the other calls were escalated to 2nd line response; and, • 85% of calls were responded to within the target date. When calls are closed, users are invited to rate the service received, however audit testing found that only 10% of calls had been rated. Various feedback reports are delivered to managers by Top Desk, including how quickly issues have been resolved, star ratings and abandoned calls, however there is not a formal process for these to be monitored. **Opinion: Amber.** **Overall Opinion: Amber. Recommendations: One high priority and two medium priority.** **Recommendations relate to to monitoring of calls, regular reviewing of Top Desk reporting statistics by ICT management and investigating ways to increase**

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					customer feedback. All recommendations were implemented before the final report was issued.
31	*Special Educational Needs & Disabilities Transport*	*15*	*15.7*	*Final report issued* *Findings reported January 2020*	*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.*** *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.* *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.* *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.* *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 receiving SEND transport and documentation in relation to each application is appropriately stored.*

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					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.* *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.* *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 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.*

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					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. ***Opinion: Green.*** ***Overall Opinion: Green. Recommendations: None.***
32	HRA capital repairs & maintenance work allocation	15	N/A	Not completed	Due to the impact of the COVID-19 pandemic and redeployment of A&CF staff, it was not possible to complete this review.
33	*Allotments - allocations & income collection*	*15*	*15*	*Final report issued* *Findings reported January 2020*	*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.*** *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.* *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.* *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.* *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. 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.* *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*

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					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. *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. 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.* *A range of performance indicators should be agreed and monitored at regular Council/Medway Norse meetings.* *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.* ***Opinion: Red.*** ***Overall Opinion: Red. Recommendations: 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.***
34	Medway Development Company (MDC) - Governance & Accounting	15	14.2	Final Report Issued	The review considered the following Risk Management Objective: **RMO1 - Medway Council have governance arrangements in place to monitor delivery of Medway Development Company's objectives.** The review found independent advice was sought to create the business plan, upon which the formation of the company was appropriately authorised. In line with guidance, the review found sufficient governance controls in place to

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					demonstrate council control over the decision making processes and the financing of each project. There are arrangements in place to monitor and share company progress against agreed objectives. There are arrangements in place to report and scrutinise company performance which could be increased to keep pace with company progress. The company currently relies on the provision of services from council teams, this support should be formalised to ensure the company does not receive an undue advantage and to demonstrate the company is not subsidised by the council. **Opinion: Green.** **Overall Opinion: Green. Recommendations: One medium and one low priority. Recommendations relate to increasing the frequency of shareholders report and charging MDC commercial rates for all services provided.**
35	Early Help Service (Inc. MAfF, Family Support Service, Common Assessment Framework)	25	31.2	Completed	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 finalised by 31 August 2019.*
39	Responsive assurance work	15	0.6	Completed	Following a complaint from a customer in receipt of special guardianship order allowances, an underpayment was identified and paid. A further query was received from the customer, so the team were asked to provide independent assurance over the calculations used in response to the earlier complaint to ensure the payments were accurate.

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
	Planning Applications	*15*	*14.7*	*Final report issued* *Findings reported September 2019*	*The review considered the following Risk Management Objective:* ***RMO1 – Arrangements exist for planning applications to be administered in line with legislation and council policy.*** *The Planning Department have an ISO9001_2015 accreditation, and a Quality Manual ISO 9001 : 2015. With adherence maintained through their own quarterly audit review. This review confirmed appropriate procedure notes are available setting out the planning processes. Information is easily accessible by members of the public on the council's website, where supporting guides for householders and non-householders outline the council's planning permission checklist. To comply with data protection the council's website also contains the Service Privacy Statement in relation to the processing and retention of personal information. Applications can be submitted electronically via The Planning Portal or in writing, with pre-application advice also available. There was sufficient evidence to demonstrate records of all applications and supporting documentation are retained. Appropriate processes were found to be in place to ensure applications are validated in line with the national and local requirements, and consultation invited in accordance with the timetable set out in legislation. As part of this consultation process a weekly list of applications was found to be distributed to statutory bodies, local interest groups and individuals who advised the Planning Service of their interest in being kept informed about planning matters. Arrangements are in place for appropriate officers to make decisions under delegated powers, or by the Planning Committee when directed to do so by the council's constitution. Evidence was available to provide assurance decision notices are issued to applicants and consultees of the decision.* *Effective monitoring arrangements are in place with information collated to provide Government returns, and quarterly reports. A review of the latest Development Control performance report for quarter three (Oct-Dec 2018) shows the council to be exceeding the statutory returns.* ***Opinion: Green.*** ***Overall Opinion: Green. Recommendations: None.***
	Childrens Services Imprest Account	*20*	*16.2*	*Final report issued* *Findings reported March 2020*	*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*

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					there are seemingly gaps in what is documented meaning that there may not be a comprehensive guide in the event of staff changes. *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.* *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.* *During the financial year 2018-19, 2,864 transactions were processed through the imprest account, totalling £312,953.06.* *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.* *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.*

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					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. *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.*** ***Overall Opinion: Red. Recommendations: 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 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.***
Counter Fraud Assurance Work					
43	Adoption & Fostering Allowances/ Expenses	15		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	13.1	Final report issued	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** Parking Services have procedures in place to prevent, detect and deter Carer Parking permit fraud, however instances found these procedures are not always being followed. Parking Services have produced a Parking Enforcement Policy

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					which supports effective parking management by allocating parking permits/waivers with clear conditions of use, based on transparent and consistent principles, which give priority in accordance with the defined hierarchy of parking enforcement. It was found the permit application was inadequate and did not contain a declaration outlining consequences of incorrect information being submitted to support the application. A system called TARANTO is used by Parking Services to record successful permit applications but testing found a disparity with the data recorded on TARANTO and the application form and supporting evidence. Audit testing identified 4 approved applications which either had no application for m or one could not be produced, no written proof from the applicants employer or proof of being the registered keeper of the vehicle/insurance. Parking Services do not have a specific document retention policy, and whilst it has been confirmed documents are only kept for a period of 12 months, this breaches the corporate Retention Policy, no assurances can be given as no formal method of destruction exits. Medway Council comply with Local Government Association requirements around retention of data and they state the retention period being 6 years, therefore leaving the authority at risk by destroying data before this period. **Opinion: Amber.** **RMO2 – Arrangements exist to ensure officers prevent, detect and deter fraud entering the system at all stages**. The review found that fraud awareness training has been given to Parking Services, whilst arrangements and procedures are in place to ensure staff (including new starters) complete an annual declaration of interest to the effect they won't process or make applications for personal gain or persons named on their declaration of interest. **Opinion: Green.** **Overall Opinion: Amber. Recommendations: Two high and four medium priority. Recommendations relate to adding a declaration on the Carer Permit application, all necessary information being recorded on TARANTO, Business Change being consulted regarding a digital storage solution, rejected applications being recorded on TARANTO, quality checks being undertaken, permit paper being stored securely, and implementing a document retention policy.**
45	Agency Staff within Children's Services	15	19.7	Final Report Issued	The review considered the following Risk Management Objectives: **RMO1 - Appropriate arrangements exist for the appointment of agency staff**

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
	(originally titled: Recording of working hours)				**within Children's Services.** The review found that the council has appropriate procedures in place for the recruitment of agency staff, with approval to recruit to vacancies required from the appropriate Director, Portfolio Holder and Cabinet. These approvals go through the resourcing team who then source the agency staff via MCG. During the review, audit were advised by the Children's Services Recruitment Team that a directive was given, stating that prior approval was no longer required for the recruitment of agency staff within Children's Services; this was due to the high volume of vacancies and high turnover of staff. However, there is no evidence was available to support this. As a consequence, officers within the Children's Services Recruitment Team now liaise directly with MCG whenever a manager identifies the need to fill a vacancy. This does not go through any formal approval process and although it was stated that these vacancies are checked against a structure chart, it was also acknowledged the staffing structures change frequently; so no assurance can be provided that this adds any control to the process. The only paperwork retained by the council in relation to the recruitment is interview notes; which are in paper form and are destroyed after a period of six months. All evidence of ID, right to work and other compliance documentation is retained by MCG as part of their recruitment procedures. **Opinion: Red.** **RMO2 - Review arrangements of payment procedures relating to agency staff.** Testing identified that there is appropriate segregation of duties between the raising and authorising of purchase orders for agency worker payments. However; testing identified that some purchase orders are not being cancelled in the event that the agency worker leaves before it expires. The review found that agency workers submit timesheets electronically via online portals to their respective agencies and line managers within the service are responsible for checking the hours claimed and authorising the timesheet. In practice, a number of members of staff may be given access to authorise an agency workers timesheets for payment due to annual leave or training courses. Testing identified one instance of a timesheet being authorised by an admin officer. MCG receive a copy of the timesheet from the respective agency along with the invoice for payment. Once MCG have verified that the details on the invoice match the timesheet and have confirmed that the timesheet has been authorised, it is

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					cleared for payment. It was noted during the review that while MCG check timesheets for confirmation of authorisation, they have not been provided with a list of authorising managers. This means they are not able to confirm that the authorisation was from an appropriate member of staff. MCG raise invoices to the council to rebill for the agency workers costs but do not provide a copy of the authorised timesheet, meaning that there is no check within the council to confirm that the timesheets have been appropriately authorised. A large number of staff within Children's Services are agency workers, meaning that agency staff may be in a position to authorise each other's timesheets for payment, without any scrutiny from a substantive manager. There are no policies or procedures to state that this is not appropriate; however, given the turnover of agency staff and MCG not having a list of authorising managers, there is an increased risk for potential fraud to occur and consideration should be given to only allowing substantive managers to authorise timesheets for payment. Reconciliation is undertaken to ensure that there is no duplicate payment of invoices and testing did not identify any instances of duplicate payments. **Opinion: Red.** **RMO3 - Review arrangements of equipment used by agency staff.** The review identified that when an agency worker leaves, the Children's Services Recruitment Team are notified via telephone call, e-mail or face to face; however, no record of this notification is retained. A 'leavers form' is then completed and uploaded to Top Desk, so ICT services can remove access to the network and systems. The Children's Services Recruitment Team advised that the access is not being removed in a timely manner and testing indicated that two people from a sample of ten leavers were still showing as live on the Medway network. The fact that people are not being deleted in a timely manner exposes the council to a level of risk as individuals could access the network from home computers. At the time of the audit, there were no arrangements in place to record any equipment issued to agency workers, such as computers or mobile phones, for use during their employment with the council. There were also no procedures in place for checks to take place when an agency worker leaves to ensure that all equipment is returned. During the course of the review a form was devised for agency worker's to acknowledge receipt of equipment and for its return and this is subject to

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					management approval before being put into use. **Opinion: Red.** **RMO4 - Review arrangements to monitor the budget allocation.** While there is appropriate monitoring taking place, the issues highlighted in relation to a lack of control over recruitment indicate that there is limited financial consideration within the service when dealing with staffing. This means that the monitoring conducted by Finance is merely serving as a means to identify ways to balance the budget from savings in other areas as the use of agency workers is creating significant overspends on the salaries budget. **Opinion: Red.** **Overall Opinion: Red. Recommendations: Three high, three medium and one low priority.** **Recommendations relate to written confirmation being provided by the Chief Executive to confirm that Children's Services are exempt from the documented procedure to recruit agency workers, recruitment documentation being retained electronically, cancellation of purchase orders if agency staff leave before their expiry, MCG being issued with a list of line managers able to authorise timesheets for payment, instruction to managers regarding notifying the recruitment team of agency leavers in writing, procedures notes relating to the issue and return of council equipment, and an equipment log and a signed disclaimer advising that the worker will be charged for ay equipment that is not returned.**

Other consultancy services including advice & information (items in italics detailed in previous update reports)

Client service area	Services provided
North Kent Marshes Internal Drainage Board	*The team carried out an audit of the Internal Drainage Board accounts.*
Medway Park	*At the request of the service, a consultancy review 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 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.*

Client service area	Services provided
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	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
47	Pro-active investigations work	54	0		Due to the volume of NFI matches received, additional pro-active exercises were not undertaken.
48	Data matching exercises, including National Fraud Initiative and Kent Intelligence Network	54	75		The service has been involved in the review of data matches received as part of the NFI exercise across a range of data sets, including Housing and Council Tax, and has been supported in this task by other services such as Revenues and Benefits. Approx 2266 matches have been reviewed to determine whether further action was required and details relating to any matches that progress to formal investigation by the service are included in table under the category Reactive Investigations work: external investigations. As the NFI exercises often cross over financial years, a separate report on progress is provided to the committee with full details. The Kent Intelligence Network now has two data matching solutions, one focusing on Business Rates (NNDR) and the other with capability to provide custom data matching as per work streams identified by the KIN Board and its working groups. Investigations linked to some of these early matches are still ongoing but a number of businesses not included in the rating list have been identified, including several units at a new Business Park that were brought into the ratings list; the details of which are reflected in the table below under the category Reactive Investigations work: external investigations.
49	Fraud awareness	10	1.1		Members received fraud awareness training as part of their induction following the local elections in May 2019 and the Revenues Team also had a fraud awareness session at one of their team meetings.

Reactive Investigations work: external investigations

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable Savings	Non-cashable Savings	Prevented Losses
Blue Badge	1	1	One case concluded with the recovery of the blue badge.	N/A	£750	N/A
Concessionary Pass	0	1	While the case was concluded with no evidence of misuse in relation to the concessionary pass, a change in circumstances was identified and the SPD was removed.	Council Tax - £642.69 (Historic Liability) £314.79 (Additional liability for future years)	N/A	N/A
NNDR (Business Rates)	2	14	Ten cases were concluded with the removal of Small Business Rate Relief (SBRR). Four cases were concluded with no evidence of fraud.	£290,869.50 (Historic Liability) £290,869.50 (Additional liability for future years)	N/A	N/A
Council Tax	9	27	19 cases were concluded with the removal of the council tax discount/exemption; one of which also resulted in the issue of a civil penalty and one with the customer being convicted in relation to submitting false documentation to gain a discount. Two cases was concluded with the removal of the CTR award. Six cases were concluded with no evidence of fraud.	£21,816.33 (Historic Liability) £7030.95 (Additional liability for future years) £70 Civil Penalty	N/A	N/A
Housing Allocations & Homelessness	2	4	One person removed from the register following investigations, although they were not actively bidding and a second case that commenced as an allegation of false homelessness resulted in the removal of a council tax discount.	Council Tax - £378.34 (Historic Liability)	N/A	N/A

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable Savings	Non-cashable Savings	Prevented Losses
			Two cases were concluded with no evidence of fraud.			
Tenancy	0	4	One council property recovered. Three cases concluded with no evidence of fraud.	N/A	£18,000	N/A
School Admissions	0	6	Four offers for school places withdrawn as a result of investigations and identified false information. One council tax discount removed in the course of a school application case. One case concluded with no evidence of fraud.	Council Tax - £319.63 (Historic Liability)	N/A	N/A
Internal	0	2	Two cases concluded, one resulting in dismissal and one in resignation before disciplinary action took place.	N/A	N/A	N/A

Reactive Investigations work: internal investigations (items in italics detailed in previous update reports)

Allegation	Investigation activity & recommendations
Abuse of Position	An employee was found to have failed to declare her interest as the Director of a company, while also failing to pay business rates for land the company had leased. Further abuse of position was identified through improper access of council records, including accessing the business rates records for the company on multiple occasions as well as conducting searches of records to try and trace individuals who had purportedly sub-let the land from the company. Employee was dismissed following a disciplinary investigation and hearing; the decision to dismiss was later upheld when reviewed as part of an appeal. The case also resulted in an additional NNDR liability of £1,300.
Falsification of working hours	An employee working remotely on a full time basis was found to have been inflating her working hours in order to claim overtime. She subsequently resigned from her position.

6. Quality Assurance & Improvement Programme

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 for 2017-18 was agreed by Medway's Audit Committee in March 2017.

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.

In line with the QAIP, the team monitor performance against a suite of 25 performance indicators based on the balanced scorecard, covering the four perspectives; financial, internal process, learning & growth and customer. Performance targets have been set for 15 of the 25 indicators and outturns presented are those as of 31 March 2018.

Ref	Indicator	Target	Outturn for report period
Non LA Specific Performance Measurements			
A&CF1	Cost of the Audit & Counter Fraud Service Total Cost LA Share	N/A	 £570,652 £377,440
A&CF2	Cost per A&CF day	£400	£305
A&CF3	Proportion of staff with relevant professional qualification: Relevant audit qualification Relevant counter 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	93 days
A&CF6	Compliance with PSIAS	100%	The External Quality Assessment (EQA) conducted in February 2018 was positive with performance in line with or above that of other local authorities as per benchmarking; however, it did not provide a percentage of compliance. Our January 2019 self- assessment showed full compliance with 94% of the standards, partial compliance with a further 4% and work required to address the remaining 2%. We are working to address the areas that require improvement
A&CF7	Staff turnover	N/A	0.36 FTE
LA Specific Performance Measurements			
A&CF8	Average cost per assurance review	£5,000	£4,956

Ref	Indicator	Target	Outturn for report period	
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%	 66% 2%	
A&CF11	Proportion of productive time spent on: Proactive counter fraud work Reactive counter fraud work	35%	 8% 24%	
A&CF11a	Time spent on SPOC associated duties	N/A	128 days	
A&CF12	Proportion of agreed assurance assignments: Delivered Underway	95%	As at 31 March 2020 81% 8%	As at 30 June 2020 89% 0%
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%	6%	
A&CF15	Proportion of recommended actions agreed by client management	90%	100%	
A&CF16	Number of recommendations agreed that are: Not yet due Implemented Outstanding	N/A	 27 115 35	
A&CF17	Proportion of recommended actions implemented by agreed date	N/A	77%	
A&CF18	Number of referrals received	N/A	121	
A&CF19	Number of investigations closed	N/A	73	
A&CF20	Value of fraud losses identified, by fraud type: Cashable (losses that can be recovered) Non-cashable (notional savings based on national estimates) Prevented losses (savings associated with blocked applications)	N/A	 £326,368 £18,750 £0	
A&CF21	Customer satisfaction with individual review/assignment	95%	100% (based on four responses received during the period)	
A&CF22	Customer satisfaction with overall service	95%	A wider satisfaction survey was conducted in March 2019 and received 13 responses. The results of the survey indicated that clients are satisfied with the services received from Audit & Counter Fraud, with all 13 respondents saying they were very satisfied or satisfied with the overall service.	

Ref	Indicator	Target	Outturn for report period
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	Statement of external audit	Positive	External Audit report by exception. At the time of writing this report, no concerns had been raised with the Head of Internal Audit and Counter Fraud by Grant Thornton.

7. Follow up of agreed recommendations

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.

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.

The first of the two tables below sets out the position of all recommendations which have formed part of the recommendation follow-up process during the 2019-20 financial year. The second details recommendations that were more than six months over their planned implementation date as at 31 March 2020; along with an update from the relevant Service Manager/Assistant Director/Director.

Status of Agreed Recommendations

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

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
Staff Expense Reimbursement	**Opinion: Strong** Two recommendations agreed: one medium and one low priority. 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	One recommendations due, one implemented. Revised implementation date agreed for one low priority recommendation relating to including a prompt to authorising managers highlighting their requirement to validate claims and evidence being submitted.
Sundry Debtors	**Opinion: Needs Strengthening** Eleven recommendations agreed: two high, seven medium and two low priority. 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.	Seven recommendations due, seven implemented. Revised implementation dates agreed for three medium and one low priority recommendations 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.
Ethics	**Opinion: Needs Strengthening** Seven recommendations agreed: five high and two medium priority. 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.	Seven recommendations due, five implemented. Two high priority outstanding relating to enhancements to arrangements regarding Gifts & Hospitality.
Performance Data Quality	**Opinion: Sufficient** 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.	Three recommendation due, two implemented. One medium priority outstanding relating to introduction of a corporate Performance Data Quality policy.
Traded Services – Staffing Agency	**Opinion: Weak** Two recommendations agreed: one high and one medium priority.	Two recommendations due, one implemented. An audit of Project & Change Management was undertaken in Q4 as part of the 2019-20 Audit & Counter Fraud Plan. This action, which relates to

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	Recommendations relate to protecting the Council's legal position regarding service delivery and assurance that project management processes are followed.	assurance that project management processes are followed, was therefore followed-up as part of this audit which considered project management arrangements as a whole.
Medway Commercial Group – Governance & Accounting	**Opinion: Needs Strengthening** Four high priority recommendations agreed. Recommendations relate to improving performance reporting and financial monitoring.	Four recommendations due, three implemented. One high priority outstanding relating to improving performance reporting.
Bereavement Services	**Opinion: Amber** Nine Recommendations agreed: one high, seven medium and one low priority. Recommendations relate to procedures being reviewed and updated; installing an online booking system for cremations; updating the website pages relating to the service; storing personal information in a secure area to ensure GDPR compliance; the implementation of a Service Level Agreement for Funeral Directors; training for officers across the service; reconciliation processes being reviewed; a schedule for changes to door code combinations and improvements to the petty cash authorisation process	Nine recommendations due, eight implemented. One medium priority outstanding relating to installing an online booking system for cremations.
Luton Junior School	**Opinion: Red** Sixteen recommendations agreed: eleven high, four medium and one low priority. Recommendations relate to the school voluntary fund, a review of staff responsibilities and the school finance policy, updates to the school asset register, accurate records being maintained in relation to the booster sessions and associated overtime, overtime being agreed by the Governing Body, the Chair of Governors approving Head Teacher expenses, payroll reports being signed by the officer preparing and the Head Teacher, a HR audit to check staff well-being and that recruitment procedures are correct, the raising of purchase orders and prompt processing of payments, ceasing the purchase of gifts and hospitality, new staff reimbursement processes and detailed records of all income streams.	Sixteen recommendations due, sixteen implemented.
Residents Parking Permits	**Opinion: Red**	Thirteen recommendations due, thirteen 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
	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.	
Shared Lives Scheme (Adult Fostering)	**Opinion: Amber** Four recommendations agreed: one high and three medium priority. Recommendations relate to segregating purchasing and authorisation permissions, ensuring carers agreements are managed effectively and improved transparency with fees.	Four recommendations due, four implemented.
Traffic Management	**Opinion: Amber** Seven recommendations agreed: two high, four medium and one low priority. Recommendations relate to updating the 'Request a road closure' section of the council's website, adding robust declarations to the application forms for temporary road closures, enhancing existing records to ensure that the status of all temporary traffic order applications can be identified, ensuring that invoices are raised for Town Police Clauses Act applications or obtaining and retaining appropriate approval for the fees to be waived, applying the agreed additional charges for applications which require additional information,	Seven recommendations due, seven implemented.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	establishing robust procedures for the recovery of TTRO invoices, ensuring that TTRO services are not provided to debtors with excessive level of debts and producing procedure notes to support to TTRO process.	
IT Asset Management	**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.	No recommendations due before 31 March 2020.
Housing Rents	**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.	One recommendation due, one implemented.
Corporate Credit Cards	**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.	Eleven recommendations due, eleven implemented.
HR Recruitment & Vetting	**Opinion: Amber**	Four recommendations due, four 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
	Four recommendations agreed: two high and two low priority. Recommendations relate to hyperlinking to relevant training courses in the email issued to all Recruiting Managers, ensuring that all Recruiting Managers complete the relevant training evidence prior to interview, ensuring that all appropriate documentation is retained, including why successful candidates were offered the vacancy and updating the council's DBS policy and associated forms.	
VAT	**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.	Two recommendations due, two implemented. Revised implementation dates agreed for two high priority recommendations relating to training for all staff that encounter VAT as part of their normal duties, both in raising invoices and paying creditors.
Insurances	**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.	One recommendations due, one implemented. Revised implementation dates agreed for one medium and two low priority recommendations 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.
School Admissions	**Opinion: Green** Two recommendations agreed: one medium and one low priority. Recommendations relate to declaration of interest forms being completed by staff and the warning notification on the website to parents / guardians being more prominent.	Two recommendation due, two implemented.
Private Housing Enforcement	**Opinion: Amber** Four recommendations agreed: Three medium and one low priority. Recommendations relate to a review of the Housing Enforcement Policy, resolving issues relating to recording enforcement cases on Uniform,	Four recommendations due, four 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
	reviewing charges for conducting enforcement action and officers completing periodic declarations of interest.	
Risk Management Framework	**Opinion: Green** Four recommendations agreed: two medium and two low priority. 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.	Four recommendations due, four implemented.
Income Collection (Cash)	**Opinion: Green** Two medium priority recommendations agreed. Recommendations relate to the location of the safe code and access to the Cashier room in order to comply with conditions in the council's insurance policy.	Two recommendations due, two implemented.
GDPR	**Opinion: Red** One high priority recommendation agreed. Recommendation relates to implementing an effective monitoring system once the Council has progressed its GDPR compliance sufficiently.	One recommendation due, none implemented. One high priority outstanding relating to implementing an effective monitoring system once the Council has progressed its GDPR compliance sufficiently.
Assessment & Review of Care Packages	**Opinion: Amber** Two medium priority recommendations agreed. Recommendations relate to the review form being updated with completion of fields referring to indicative budget and care costs being made mandatory and new plans being created when changes are identified during reviews.	Two recommendations due, two implemented.
Establishment Management	**Opinion: Amber** Three recommendations agreed: two medium and one low priority. Recommendations relate to ensuring that regular reconciliations take place between HR and Finance records, incomplete HR forms are returned to the relevant manager for completion, HR scan the signed recruitment to vacancy	Three recommendations due, two implemented. One medium priority outstanding relating to regular reconciliations taking place between HR and Finance records.

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
	forms onto the Idox system, and, Managers inform HR of all changes relating to staff in post.	
St John Fisher Catholic Comprehensive School	**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.	Eleven recommendations due, eleven implemented.
HRA Managed Moves	**Opinion: Green** Two medium priority recommendations agreed. Recommendations relate to creating procedure notes and reviewing access to stored housing data.	Two recommendations due, two implemented.
Joint Health & Wellbeing Strategy	**Opinion: Green** One medium priority recommendation agreed. Recommendation relates to introducing a process whereby the board are advised of individual strategy outcomes.	One recommendation due, one implemented.
NNDR Recovery	**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.	One recommendation due, one implemented.
Treasury Management	**Opinion: Green** One low priority recommendation agreed. Recommendation relates to ensuring there are additional staff trained to cover the Principal Accountant role.	One recommendation due, none implemented. One low priority outstanding relating to ensuring there are additional staff trained to cover the Principal Accountant role.
Allotments	**Opinion: Red**	Nine recommendations due, five 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
	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.	Three high and one medium priority outstanding relating to the implementation of a new strategy, a review of resources available to deliver the service, introduction and monitoring of KPI's and a review of current process to ensure GDPR compliance.
Workforce Development	**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.	Four recommendations due, three implemented. One medium priority outstanding relating to processes being consistently followed throughout the council.
Swingate Primary School	**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.	Seven recommendations due, seven implemented.
Trading Standards Enforcement	**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.	Three recommendations due, three implemented.
Fairview Community Primary School	**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	Two 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
	the Governing Body working with the council to their leadership structure is in line with governance requirements.	
Whistleblowing	**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.	No recommendations due before 31 March 2020.
Childrens & Adults Imprest Account	**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 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.	Thirteen recommendations due, three implemented. Seven high, two medium and one low priority outstanding relating to a review of procedure notes for the Business Admin team to ensure they are up to date and comprehensive, 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.
Carers Parking Permits	**Opinion: Amber** Six recommendations agreed: Two high and four medium priority. Recommendations relate to adding a declaration on the Carer Permit application, all necessary information being recorded on TARANTO, Business Change being consulted regarding a digital storage solution, rejected	Five recommendations due, five 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
	applications being recorded on TARANTO, quality checks being undertaken, permit paper being stored securely, and implementing a document retention policy.	
St Mary's Catholic Primary School	**Opinion Red.** Ten recommendations agreed: Three high and seven medium priority. Recommendations relate to completion of annual declaration of interests for Governors, the updating of the school Finance Policy, ensuring that petty cash payments do not exceed the amount stated in the Finance Policy, recording approval for spend above the Head Teacher's limit in the Governing Body minutes, reviewing use of the Onecard to ensure separation of duties and that the terms & conditions of the card are met, putting in place arrangements to ensure there is a separation of duties in the purchasing and payment processes, making arrangements for purchase orders to be raised wherever required, ensuring the Hospitality Policy is adhered to, ensuring profit made from the breakfast club is used appropriately, and reviewing the asset register to include sufficient information should a claim need to be made.	No recommendations due before 31 March 2020.
Community Hubs – Income Collection	**Opinion: Amber.** Two recommendations agreed: One high and one low priority. Recommendations relate to amending information available on the council website and restricting access to safes.	Two recommendations due, two implemented.

Recommendations outstanding more than six months after scheduled implementation date (as at 31 March 2020)

Directorate	Audit & Counter Fraud Review title	Recommendation	Priority	Planned Implementation Date	Management Update
Business Support	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 specific update has been received in relation to this recommendation. However; we have been made aware of a wider ongoing review of the services provided through MCG, which may render the recommendation redundant. Further discussions will take place with the service to establish the best course of action.
Business Support	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	Although outstanding at 31 March 2020, recommendation has since been implemented.
Business Support	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	Although outstanding at 31 March 2020, recommendation has since been implemented.
Business Support	Performance Data Quality	A corporate Performance Data Quality Policy should be introduced to ensure a corporate approach to dealing with data.	Medium	30 September 2019	A data quality policy has been produced but it was identified by the Corporate Business Intelligence Group that a broader data quality policy may assist with meeting an information governance requirement relating to council access to NHS data. This wider project was delayed by the impact of the Covid 19 pandemic but the policy has

					now been written and will be in place by 31 July 2020.

8. Update on 2020-21 Planned Audit & Counter Fraud Work

The Audit Committee were due to agree the proposed workplan for 2020-21 on 19 March 2020. This meeting was however cancelled as the council moved into emergency response due to the Covid 19 Pandemic. The Audit & Counter Fraud service was identified as non-critical by both councils and all 'business as usual' activity ceased with immediate effect, with staff made available for redeployment to other critical services. This has meant that work on the Audit & Counter Fraud plan for 2020-21 did not commence from 01 April as originally intended.

Although activity around planned reviews ceased, the support provided to other services has been focused on alternative duties that still centre around assurance and fraud prevention, such as;

- a representative from the service being part of the Silver Tactical Command Group
- monitoring the decisions being made as part of the emergency response to be aware of potential changes to the councils control environment,
- chairing of governance group ensuring decisions made as part of response & recovery meet constitutional requirements and appropriate implications checks,
- assisting with the validation of Business Support Grant applications,
- assisting with the assessment of Discretionary Business Grant Applications,
- Independent assurance of buildings for Covid compliance before re-opening.

Full details of this work and any other redeployment activities will be included in the first update report for 2020-21, which will be presented to the Audit Committee in September 2020.

As mentioned in section five, a decision was taken on 23 April to recommence work around outstanding audit reviews from 2019-20, of which there were seven where fieldwork remained incomplete. In order to prioritise and ensure the maximum number of reviews were completed, only reviews where fieldwork was 75%, or more, complete were continued, which accounted for three of the seven remaining. The progress of those reviews are included in the table in section five and the full details of anything yet to be finalised will be included in the September update.

The aim of this extended period of focus on 2019-20 assurance reviews during quarter one of 2020-21 was to ensure that an adequate level of work was completed in time for the Chief Audit Executives annual opinion on the framework of internal control and ensure the impact of the cessation of the services usual work was confined to 2020-21. In addition, the decisions taken in response to the pandemic and new ways of working altered the risk profile for the organisation, meaning that the work plan that was due to be presented to the Audit Committee in March was no longer focused on the highest risk areas. During quarter one, a new work plan has been developed and is presented separately for approval by the Committee.

The impacts of this reduced period of planned work will be reflected in the annual opinion for 2021 but we have ensured that where resources have been redeployed, they have remained focused on alternative forms of assurance wherever possible.

Definitions of audit opinions & Recommendation Priorities

Green – Risk management operates effectively and objectives are being met	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.
Amber – Key risks are being managed to enable the key objectives to be met	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.
Red – Risk management arrangements require improvement to ensure objectives can be met	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.

High	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.
Medium	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.
Low	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.