

# Audit & Counter Fraud Update

Medway Council

For the period:

1 September – 30 November 2020

# 1. Introduction

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

## 2. Executive Summary

- 2.1 This is the second update for 2020-21, covering the period 01 September to 30 November and the following audit reviews were finalised during the reporting period;

- Park Wood Schools Federation - Opinion: **Red** (2019-20 review finalised in 2020-21)
- Governance Framework – Opinion: **Green**
- Purchase Ledger – Opinion: **Green**
- Housing Rent Collection & Arrears – Opinion: **Green**
- General Ledger – Opinion: **Green**
- Capital Accounting – Opinion: **Green**
- HRA Capital Repairs & Maintenance Work Allocation – Opinion: **Green**

In addition, two reviews currently have draft reports with clients for consideration, five reviews have had fieldwork completed and are now going through the quality control process, six reviews are currently underway and commencement of a number of others is being arranged with the clients.

- 2.2 As a consequence of this work, plan delivery as at 30 November was 40% complete, with a further 17% underway; full details of the individual reviews can be found in section 5 of this report. Proportion of available resource spent on chargeable work during the period was 86%; with 60% of that chargeable time spent on assurance and consultancy work and 40% on counter fraud activity.
- 2.3 Follow up of agreed recommendations has continued and performance as of 30 November stood at 81%, with 85 of 105 recommendations due by the end of the period having been implemented. The 20 that remain outstanding are being monitored in line with the agreed follow up process and full details of the progress made in relation to recommendation follow up can be found at section 8.
- 2.4 Investigations concluded during the period have identified cashable savings of £67,435.72 in the form of additional council tax liabilities, both historic and future and a number of housing benefit overpayments.
- 2.5 There has been a loss of resource of around 51 days linked to overrunning reviews, sickness and officers commencing their apprenticeship earlier than anticipated and we are forecasting a further loss of around 60 days between 01 December and 31 March due to the need to redeploy officers to assist other services with Covid Grant schemes linked to the ongoing restrictions.
- 2.6 As a consequence revisions to the agreed plan were agreed with the Chair of the Audit Committee due to urgency and the following reviews have been removed;
- Payroll (15)
  - Cultural Venue Management (15)

- HR - sickness absence reporting & monitoring (15)
- Tenancy enforcement (15)
- Counter Fraud review: Adult social care - self directed support (direct payments) (15)
- Counter Fraud review: Business parking permits (15)
- Information requests (15)

### 3. Independence

- 3.1 The Audit & Counter Fraud Charter approved by Medway's Audit Committee in January 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.
- 3.2 Given its responsibilities for counter-fraud activities, the Audit & Counter Fraud Shared Service cannot provide independent assurance over the counter-fraud activities of either council. Instead, independent assurance over the effectiveness of these arrangements will be sought from an external supplier of audit services on a periodic basis.

### 4. Resources

- 4.1 The Audit & Counter Fraud Shared Service reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The team currently has an establishment of 14 officers, consisting of; the Head of Internal Audit & Counter Fraud, three Audit & Counter Fraud Team Leaders, eight Audit & Counter Fraud Officers (7.64 FTE), one audit & Counter Fraud Intelligence Analyst and one Audit & Counter Fraud Assistant.
- 4.2 The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 64% for Medway with the remaining 36% for Gravesham. The establishment at the time the Audit & Counter Fraud Plans for 2020-21 were revised, was forecasted to provide a total of 1,355 days available for audit and counter fraud work (net of allowances for leave, training, management, administration etc.) The Audit & Counter Fraud Plan for Medway was prepared with a resource budget of 866 days.
- 4.3 Net staff days available for Medway for the period 1 September to 30 November 2020 amounted to 348 days and 299 days (86%) were spent on chargeable audit and counter fraud work. Of this chargeable time, 181 days (60%) was spent on audit assurance and consultancy work, while 118 (40%) was spent on counter fraud and investigations work. The current status and results of all work carried out are detailed at section 5 of this report.
- 4.4 Available resource has been impacted by a number of issues, including two officers commencing their apprenticeship earlier than predicted, the absence of a team leader due to sickness and the planned day allocations for key control audits being insufficient leading to over run. This has resulted in a loss of approximately 51 days.
- 4.5 In addition the ongoing impact of the pandemic and associated restrictions has led to assistance being required by other services to deal with the various grant schemes that need to be administered. As a consequence staff are to be redeployed to assist with the assessment of 'Additional Restrictions Grant (ARG) Applications. This leads to a predicted loss of approximately 60 days from available resource between 01 December 2020 and 31 March 2021.

## 5. Results of planned Audit & Counter Fraud work

- 5.1 The Audit & Counter Fraud Plan 2020-21 for Medway, was approved by the Audit Committee in July 2020. The Plan, which covers a reduced period from 01 July 2020 to 31 March 2021 due to the shut down of the Audit & Counter Fraud Service during the peak of the Covid 19 pandemic, is intended to provide a clear picture of how the council will use the Audit & Counter Fraud Shared Service, reflecting all work to be carried out by the team for Medway during the financial year including the council's core finance and governance arrangements, operational assurance work, proactive counter fraud work, responsive investigations and consultancy services.
- 5.2 The tables below provide details of the work from 2019-20 that has been finalised in 2020-21 (excluding those detailed in the annual report for 2019-20), the progress of work undertaken as part of the 2020-21 annual plan and the results of investigative work completed during the period.

## 2019-20 Internal Audit Assurance work finalised in 2020-21 (since the last Audit Committee meeting)

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
2	Project & change management	20	12.9	Final Report Issued	<i>Findings already reported to Audit Committee – September 2020 meeting</i>
7	Asset management & Building Repair & Maintenance Fund	20	14.5	Final Report Issued	<i>Findings already reported to Audit Committee – September 2020 meeting</i>
9	Park Wood Schools Federation	15	33.9	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>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.</b></p> <p><b><u>Governance</u></b>  The review found that the composition of the Governing Body meets the requirements as set out in the School Governance (Constitution) (England) Regulations 2012. There are two sub-committees, the Business &amp; Finance Committee and the Standards and Curriculum Committee. A Declaration of Interest register is maintained for all Full Governing Body members and attendees are also asked to declare any interests in the matters being discussed at the start of all meetings. There are not however arrangements for staff involved in purchasing or procurement decisions to declare any interests.</p> <p><b><u>Payroll</u></b>  The payroll records for the period September 2018 – August 2019 were checked against the staff list provided by the school and on the school website; all employees could be accounted for.  A payroll authorised signatory list is in place and there are arrangements for all payroll forms to be approved by two signatories.  The Head Teacher (HT) does not always check / sign the monthly payroll. The payroll is discussed and examined at daily Federation Leadership Team meetings attended by the HT but these meetings are not minuted. During the period of review the HT received a pay award, which was discussed at the Business &amp; Finance Committee, however minutes documenting this discussion and the outcomes could not be supplied. The payroll form affecting the change was also authorised by a governor on behalf of the Business &amp; Finance Committee; however, this governor is not an authorised payroll signatory. The Medway Council School Finance Manual states: “Decisions affecting the salary of the Head Teacher should be clearly noted in the minutes of the relevant governing body</p>

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					<p>meeting. The form notifying the payroll team of the change to the head's salary should be signed by the Chair of Governors."</p> <p>Arrangements exist for permission to be sought for all overtime, with an overtime log kept. Overtime claim forms are completed by the staff member and are checked and authorised, before being passed for payment. Several forms were examined as part of the review and it was found that the forms did not record full details of the dates worked. There was no evidence to suggest that the time claimed was not legitimate, however, there appeared to be insufficient information for the authorising signatory to confirm that the claim was correct. We were advised that all overtime, unless absolutely essential, was stopped in September 2019.</p> <p><b><u>Procurement, purchasing and payments</u></b></p> <p>New arrangements were put in place in September 2019 which require that a form is completed for all purchases giving details of the required item, and this has to be approved by a member of the Federation Leadership Team. There is appropriate segregation of duties in the purchasing process. A school Finance Policy is in place and was reviewed in June 2019. It was noted that there are numerous references to the persons responsible for approving purchases in different sections of the policy, however, these are not consistent throughout the policy or in line with current practices within the school. During the period September 2018 – August 2019 there was a roughly 50/50 split of purchase orders being raised. Purchase orders should be raised in advance of all purchases, unless in an emergency, however, it is noted that this data did not capture the changes made to purchasing arrangements in September 2019. Within the school Finance Policy there is a brief section titled 'Bank Accounts' and the 'Authorised signatories' section lists the signatories for cheques. A copy of the bank mandate was not supplied and therefore could not be verified but there appears to be signatories that are not listed in the Finance Policy.</p> <p>The school was previously audited in 2013 and it was found that there was another bank account held, which was used for the annual school residential trip for Year 6 pupils to the Isle of Wight. It was agreed by school management that the account was to be treated as voluntary fund. At the time of audit, the school was still operating this account but there was no reference to the voluntary fund in the school Finance Policy. The Medway Council School Finance Manual states</p>

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					<p>that the governing body should ensure that an annual audit is undertaken of the voluntary fund account and that an auditor is appointed who is independent of the school. The review found that the account had been reviewed in September 2019 but by one of the governors. This review method had been taken by the school, so that they did not incur the cost of an external audit of the account. During the course of the audit we were advised that use of the Journey Account has stopped and the account will be closed once refunds for the 2020 Isle of Wight trip have been processed.</p> <p>Audit testing was carried out on a random sample of purchases made in the period September 2018 – August 2019. In conducting this testing it was found that all purchases were appropriate, with the following exceptions:</p> <ul style="list-style-type: none"> <li>• There were numerous examples of staff making purchases for the school using personal debit / credit cards and submitting expense claims for reimbursement. It was also noted that in several instances staff had used personal club cards when making such purchases. In addition, there were examples of expenses relating to travel and parking being reimbursed by cheque, rather than via payroll.</li> <li>• Expense claims submitted by the HT had been authorised by other staff members, which could put them in the position that they are unable to dispute any spending carried out by the HT.</li> <li>• There were examples of expense claims which were not supported by appropriate receipts.</li> <li>• There were examples of gifts and hospitality being purchased using school funds.</li> <li>• A staff Christmas event was processed through the school bank account, both payments from staff and payments to suppliers. It was also noted that VAT for one such invoice had been recorded against a VAT code for Indirect Staff Expenses to be reclaimed by the council.</li> </ul> <p>The school has contracts with a number of companies and a contractors list is maintained, showing when the contract was taken out and the end date. We were advised that the contracts are reviewed annually by the Business and Finance Committee and decisions are made whether the contract should be extended, however, in some cases spending decisions are agreed verbally by governors and not formally recorded.</p>

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					<p><b><u>Income and Cash Management</u></b></p> <p>The school has a regular income stream from the hiring of school buildings. The Lettings Policy was reviewed in June 2019 and gives a comprehensive guide to the school's letting requirements. Regular checks are undertaken to ensure that expected income has been received. A Charging and Remissions Policy is also in place and was updated in June 2019, giving details of the items that the school can make a charge for.</p> <p>As identified above, the school arranges an annual residential trip to the Isle of Wight for Year 6 students and operates a separate Journey Account for this. The accounts for the 2019 trip were inspected and it was evident that comprehensive records are kept and income is regularly banked. However, it was noted that after all expenses had been paid out for the trip, there was a balance remaining equivalent to £8.79 per child. The Medway Council School Finance Manual states that charges should not exceed the actual cost. We were advised that these amounts are carried over to the trip the following year and can be used to pay for a child whose parents are unable to pay or to fund Year 6 events for the next cohort at the end of term. Parents are advised of this at the pre-trip talk at the start of the year and in the literature given out and are told that any excess money can be refunded at their request, but are not subsequently told if there was an excess or not. It is understood that due to COVID-19, the Isle of Wight trip will not be going ahead in 2020 and full refunds will be given; there should not be a balance remaining as this was this was paid out for Year 6 events last year. Adequate processes are in place for the handling of cash and cheques.</p> <p><b><u>Asset Register</u></b></p> <p>A school asset register is in place however a number of the fields required by the School Finance Manual are missing. This information is vital in order that, should the need arise, an accurate insurance claim can be made. A wider asset check is carried out annually, with each class teacher completing an inventory of what is in the class, including furniture, books etc. This is currently completed in paper form and scanned and stored on the school admin drive. The school's provider of IT support conducts an annual check of IT assets. <b>Opinion: Red.</b></p> <p><b>Overall Opinion: Red. Recommendations: Four high and eight medium priority. Recommendations relate to declarations of Interest for all staff involved in purchasing or procurement decisions; authorisation of the monthly payroll</b></p>

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					<p>report; process for the authorisation of changes to Head Teacher's pay; Overtime claim forms being completed in full by staff before being put forward for accuracy checks and authorisation; updates to the finance policy around authorised signatories and their limits as well as banking arrangements; school purchases only being via the school bank account; evidence to support expenses claims and their approval process; Gifts and hospitality not being purchased using school funds; contract decisions made by the Business and Finance Committee being clearly be documented in the minutes of the meeting; charges being set in line with the actual cost for all school; Updates to the asset register to include all information required by the School Finance Manual, including disposal information where appropriate along with records of annual checks.</p> <p>Please note: all recommendations were implemented before the audit report was finalised but the opinion is based upon the original findings.</p>
23	Innovation Centre Medway	15	15.6	Final Report Issued	Findings already reported to Audit Committee – September 2020 meeting
43	Adoption & Fostering Allowances/ Expenses	15	14.1	Final Report Issued	Findings already reported to Audit Committee – September 2020 meeting

## 2020-21 Internal Audit Assurance work

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
<b>Core governance and financial systems assurance work</b>					
1	Governance framework	5	5	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 - Medway Council's governance framework is effective.</b></p> <p>The review found that under the Accounts and Audit Regulations 2015, the council is required to conduct an annual review of the effectiveness of its system of internal control and produce an Annual Governance Statement (AGS); the draft 2019-20 AGS was proceeding through the Committee approval process at the time of audit.</p> <p>The council's Code of Corporate Governance remains aligned with the CIPFA-SOLACE Delivering Good Governance in Local Government Framework. The Code of Corporate Governance sets out eight core principles and 90 individual ways in</p>

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					<p>which the council has said it will demonstrate compliance. A random sample of ten of these was selected and reviewed by comparing to the draft 2019-20 AGS, interviewing the council's Monitoring Officer and researching the areas discussed for evidence. The test found examples of how the council is complying with the Code in those areas; this included policies and procedures being in place to ensure compliance. The draft AGS also contained an update on actions identified in the 2018-2019 AGS and highlighted five areas that have been identified where the council will seek to enhance its arrangements in the coming year.</p> <p>On 7 April 2020, CIPFA issued guidance relating to the Covid-19 pandemic in the CIPFA Better Governance Forum briefing paper, which required the council to record in the AGS how it has taken account of the impact on delivery of services etc. in light of the pandemic. Covid-19 is appropriately referenced in the draft 2019-20 AGS. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: None.</b></p>
2	Purchase Cards	5	6.9	Final Report Issued	Findings already reported to Audit Committee – September 2020 meeting
3	Purchase Ledger	5	14.8	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 - Effective arrangements are in place for the payment of the council's creditors.</b></p> <p>The review found that effective measures are in place for the council's creditors to be set up on the purchase ledger system and to be paid accurately and in a timely manner, although review and deactivation of suppliers not used for more than 18 months should be undertaken on a periodic basis. Security measures are generally in place to ensure approval of purchases and to prevent fraud and error within the purchase ledger system; however, a need was identified for the authorised signatory list to be reviewed to remove staff leavers and/or update signatories.</p> <p>Since this function was last reviewed there has been a move to using more technology and electronic communication methods including e-forms to manage new supplier requests and amendments and the recent introduction of Fiscal Technologies (AP Forensics) to assist with identifying duplicate payments.</p> <p><b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: One medium and two low priority.</b></p>

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					Recommendations relate to updating links to guidance documents within e-forms; deactivation of suppliers not used for more than 18 months and review of the authorised signatories list to remove past employees and update users with name changes.
4	Housing rent collection & arrears	5	7.7	Final Report Issued	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 - There are arrangements in place for rent income received to be accounted for accurately and promptly.</b></p> <p>The review found that in October 2017, the Government announced in the Housing White Paper 'Fixing our Broken Housing Market', that social housing landlords are permitted to increase social and affordable rent by Consumer Price Index (CPI) plus 1% each year from April 2020 for a period of 5 years. There is a Housing Revenue Account (HRA) Rent Setting Policy 2020-21 in place, which sets out how the council calculates, consults and charges rent for HRA properties and is in line with legislation. In line with the guidance for rent increases, there was a 2.7% increase in rent from 2019-20 to 2020-21. This is reflective of the CPI for 2020-21 being modelled at 1.7% plus 1%. The rent charges for 2020-21 were presented to Cabinet on 4 February 2020 and approved by Full Council on 20 February 2020. There are arrangements in place to ensure that all rental income received is recorded on the income system, Icon, and transferred accurately and promptly to the correct rental account on the council's housing system, Academy, and the General Ledger. The suspense accounts are checked and cleared down on a weekly basis and any unposted payments are identified by running an Insight query report. There are arrangements in place for monthly income reconciliations to be carried out and this was evidenced during the audit. In addition, quarterly rent verification checks are carried out by the Business Intelligence Team. There are arrangements in place to ensure that housing benefit and any allowances generated by other systems are transferred to the relevant account on the Academy system accurately and promptly. Reconciliations of housing benefit payments against Academy are carried out on a weekly basis and were evidenced. <b>Opinion: Green.</b></p> <p><b>RMO2 - There are arrangements are in place to manage the rent arrears of current and former tenants.</b></p> <p>The review found that up to date 'Current Tenant Rent Arrears' and 'Former Tenant Rent Arrears' policies are available on the council's website. There are</p>

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					<p>appropriate arrangements in place to identify, monitor and recover the rent arrears of both current and former tenants, in line with these policies. There have been several minor changes to the way the team work as a result of COVID-19. We were advised that due to court closures, most cases that reached the court application stage stalled, however throughout this period officers maintained regular contact with tenants with a focus on tenancy sustainment and arrears reduction. There has also been an increase in Universal Credit applications which results in a delay in claimants receiving the housing element of their claim; in order to limit the delay, a new process has been put in place to ensure that any new tenant that needs to make a claim is provided with assistance to do so by an officer in the Welfare Reform team. There are also arrangements for alternative payment arrangements to be put in place where appropriate.</p> <p>Testing on 20 tenants with rent arrears found that in 19 out of 20 cases, regular contact and monitoring of tenant rent arrears had been carried out. For the remaining tenancy, there had not been any contact with the tenant since June 2020, however it was confirmed that there are appropriate payment arrangements in place with this tenant. Testing on 10 former tenants with rent arrears, found that in nine out of 10 cases, appropriate action was being taken to recover the outstanding debts. For the remaining tenancy, there had not been any contact with the tenant since June 2020, however it was confirmed that since the audit testing took place, the tenant has cleared their arrears.</p> <p>There are arrangements in place for the Academy system to automatically generate a unique reference number which is allocated to the tenant. An All Pay card is then issued and has the same unique reference number so that payments are made against the correct rental account. The debt levels from housing rents are monitored on a regular basis and an appropriate bad debt provision is made.</p> <p><b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: None.</b></p>
5	General ledger	15	8.7	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 - Medway Council's governance framework is effective.</b></p> <p>Arrangements are in place for all financial transactions to be transferred to the General Ledger and to reconcile the associated control accounts on a regular basis. There are effective processes and procedures to mitigate the risk of duplicated data being transferred to the General Ledger and the testing of a</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>random sample of cost centre codes found no evidence that uploaded files had been duplicated. The testing did identify that journals had been raised, authorised, and processed for identical transactions which is a front end process issue reflecting on service manager checking and authorisation rather than the system controls subject to this review. Any rejected data is identified and investigated; with the Finance Operations Manager monitoring all accounts to ensure that all outstanding adjustments are made as timely as possible. Unique identifiers are automatically generated for each transaction recorded on the General Ledger. Testing found no errors with the coding and control process in place for opening balances to be brought forward, the total value of the brought forward balance is verified by the acceptance of the journal. There is a process for making journal transfers within the General Ledger and all journals are appropriately approved. From the sample reviewed there were two occasions evidence had not been attached to the journal in Integra and has been raised as a training issue with the relevant manager. There is a process for identifying duplicated journal entries and arrangements to reverse the entries when necessary. There are appropriate backup arrangements in place for the General Ledger transactions. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: None.</b></p>
6	Capital accounting	15	15	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 - Arrangements exist for the appropriate accounting of income and expenditure relating to the HRA capital programme.</b></p> <p>The review found that Medway Council's Financial Rules have strict guidelines in relation to Capital Accounting which must be adhered to. The financial rules have been compiled to ensure that the council's financial affairs are conducted in a manner that is consistent with recognised accounting standards and proper financial practices.</p> <p>Since 2015-16, the HRA capital and planned works programme budget (including disabled adaptations and the new house building/ acquisition programme) has been set on a three yearly basis, with the current programme approved by Council in February 2018 and due to complete at the end of 2020-21. The three year budget is reviewed annually as part of the budget setting process. The council's overall capital programme for 2020-21, which includes the HRA capital programme, was appropriately approved by Council on 20 February 2020, having</p>

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					<p>followed the process set out in the Constitution. Evidence was identified to demonstrate that additions to the HRA capital programme are also appropriately approved. Audit testing confirmed that effective arrangements are in place for the appropriate accounting of income and expenditure relating to the HRA capital programme. Arrangements also exist for regular capital budget monitoring to be undertaken, with any variances reported to Cabinet on a quarterly basis. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: One low priority.</b></p> <p><b>Recommendation relates to the inclusion of a link to the latest capital programme schemes monitoring information in the Capital and Revenue Budgets report that is presented to Council for decision making.</b></p>
7	Council tax collection	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: <b>RMO1 - Arrangements are in place to administer, bill and collect Council Tax.</b>
8	Payroll	15	N/A	Removed from Plan	Please refer to Section 7 on page 23 for full details.
9	Financial planning	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: <b>RMO1 - Arrangements are in place to for effective financial planning.</b>
10	Schools	40	N/A		Two schools were selected as part of a risk assessment looking at budgets and the date of the last internal audit review.
	New Road Primary School	20	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: <b>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.</b>
	St Nicholas CofE Infants	20	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: <b>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.</b>
<b>Corporate risks assurance work</b>					
11	Adult social care - Assessments & reviews of care packages	10	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: <b>RMO1 - Effective arrangements are in place for care plans to be assessed and reviewed.</b>
12	Cyber security	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: <b>RMO1 - There are arrangements in place to protect the council network.</b>
13	Highways - winter service	15	N/A	Draft Report with client for consideration	The review considered the following Risk Management Objectives: <b>RMO1 - The council have arrangements in place to provide an effective Winter Service - General Maintenance.</b>

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					<p><b>RMO2 - The council have arrangements in place to provide an effective Winter Service – Salting and snow clearance operations.</b></p> <p><b>RMO3 - The council have arrangements in place to provide an effective Winter Service – Salt bins.</b></p>
14	Fostering- Virtual Panels	15	N/A	Draft Report with client for consideration	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 - Arrangements are in place to manage decision making through virtual panels.</b></p>
15	Tree Service	15	N/A	Fieldwork complete, in quality control	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 - The council have procedures in place to protect trees that bring significant amenity to the local area by way of Tree Preservation Orders.</b></p> <p><b>RMO2 - The council have arrangements in place to monitor the Tree Maintenance Contract delivered by Medway Norse.</b></p>
16	HRA capital repairs & maintenance work allocation	15	11	Final Report Issued	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 - Arrangements are in place to produce a capital repairs and maintenance programme and to have an agreed budget to complete them.</b></p> <p>The review found a capital repairs and maintenance programme was prepared and agreed for the period 2018-21 and work has now commenced on the next 3-year programme to cover the period 2021-24. The capital budget required to fund the 3-year programme was first approved in February 2018 by Cabinet and then Full Council and is reviewed annually as part of the overall HRA budget setting process to advise of any amendments that may require further approval. Details of any underspending of budgets are also reported, with all unspent budget rolled forward to the next financial year.</p> <p>Monitoring of the progress of all planned maintenance projects and the related budgets takes place within the service, with regular summary reports produced. Budgets for all of the projects are also monitored via the council's regular budget monitoring process, which will highlight any significant variances that need to be investigated. For the financial year 2019/20 no significant variances were reported. <b>Opinion: Green.</b></p> <p><b>RMO2 - Arrangements are in place to tender and manage the delivery of all elements of the capital repairs and maintenance programme.</b></p> <p>The review found that there are adequate arrangements in place to procure contractors to deliver the capital repairs and maintenance programme. Audit testing confirmed that projects are monitored regularly to ensure they are being</p>

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					delivered within budget and within the required timescales, with regular meetings with contractors. Testing also confirmed that invoices are coded correctly and are appropriately approved. <b>Opinion: Green.</b> <b>Overall Opinion: Green. Recommendations: None.</b>
17	Caldicott guardian	10	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: <b>RMO1 - The council is compliant with its mandatory obligation to appoint a Caldicott Guardian and the Guardian's responsibilities are met.</b> <b>RMO2 - Arrangements are in place to ensure compliance with the Caldicott Principles.</b>
18	Disabled Facilities Grants	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: <b>RMO1 - Arrangements are in place to facilitate and monitor the payment of Disabled Facilities Grants.</b>
19	Section 17 - No Recourse to Public Funds	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: <b>RMO1 - Effective processes are in place to manage the Section 17 Payments in relation to children from No Recourse to Public Funds families.</b>
20	Free school transport	20	N/A	Not Yet Started	
21	Children's' Independent Safeguarding & Review Service	15	N/A	Not Yet Started	
22	Child Sexual Exploitation	15	N/A	Not Yet Started	
23	Income collection - visitor parking permits	15	N/A	Not Yet Started	
24	Commercial property management - Pentagon Centre	15	N/A	Not Yet Started	
25	HR - sickness absence reporting & monitoring	15	N/A	Removed from Plan	Please refer to Section 7 on page 23 for full details.
26	Medway Adult & Community Learning Service - 24+ Advanced Learning Loans & repayment	15	N/A	Not Yet Started	
27	Medway Norse - waste & recycling contract	15	N/A	Not Yet Started	

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
28	Tenancy enforcement	15	N/A	Removed from Plan	Please refer to Section 7 on page 23 for full details.
29	Section 17 - Intentional homelessness	15	N/A	Not Yet Started	
30	Information requests	15	N/A	Removed from Plan	Please refer to Section 7 on page 23 for full details.
31	Cultural venue management	15	N/A	Not Yet Started	
32	Building Compliance	15	12.3	Complete	The team have completed the independent sign off of council buildings as Covid Secure.
33	Department for Transport grant validation	10	N/A	Underway	Independent validation relating to a number of grants received from the Department for Transport have been completed confirming that all expenditure has been 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.
34	Early Help Service (Inc. MAfF, Family Support Service, Common Assessment Framework)	20	N/A	Complete	The team provided independent verification of several claims for funding from the Ministry of Housing, Communities & Local Government in relation to troubled families. This was concluded with the end of the funding, however we have been advised that the council has been successful in securing further funding until March 2022, so work may recommence in 2021-22.
35	Responsive assurance work	25	N/A	Underway	Please see table on page 18.
<b>Counter Fraud Assurance Work</b>					
38	Adult social care - self directed support (direct payments)	15	N/A	Removed from Plan	Please refer to Section 7 on page 23 for full details.
39	Business parking permits	15	N/A	Removed from Plan	Please refer to Section 7 on page 23 for full details.
40	Special Guardianship Orders	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objectives: <b>RMO1 - Policies and procedures in place to assist in the prevention of Special Guardianship Orders fraud.</b> <b>RMO2 - Arrangements exist for detecting Special Guardianship Orders fraud.</b> <b>RMO3 - Arrangements exist to deter individuals fraudulently obtaining or Special Guardianship Orders.</b>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					RMO4 - Policies and procedures in place to support enforcement action being taken against those who commit special guardianship orders fraud.

### Other consultancy services including advice & information

Activity	Opinion, summary of findings & recommendations made
None completed during the period	

### Responsive Assurance Activity

Activity	Opinion, summary of findings & recommendations made
Housing Infrastructure Fund Project	An Audit & Counter Fraud Team Leader attended a project meeting for the HIF and was appraised of the proposed processes and controls that are to be put in place. She has also reviewed documentation from the group to assess their plans. It is felt that the proposed actions represent suitable controls for assurance but no formal opinion can be delivered until they are working in practice. It has therefore been recommended that this be subject to a formal assurance review late in 2021-22 when the project has moved forward and working processes can be reviewed to ensure that the proposed controls are actually working effectively.
Covid 19 Governance	The Head of Internal Audit & Counter Fraud remains part of the Tactical Command Group (TCG) monitoring emergency decisions made by Silver and Gold Command and ensuring that these are all checked for implications to ensure the correct governance processes have been followed.

### Counter Fraud Activity

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
41	Pro-active investigations work	54	N/A	Not yet started	As indicated in the previous update, this time has been re-allocated to existing data matching exercises.
42	Data matching exercises, including	54	N/A	Underway	Work on the 2018-19 NFI exercise was concluded on 30 September 2020 and Members have been provided with a separate report on the progress made.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
	National Fraud Initiative and Kent Intelligence Network				The council tax SPD matches received in January 2020 as part of the 2019-20 exercise have all been subject to initial review with approx 250 requiring some form of action. These will also be subjected to a review of their SPD entitlement.

## Reactive Investigations work: external investigations

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable Savings	Non-cashable Savings	Prevented Losses
Business Support Grants	1	3	Three cases concluded with no evidence of fraud.	N/A	N/A	N/A
Business Rates	0	3	Three cases concluded with no evidence of fraud.	N/A	N/A	N/A
Council Tax	10	35	21 cases concluded with no evidence of fraud. One case passed to the DWP for further investigation. 13 cases concluded with the removal of the council tax discount/exemption or reduction, two of which also resulted in housing benefit overpayments.	£6,307 (Historic Liability) £9,663 (Additional liability for future years) £38,893 (Housing Benefit)	N/A	N/A
Homelessness	1	0	One referral rejected.	N/A	N/A	N/A
Housing Allocations	0	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
Parking Permits	0	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
Procurement	1	0	One referral rejected.	N/A	N/A	N/A
Social Care	0	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
School Fraud	2	1	One case closed with no evidence of fraud.	N/A	N/A	N/A
Tenancy	4	6	Six cases concluded with no evidence of fraud.	N/A	N/A	N/A

## Reactive Investigations work: internal investigations

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

Allegation	Investigation activity & recommendations
A number of allegations were made against a manager by a former employee, who cited these allegations as the reasons for their fixed term contract not being extended. <i>Full details are not included due to their sensitive nature and the fact they do not relate to allegations of fraud.</i>	A Team Leader from the Audit & Counter Fraud service undertook a grievance investigation but found no evidence to support any of the allegations made and concluded that there was no case to answer. This conclusion was later upheld following a review by an appeal panel.

## 6. Quality Assurance & Improvement Programme

- 6.1 The Standards require that: *The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement.* The Audit & Counter Fraud Shared Service QAIP was agreed by Medway's Audit Committee in July 2020.
- 6.2 The arrangements set out in the QAIP have been implemented with the collection and monitoring of performance data largely automated through the team's time recording and quality management processes. It should be noted that the results recorded below have not been subjected to independent data quality verification.
- 6.3 In line with the QAIP, the team monitor performance against a suite of 24 performance indicators based on the balanced scorecard, covering the four perspectives; financial, internal process, learning & growth and customer. The table below sets out the performance targets, which are grouped into measures for the service and those that are specific to the individual authority. Targets have been set for 17 of the 24 indicators, however it should be noted that these are for full year outturns; as such outturns at present are not to target levels but are provided for Members information.

Ref	Indicator	Target	Outturn
<b>Non LA Specific Performance Measurements</b>			
PM1	Cost of the Audit & Counter Fraud Service a) Total Cost b) LA Share	N/A	£658,830 (Budgeted Costs) £443,101
PM2	Cost per A&CF day	£400	£365
PM3	Proportion of staff with relevant professional qualification: a) Relevant audit qualification b) Relevant counter fraud qualification	75%	21% 50%
PM4	Proportion of non-qualified staff undertaking professional qualification training	25%	21%
PM5	Time spent on CPD/non-professional qualification training, learning & development	70 days	12 Days (in reporting period)
PM6	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.
PM7	Staff turnover	N/A	N/A
<b>LA Specific Performance Measurements</b>			
PM8	Average cost per assurance review	£5,000	£4,636
PM9	Proportion of available resources spent on	90%	86%

Ref	Indicator	Target	Outturn
	chargeable work		
PM10	Proportion of productive time spent on: a) assurance work b) consultancy work	N/A	61% 0%
PM11	Proportion of productive time spent on: a) proactive counter fraud work b) reactive counter fraud work	N/A	22% 17%
PM12	Proportion of productive time spent on SPOC associated duties	N/A	16 days
PM13	Proportion of agreed assurance assignments: a) Delivered b) Underway	95%	40% 17%
PM14	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	0
PM15	Proportion of recommended actions agreed by client management	90%	100%
PM16	Number of recommendations agreed that are: a) not yet due b) Implemented c) Outstanding	N/A	30 85 20
PM17	Proportion of recommended actions implemented by agreed date	N/A	81%
PM18	Number of referrals received	N/A	125
PM19	Number of investigations closed	N/A	70
PM20	Value of fraud losses identified: a) cashable (losses that can be recovered) b) non-cashable (notional savings based on national estimates) c) Prevented Losses (Savings associated with blocked applications)	N/A	£67,436 £0 £0
PM21	Customer satisfaction with individual review/assignment	95%	100% (based on three surveys received)
PM22	Customer satisfaction with overall service	95%	A wider satisfaction survey was last completed in March 2019 and was positive. Due to the Covid 19 pandemic, it has not been possible to conduct a review this year to date.
PM23	Member satisfaction with assurance provided (based on Chair of Audit Committee contribution to Appraisal of the Head of Audit & Counter Fraud role)	Positive	The Chair of the Audit Committee was invited to contribute to the HIACF's mid-year performance review and made the following comments. 'This has been an extraordinary time over the past year, not least for finance and of course James and the work he does. On my experience so far, I am very satisfied with all he

Ref	Indicator	Target	Outturn
			and his department have achieved. I have of course also been heavily distracted, and due to the exceptional pressure everyone in finance has been under I have not pressed on various fronts as much as I might have otherwise done. But even so, all I read from James has been to a high standard, and all enquiries dealt with very well. I anticipate spending more time in future understanding how decisions are made regarding the allocation of his resources; I am keen to be assured that focusses on getting the best possible value for money as a whole for tax payers, and that all systems operate to very high levels of integrity. So far, so good'
PM24	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. Review of Audit & Counter Fraud Plan

- 7.1 Monitoring of the delivery of planned work is built into the team's processes with individual officer time recording data feeding into an automated performance monitoring workbook; this tracks the performance of the team against the shared service work-plan as a whole and enables the supervisory staff to plan and support officers to deliver their individual work plans. On at least a quarterly basis, a projection of the resources that will be available to the year-end is carried out and compared to forecasts for each item of work on the plan to be completed.
- 7.2 As detailed in paragraphs 4.4 and 4.5, we are forecasting a total loss of around approx 111 days from the original resource budget used to inform the revised 2020-21 plan. This impacts on the number of assurance assignments that can be delivered and also the resource available for counter fraud activity. Since the revised plan was prepared we have also been made aware of expectations from central government in relation to assurance activity relating to the Covid 19 grant schemes. This will require some independent assurance activity in 2020-21 that was not included in the revised plan.
- 7.3 As a consequence it has been necessary to make a number of amendments to planned assurance work, including fraud prevention reviews, to account for lost resource. Revisions to the plan have been discussed and approved by the Chair of the Audit Committee due to the urgent need to redeploy staff ahead of the next Committee meeting. This is in line with the recommendation approved by the Committee at the July meeting.
- 7.4 The following is a list of the reviews that have been removed from the 2020-21 plan, along with a brief explanation as to the reasons for their selection. It should be noted that only reviews that had not yet commenced could be considered for removal.

- Payroll (15) – Scheduled for Q3 but commencement already delayed due to new plans to move Payroll from the Finance Operations service back to the Human Resources Service. Given that this forms part of an active restructuring of HR, the timing of the review is no longer appropriate and should be delayed until the transfer of responsibility and restructuring is complete.
- Cultural Venue Management (15) – The ongoing restrictions for the pandemic mean that cultural venues have had limited opening during 2020 calendar year and no clear indication of when services will resume in earnest. As such it was felt that this review did not currently present any priority in terms of risk.
- HR - sickness absence reporting & monitoring (15) – As mentioned above, the HR service is undergoing a restructure, which will likely mean changes in responsibilities for staff as well as procedural changes that could mean changes to the controls in place. It is therefore more appropriate to review at a later date.
- Tenancy enforcement (15) - Tenancy enforcement activity was suspended during the national lockdown earlier in the year in accordance with Government instructions. As such there has been little activity on which any meaningful testing could be conducted and it is felt that the audit would be more effective if it were deferred.
- Counter Fraud review: Adult social care - self directed support (direct payments) (15) - As we continue in Tier 3 restrictions through the winter months, there is likely to be an increased pressure on Adult Social Care Services; particularly due to the need to deal with larger number of hospital discharges in shorter time frames. It does not feel appropriate to add further pressure to the service by asking them to accommodate the counter fraud review during this period. Resource will be redirected to clearing the backlog of investigative case work.
- Counter Fraud review: Business parking permits (15) - The loss of resource and need to redirect officers to deal with a backlog of case work means it is no longer possible to conduct this review.
- Information requests (15) - This review is of the lowest priority overall and is the only remaining priority two review that has not commenced.

7.5 It should be noted that these changes are based on a forecast loss of resource. If redeployments to other services and the assistance being provided ends sooner than currently predicted, we will review the position with a view to reinstating some of the reviews listed above, dependent upon the level of resource available.

## 8. Follow up of agreed recommendations

- 8.1 Where the work of the team finds opportunities to strengthen the council's risk management, governance and/or control arrangements, the team make and agree recommendations for improvement with service managers. The Standards require that a follow-up process is established: *to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action*. As with all audit work, resources should be prioritised based on risk.
- 8.2 Service managers are asked to provide an update on action taken towards implementing all recommendations due on a monthly basis and are also asked to supply evidence to confirm that action has been taken in respect of all High priority recommendations, which is verified by the Audit & Counter Fraud Team.
- 8.3 The first of the two tables below details the current position in relation to the follow up process and the second details recommendations that are now more than six months over their planned implementation date; along with an update from the relevant Service Manager/Assistant Director/Director.

## Status of Agreed Recommendations

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
HR Self-Serve	<b>Opinion: Needs Strengthening</b> Three recommendations agreed: one <b>high</b> , one <b>medium</b> and one <b>low</b> priority. Recommendations relate to electronic approval processes, staff delegations and subsequent notifications of roles and responsibilities.	Three recommendations due, two implemented. One <b>high</b> priority outstanding relating to electronic approval processes.
Staff Expense Reimbursement	<b>Opinion: Strong</b> Two recommendations agreed: one <b>medium</b> and one <b>low</b> 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	Two recommendation due, one implemented. One <b>low</b> priority outstanding relating to including a prompt to authorising managers highlighting their requirement to validate claims and evidence being submitted.
Sundry Debtors	<b>Opinion: Needs Strengthening</b> Eleven recommendations agreed: two <b>high</b> , seven <b>medium</b> and two <b>low</b> 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.	Eleven recommendations due, ten implemented. One <b>low</b> priority outstanding relating to automated reminder letters being issued to debtors.
Performance Data Quality	<b>Opinion: Sufficient</b> Three recommendations agreed: one <b>high</b> , one <b>medium</b> and one <b>low</b> 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 recommendations due, three implemented.
Medway Commercial Group	<b>Opinion: Needs Strengthening</b> Four <b>high</b> priority recommendations agreed.	Four recommendations due, three implemented. One <b>high</b> priority outstanding relating to improving performance reporting.

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
– Governance & Accounting	Recommendations relate to improving performance reporting and financial monitoring.	An update has been received indicating that appropriate action has been taken to implement this recommendation, however we are awaiting evidence to verify that this is the case.
IT Asset Management	<p><b>Opinion: Amber</b></p> <p>Three recommendations agreed: two <b>high</b> and one <b>medium</b> priority.</p> <p>Recommendations relate to the management of Snow alerts, assets not picked up by the network for over a month, the production of asset registers relating to computers deemed suitable for reuse and those whose solid state drive has been removed, and over licensed applications and potential cost savings.</p>	Three recommendations due, three implemented.
Insurances	<p><b>Opinion: Amber</b></p> <p>Four recommendations agreed: Two <b>medium</b> and two <b>low</b> priority.</p> <p>Recommendations relate to documenting procedures for determining the insurance cover required by the council, including operation of the insurance fund; reminding relevant officers of the requirement to notify the Insurances team of changes to insurable risks, updating information in relation to the insurance policies held on the council's intranet and formalising the council's policy in relation to retaining claim records.</p>	<p>Four recommendations due, three implemented.</p> <p>One <b>low</b> priority outstanding relating to updating information in relation to the insurance policies held on the council's intranet.</p>
Establishment Management	<p><b>Opinion: Amber</b></p> <p>Three recommendations agreed: two <b>medium</b> and one <b>low</b> priority.</p> <p>Recommendations relate to ensuring that regular reconciliations take place between HR and Finance records, incomplete HR forms are returned to the relevant manager for completion, HR scan the signed recruitment to vacancy forms onto the Idox system, and, Managers inform HR of all changes relating to staff in post.</p>	Three recommendations due, three implemented.
Allotments	<p><b>Opinion: Red</b></p> <p>Eleven recommendations agreed: Five <b>high</b>, five <b>medium</b> and one <b>low</b> priority.</p> <p>Recommendations relate to the implementation of a new strategy, new processes and procedures clearly outlining roles and responsibilities, liaison with the Business Change team to review the current IT solution, a review of resources available to deliver the service, introduction and monitoring of KPI's, review of the current process to ensure GDPR compliance, a review of the fee calculations process within Colony, clarification of the published fees and charges relating to Bloors Lane Church</p>	<p>Eleven recommendations due, eight implemented.</p> <p>One <b>high</b> and two <b>medium</b> priority outstanding relating to GDPR compliance, reviewing plot size and fee calculation process and reconciling income.</p>

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	Allotments, clearer information being supplied to tenants in respect of payments, income received being reconciled regularly, and building and maintaining a relationship with the Medway Allotment Federation.	
Workforce Development	<b>Opinion: Amber</b> Five <b>medium</b> 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 recommendation due, four implemented.
Fairview Community Primary School	<b>Opinion: Red</b> Three <b>high</b> priority recommendations agreed. Recommendations relate to the nomination of an LA representative for the Governing Body, the Governing Body updating declarations of interest, and the Governing Body working with the council to their leadership structure is in line with governance requirements.	Three recommendations due, two implemented. One <b>high</b> priority outstanding relating to the Governing Body working with the council to their leadership structure is in line with governance requirements
Whistleblowing	<b>Opinion: Amber</b> Seven recommendations agreed: two <b>high</b> and five <b>medium</b> priority. Recommendations relate to reviewing the whistleblowing policy, including contact details and information for managers, training 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.	Three recommendations due, none implemented. Two <b>high</b> and one <b>medium</b> priority outstanding relating to reviewing the whistleblowing policy, including contact details and information for managers and training whistleblowing officers, managers and staff.
Carers Parking Permits	<b>Opinion: Amber</b> Six recommendations agreed: Two <b>high</b> and four <b>medium</b> 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.	Five recommendations due, five implemented.
St Mary's Catholic Primary School	<b>Opinion Red</b> Ten recommendations agreed: Three <b>high</b> and seven <b>medium</b> priority.	Ten recommendations due, six implemented. Three <b>high</b> and one <b>medium</b> priority outstanding relating to reviewing use of the Onecard to ensure

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	<p>Recommendations relate to 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 &amp; 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.</p>	<p>separation of duties and that the terms &amp; 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 and ensuring the Hospitality Policy is adhered to.</p> <p>An update has been received indicating that appropriate action has been taken to implement these recommendations, however we are awaiting evidence to verify that this is the case.</p>
Children in Need - Section 17 Financial Assistance	<p><b>Opinion: Red</b></p> <p>Two <b>high</b> priority recommendations agreed.</p> <p>Recommendations relate to the distribution of new policies and procedures and identifying secure payment methods as an alternative to cash.</p>	<p>One recommendation due, one implemented.</p>
Agency Staff within Children Services	<p><b>Opinion: Red</b></p> <p>Seven recommendations agreed: Three <b>high</b>, three <b>medium</b> and one <b>low</b> priority.</p> <p>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 any equipment that is not returned.</p>	<p>Seven recommendations due, seven implemented.</p>
Transparency	<p><b>Opinion: Red</b></p> <p>Three recommendations agreed: Two <b>medium</b> and one <b>low</b> priority.</p> <p>Recommendations relate to arrangements being put in place to ensure all required datasets are 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</p>	<p>No recommendations due before 30 November 2020.</p>

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	managing compliance with the Code is included in the service plan for the Information Governance Team.	
Write-offs	<p><b>Opinion: Amber</b></p> <p>Eight recommendations agreed: Six <b>high</b> and two <b>medium</b> priority.</p> <p>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.</p>	<p>One recommendation due, none implemented.</p> <p>One <b>medium</b> priority outstanding relating to reviewing and circulating the Corporate Debt Strategy and Policy,</p>
Staff Performance Management Framework	<p><b>Opinion: Amber</b></p> <p>Four recommendations agreed: Three <b>high</b> and one <b>medium</b> priority.</p> <p>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.</p>	<p>Four recommendations due, three implemented.</p> <p>One <b>medium</b> priority outstanding relating to investigating the PDR recording process available through SelfServe4You.</p>
Leisure Centre Memberships Income Collection	<p><b>Opinion: Amber</b></p> <p>Six recommendations agreed: One <b>high</b>, three <b>medium</b> and two <b>low</b> priority.</p> <p>Recommendations relate to amending fees &amp; charges information on literature and the council website, producing consistent T&amp;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 processes to ensure compliance with GDPR.</p> <p>All medium and low priority recommendations were implemented before the review was finalised.</p>	<p>Six recommendations due, five implemented.</p> <p>One <b>high</b> priority outstanding relating processes to ensure compliance with GDPR.</p>
SEND, Education, Health, Care Plan Reviews	<p><b>Opinion: Amber</b></p> <p>Two recommendations agreed: One <b>high</b> and one <b>medium</b> priority.</p> <p>Recommendations relate to IT solutions to improve process efficiency.</p>	<p>One recommendation due, one implemented.</p>

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
Temporary Accommodation – Rent Collection	<p><b>Opinion: Green</b></p> <p>Two recommendations agreed: Two <b>low</b> priority.</p> <p>Recommendations relate to improved recording of visit details and a review and update of procedure guides.</p>	Two recommendation due, two implemented.
Adoption & Fostering Allowances & expenses	<p><b>Opinion: Red</b></p> <p>Nine recommendations agreed: Six <b>high</b>, two <b>medium</b> and one <b>low</b> priority.</p> <p>Recommendations relate to Procedure notes being created and issued to all staff with records maintained to confirm staff have received them, Records being maintained of all policies issued to staff along with acknowledgement that they have been read and understood, Declaration of interest forms being completed by all staff, Expense claim forms being reviewed to include signatures and declarations in prominent positions, All claims being accompanied by evidence of expenditure, which is then retained, An episode should be created on Frameworki for the authorising officer to confirm any decisions made and approval for all expenses, including verification of receipts, The policy/accepted practice relating to respite care being reviewed to close the loophole identified or claim forms updated to require exact hours of respite to be declared, A requirement for all mileage to be detailed on claim forms, and The Foster Carer agreement being updated to include overpayment recovery details.</p>	<p>Five recommendations due, four implemented.</p> <p>One <b>low</b> priority outstanding relating to declaration of interest forms being completed by all staff.</p>
Innovation Centre Medway	<p><b>Opinion: Amber</b></p> <p>Five recommendations agreed: One <b>high</b> and four <b>medium</b> priority.</p> <p>Recommendations relate to a review of the Innovation Strategy, formalising the application process for tenants ensuring consistency for all applications, the maintenance of tenancy records, and the process for debt recovery.</p>	Four recommendations due, four implemented.
Project & Change Management	<p><b>Opinion: Green</b></p> <p>Three recommendations agreed: Two <b>medium</b> and one <b>low</b> priority.</p> <p>Recommendations relate to improving the accessibility of project management skills and information available to managers’ and promoting the work of the Business Change team</p>	No recommendations due before 30 November 2020.
Park Wood Schools Federation	<p><b>Opinion: Red</b></p> <p>Twelve recommendations agreed: Four <b>high</b> and eight <b>medium</b> priority.</p>	Twelve recommendations due, twelve implemented.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	<p>Recommendations relate to declarations of Interest for all staff involved in purchasing or procurement decisions; authorisation of the monthly payroll report; process for the authorisation of changes to Head Teacher's pay; Overtime claim forms being completed in full by staff before being put forward for accuracy checks and authorisation; updates to the finance policy around authorised signatories and their limits as well as banking arrangements; school purchases only being via the school bank account; evidence to support expenses claims and their approval process; Gifts and hospitality not being purchased using school funds; contract decisions made by the Business and Finance Committee being clearly be documented in the minutes of the meeting; charges being set in line with the actual cost for all school; Updates to the asset register to include all information required by the School Finance Manual, including disposal information where appropriate along with records of annual checks.</p>	
Capital Accounting – HRA	<p><b>Opinion: Green</b></p> <p>One <b>low</b> priority recommendation agreed.</p> <p>Recommendation relates to the inclusion of a link to the latest capital programme schemes monitoring information in the Capital and Revenue Budgets report that is presented to Council for decision making.</p>	No recommendations due before 30 November 2020.
Purchase Ledger	<p><b>Opinion: Green</b></p> <p>Three recommendations agreed: One <b>medium</b> and two <b>low</b> priority.</p> <p>Recommendations relate to updating links to guidance documents within e-forms; deactivation of suppliers not used for more than 18 months and review of the authorised signatories list to remove past employees and update users with name changes.</p>	No recommendations due before 30 November 2020.

## Recommendations still outstanding more than six months after scheduled implementation date

Directorate	Audit & Counter Fraud Review title	Recommendation	Priority	Planned Implementation Date	Management Update
BSD	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 Nov 2018	An update has been received indicating that appropriate action has been taken to implement this recommendation, however we are awaiting evidence to verify that this is the case.
RCE	Allotments	Review allotment process to ensure GDPR compliance for all tenants: existing, previous and prospective.	High	31 March 2020	An update has been received indicating that appropriate action has been taken to implement this recommendation, however we are awaiting evidence to verify that this is the case.

## Definitions of audit opinions & Recommendation Priorities

Opinion	Definition
<b>Green</b> – 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.
<b>Amber</b> – 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.
<b>Red</b> – 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.

Recommendation priority	Definition
<b>High</b>	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.
<b>Medium</b>	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.
<b>Low</b>	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.