

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

Audit & Counter Fraud Update

Medway Council

For the period:

01 December 2020 - 31 January 2021

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 third and final update for 2020-21 ahead of the annual report that will be presented in June, covering the period 01 December 2020 to 31 January 2021, and the following audit reviews were finalised during the reporting period;
 - Highways – Winter Service – Opinion: **Green**
 - Fostering – Virtual Panels – 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, five 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 31 January was 57% complete, with a further 18% underway; full details of the individual reviews can be found in section 5 of this report. The proportion of available resource spent on chargeable work during the period was 88%; with 86% of that chargeable time spent on assurance and consultancy work and 14% on counter fraud activity.
- 2.3 Follow up of agreed recommendations has continued and performance as of 31 January stood at 87%, with 104 of 119 recommendations due by the end of the period having been implemented. The 15 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 £64,100 in the form of additional council tax liabilities, both historic and future and a number of housing benefit overpayments.
- 2.5 As previously reported, there has been a loss of around 111 days from projected resource and amendments to the plan were agreed at the January meeting to address this issue. The redeployment of the two investigators until the end of the financial year, will lead to a loss of approx 45 days from projected counter fraud resource but it is felt that the impact of this will be minimal given the limited activity that can be undertaken with the current level of restrictions.
- 2.6 At the January meeting, Members were notified of a number of reviews were removed from the plan with the agreement of the Chair. When trying to commence the review of Medway Adult & Community Learning Service - 24+ Advanced Learning Loans & repayment, it was identified that the administration of these loans is not managed by the council and as such the controls sit outside of the council, meaning there is nothing suitable to review. Accordingly this review has been replaced with Cultural Venue Management, which was originally approved for removal in January 2021.

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 01 December 2020 to 31 January 2021 amounted to 237 days and 208 days (88%) were spent on chargeable audit and counter fraud work. Of this chargeable time, 179 days (86%) was spent on audit assurance and consultancy work, while 29 days (14%) 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 At the last meeting of the Committee it was advised that available resource had been impacted by a number of issues that had led to a total loss of 111 days from the original projected budget. The redeployment of the two investigators will see a further loss of 45 days from the projected counter fraud resource.

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	Findings already reported to Audit Committee – September 2020 meeting
7	Asset management & Building Repair & Maintenance Fund	20	14.5	Final Report Issued	Findings already reported to Audit Committee – September 2020 meeting
9	Park Wood Schools Federation	15	33.9	Final Report Issued	Findings already reported to Audit Committee – January 2021 meeting
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
Core governance and financial systems assurance work					
1	Governance framework	5	5	Final Report Issued	Findings already reported to Audit Committee – January 2021 meeting
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	Findings already reported to Audit Committee – January 2021 meeting
4	Housing rent collection & arrears	5	7.7	Final Report Issued	Findings already reported to Audit Committee – January 2021 meeting
5	General ledger	15	8.7	Final Report Issued	Findings already reported to Audit Committee – January 2021 meeting
6	Capital accounting	15	15	Final Report Issued	Findings already reported to Audit Committee – January 2021 meeting
7	Council tax collection	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place to administer, bill and collect Council Tax.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
8	Payroll	15	N/A	Removed from Plan	Removal agreed by the Committee – January 2021 Meeting.
9	Financial planning	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place to for effective financial planning.
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	Draft Report with client for consideration	The review considered the following Risk Management Objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.
	St Nicholas CofE Infants	20	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.
Corporate risks assurance work					
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: RMO1 - Effective arrangements are in place for care plans to be assessed and reviewed.
12	Cyber security	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - There are arrangements in place to protect the council network.
13	Highways - winter service	15	N/A	Final Report Issued	The review considered the following Risk Management Objectives: RMO1 - The council have arrangements in place to provide an effective Winter Service - General Maintenance. The review found that the existing contract with Volker Highways has clear roles and responsibilities for ensuring that any salting and snow clearance is carried out to benefit the residents and visitors of Medway. There are arrangements in place for co-ordination with Kent County Council (KCC) to ensure that roads leading out of and into Medway are maintained to the same level as those in the rest of the county, if not better, and any variations from the actions advised by KCC are appropriately approved. The contractor provides evidence of their activities for checking and for payment to be made based on these. The contractor is paid in line with the relevant Schedule of Rates, which increases incrementally year on year. Some errors, mainly arithmetical, have been discovered in these spreadsheets and a recommendation has been made to address this. The service have confirmed they are already taking steps to address this. The council has

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>both a Winter Service Policy and a Winter Service Plan, which run concurrently from 2018 to 2027. These are reviewed on a yearly basis by all interested parties and any issues or suggestions to improve the service are discussed and the plan amended where necessary to incorporate these.</p> <p>An appropriate budget is in place for the Winter Service, though there is a risk to the service in the event a winter is worse than anticipated, therefore a recommendation has been made that means of ensuring the financial resilience of the Winter Service are investigated. Opinion: Amber.</p> <p>RMO2 - The council have arrangements in place to provide an effective Winter Service – Salting and snow clearance operations.</p> <p>The review found that the service has well established routes, that are currently under review to account for any planned increases to the road infrastructure. The vehicles intended to be used are displayed to the officers responsible for the service at the annual ‘Winter Parade’, where all aspects of the intended service are confirmed, and verification that all relevant checks have been carried out is received. This includes the correct functioning of the weighbridge, the levels of salt held in the salt barn, the vehicles and confirmation of their calibration, the drivers’ rosters and qualifications and details of any third parties, such as farmers who have been contracted to provide snow plough cover in rural areas.</p> <p>The ‘Winter Parade’ held on 8 October 2020 was attended and the relevant checks evidenced. Opinion: Green.</p> <p>RMO3 - The council have arrangements in place to provide an effective Winter Service – Salt bins.</p> <p>The review found that the council has 484 salt bins located around Medway for the general public to use during inclement winter weather. The bins are not locked during the summer months, as this was found not to discourage thefts by those minded to steal the salt and resell it, but merely resulted in the bins being broken to facilitate this. The bins are surveyed prior to the start of each winter season, and this information is passed to the contractor to ensure those that are damaged or missing are replaced and the rest are filled where needed. The relatively mild winter in 2019/20 has meant that the majority of the salt bins remain full for the 2020/21 season. This year, £13,000 has been ringfenced for replacement bins and the contractor has been asked to maintain a stock of these, to ensure there is no significant delay in new bins being installed. Opinion: Green.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					Overall Opinion: Green. Recommendations: Two medium and one low priority. Recommendations relate to ensuring amendments to the plan are recorded, the checking of data provided by the contractor to ensure accuracy and investigating means of ensuring there is financial resilience to deliver statutory duties in the case of severe inclement winter weather.
14	Fostering- Virtual Panels	15	N/A	Final Report Issued	<p>The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to manage decision making through virtual panels.</p> <p>The review found that the necessity to run virtual fostering panels was in relation to Covid-19 and the requirement was recorded in the Children’s Social Care Covid-19 risk register. Although the council had previously always held face-to-face fostering panel meetings, the Fostering Services (England) Regulations 2011 do not stipulate that panel meetings need to be held face-to-face, with everyone in the same venue, and therefore it is for each service provider to decide the most appropriate format for their panel meetings. It is understood that virtual panels will continue for the foreseeable future while the pandemic is ongoing. Under the Adoption and Children (Coronavirus) (Amendment) Regulations 2020 an amendment was made to The Fostering Service (England) Regulations 2011 to make the running of fostering panels optional from April 2020 and to reduce quoracy should panels be run. We were advised that the use of virtual panels meant there were no occasions on which the option to not hold a fostering panel was taken during the period of the amendments, and for panel meetings held up until 25 September, when the amendments ceased, it was found that panel membership was in accordance with the amended requirements.</p> <p>There are appropriate arrangements in place for virtual panels to be run via Microsoft Teams, ensuring continued compliance with the Fostering Services (England) Regulations 2011. Procedures are in place to mitigate any IT issues and ensure that the confidentiality of meetings is maintained. Work is currently also being undertaken to look at ways for panel paperwork to be held virtually, replacing the current paper-based system. This will increase data security but any changes should be considered by the Information Governance Team.</p> <p>Opinion: Green. Overall Opinion: Green. Recommendations: One medium priority.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					Recommendation relates to approval of the Data Protection Impact Assessment for paperless panel meetings.
15	Tree Service	15	N/A	Draft Report with client for consideration	The review considered the following Risk Management Objectives: RMO1 - The council have procedures in place to protect trees that bring significant amenity to the local area by way of Tree Preservation Orders. RMO2 - The council have arrangements in place to monitor the Tree Maintenance Contract delivered by Medway Norse.
16	<i>HRA capital repairs & maintenance work allocation</i>	15	11	<i>Final Report Issued</i>	<i>Findings already reported to Audit Committee – January 2021 meeting</i>
17	Calidicott guardian	10	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objectives: RMO1 - The council is compliant with its mandatory obligation to appoint a Caldicott Guardian and the Guardian's responsibilities are met. RMO2 - Arrangements are in place to ensure compliance with the Caldicott Principles.
18	Disabled Facilities Grants	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place to facilitate and monitor the payment of Disabled Facilities Grants.
19	Section 17 - No Recourse to Public Funds	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Effective processes are in place to manage the Section 17 Payments in relation to children from No Recourse to Public Funds families.
20	Free school transport	20	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Effective arrangements are in place for the delivery of Free School Transport. RMO2 - Effective arrangements are in place for monitoring the budget for Free School Transport.
21	Children's' Independent Safeguarding & Review Service	15	N/A	Terms of Reference being prepared	
22	Child Sexual Exploitation	15	N/A	Terms of Reference being prepared	

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
23	Income collection - visitor parking permits	15	N/A	Terms of Reference being prepared	
24	Commercial property management - Pentagon Centre	15	N/A	Terms of Reference being prepared	
25	<i>HR - sickness absence reporting & monitoring</i>	15	<i>N/A</i>	<i>Removed from Plan</i>	<i>Removal agreed by the Committee – January 2021 Meeting.</i>
26	Medway Adult & Community Learning Service - 24+ Advanced Learning Loans & repayment	15	N/A	Removed from Plan	It has been identified that the administration of these is not managed by the council and as such the controls sit outside of the council, meaning there is nothing suitable to review. Accordingly this review has been removed and replaced with Cultural Venue Management, which was originally approved for removal in January 2021.
27	Medway Norse - waste & recycling contract	15	N/A	Terms of Reference being prepared	
28	<i>Tenancy enforcement</i>	15	<i>N/A</i>	<i>Removed from Plan</i>	<i>Removal agreed by the Committee – January 2021 Meeting.</i>
29	Section 17 - Intentional homelessness	15	N/A	Terms of Reference being prepared	
30	<i>Information requests</i>	15	<i>N/A</i>	<i>Removed from Plan</i>	<i>Removal agreed by the Committee – January 2021 Meeting.</i>
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	Complete	Independent validation relating to a number of grants 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. Further validation is expected in 2021-22.
34	Early Help Service (Inc. MAfF, Family Support	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

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
	Service, Common Assessment Framework)				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 10.
Counter Fraud Assurance Work					
38	Adult social care - self directed support (direct payments)	15	N/A	Removed from Plan	Removal agreed by the Committee – January 2021 Meeting.
39	Business parking permits	15	N/A	Removed from Plan	Removal agreed by the Committee – January 2021 Meeting.
40	Special Guardianship Orders	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objectives: RMO1 - Policies and procedures in place to assist in the prevention of Special Guardianship Orders fraud. RMO2 - Arrangements exist for detecting Special Guardianship Orders fraud. RMO3 - Arrangements exist to deter individuals fraudulently obtaining or Special Guardianship Orders. 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
Test And Trace Service Support Grant	Independent validation of expenditure to date was provided in line with the requirements for returns to the Department for Health & Social Care.

Activity	Opinion, summary of findings & recommendations made
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 National Fraud Initiative and Kent Intelligence Network	54	N/A	Underway	Review letters were issued to all addresses where questions over entitlement to a Single Person Discount were raised by the NFI matches. While some responses have been received, a proportion of the work is ongoing. All results are included within the reactive investigation information.

Reactive Investigations work: external investigations

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable Savings	Non-cashable Savings	Prevented Losses
Council Tax	3	17	Nine cases concluded with no evidence of fraud. Eight cases concluded with the removal of the council tax discount/exemption or reduction, three of which also resulted in housing benefit overpayments.	£18,594 (Historic Liability) £6,240 (Additional liability for future years) £39,863 (Housing Benefit)	N/A	N/A
Housing Allocations	0	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
Other	1	0	One case referred to Action Fraud to assist customer.	N/A	N/A	N/A

Reactive Investigations work: internal investigations

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

Allegation	Investigation activity & recommendations
Nothing to report.	

Other Redeployment activity as part of Covid Response

Activity	Details
Small Business Grants	The Intelligence Analyst has provided support to MRBs to deal with the small Business Grant Schemes that arose as part of the new restrictions.
Alternative Restrictions Grants (Discretionary Schemes)	Three auditors and one investigator provided assistance to Economic Development to review and assess discretionary grant applications received under the Alternative Restrictions Grant funding. The three auditors have returned to normal duties but both investigators will continue to provide support for the remainder of 2020-21 as the grant schemes continue.

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
Non LA Specific Performance Measurements			
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	9 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
LA Specific Performance Measurements			
PM8	Average cost per assurance review	£5,000	£4,636
PM9	Proportion of available resources spent on	90%	88%

Ref	Indicator	Target	Outturn
	chargeable work		
PM10	Proportion of productive time spent on: a) assurance work b) consultancy work	N/A	86% 0%
PM11	Proportion of productive time spent on: a) proactive counter fraud work b) reactive counter fraud work	N/A	8% 6%
PM12	Proportion of productive time spent on SPOC associated duties	N/A	10 days
PM13	Proportion of agreed assurance assignments: a) Delivered b) Underway	95%	57% 18%
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	30 104 15
PM17	Proportion of recommended actions implemented by agreed date	N/A	87.39%
PM18	Number of referrals received	N/A	35
PM19	Number of investigations closed	N/A	22
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	£64,100 £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 we are forecasting a further loss of 45 days from the original resource budget used to inform the revised 2020-21 plan. This loss of resource relates solely to counter fraud activity as the investigators have been redeployed but given the current restrictions, we are unlikely to see any negative impact as the majority of reactive investigation work has been hindered by ongoing restrictions that means visits to home addresses and face to face interview are not possible.

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	<p>Opinion: Needs Strengthening</p> <p>Three recommendations agreed: one high, one medium and one low priority. Recommendations relate to electronic approval processes, staff delegations and subsequent notifications of roles and responsibilities.</p>	<p>Three recommendations due, two implemented. One high priority outstanding relating to electronic approval processes.</p>
Staff Expense Reimbursement	<p>Opinion: Strong</p> <p>Two recommendations agreed: one medium and one low priority. Recommendations relate to aligning declarations on electronic and paper claims and including a prompt to authorising managers highlighting their requirement to validate claims and evidence being submitted</p>	<p>Two recommendation due, two implemented.</p>
Sundry Debtors	<p>Opinion: Needs Strengthening</p> <p>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.</p>	<p>Eleven recommendations due, eleven implemented.</p>
Medway Commercial Group – Governance & Accounting	<p>Opinion: Needs Strengthening</p> <p>Four high priority recommendations agreed. Recommendations relate to improving performance reporting and financial monitoring.</p>	<p>Four recommendations due, four implemented.</p>
Insurances	<p>Opinion: Amber</p> <p>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</p>	<p>Four recommendations due, four 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
	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.	
Allotments	<p>Opinion: Red</p> <p>Eleven recommendations agreed: Five high, five medium and one low priority.</p> <p>Recommendations relate to the implementation of a new strategy, new processes and procedures clearly outlining roles and responsibilities, liaison with the Business Change team to review the current IT solution, a review of resources available to deliver the service, introduction and monitoring of KPI's, review of 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 Allotments, clearer information being supplied to tenants in respect of payments, income received being reconciled regularly, and building and maintaining a relationship with the Medway Allotment Federation.</p>	<p>Eleven recommendations due, ten implemented.</p> <p>One high priority outstanding relating to GDPR compliance.</p> <p>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.</p>
Workforce Development	<p>Opinion: Amber</p> <p>Five medium priority recommendations agreed.</p> <p>Recommendations relate to processes being consistently followed throughout the council, the retention of evidence for approval, centralisation of conference budgets, a review of conference request forms and ensuring that three quotes are obtained in all possible circumstances.</p>	<p>Four recommendation due, four implemented.</p>
Fairview Community Primary School	<p>Opinion: Red</p> <p>Three high priority recommendations agreed.</p> <p>Recommendations relate to the nomination of an LA representative for the Governing Body, the Governing Body updating declarations of interest, and the Governing Body working with the council to their leadership structure is in line with governance requirements.</p>	<p>Three recommendations due, two implemented.</p> <p>One high priority outstanding relating to the Governing Body working with the council to their leadership structure is in line with governance requirements</p>
Whistleblowing	<p>Opinion: Amber</p> <p>Seven recommendations agreed: two high and five medium priority.</p> <p>Recommendations relate to reviewing the whistleblowing policy and raising awareness, training whistleblowing officers, managers and staff, investigating the</p>	<p>Seven recommendations due, one implemented.</p> <p>Two high and four medium priority outstanding relating to raising awareness of the whistleblowing policy, training whistleblowing officers, managers and staff, investigating the introduction of an online</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
	introduction of an online reporting form and ensuring there are systems in place for recording and reporting all concerns.	reporting form and ensuring there are systems in place for recording and reporting all concerns.
Carers Parking Permits	<p>Opinion: Amber</p> <p>Six recommendations agreed: Two high and four medium priority.</p> <p>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.</p>	Five recommendations due, five implemented.
St Mary's Catholic Primary School	<p>Opinion Red</p> <p>Ten recommendations agreed: Three high and seven medium priority.</p> <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 & 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>	Ten recommendations due, ten implemented.
Children in Need - Section 17 Financial Assistance	<p>Opinion: Red</p> <p>Two high 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>Two recommendations due, one implemented.</p> <p>One high priority outstanding relating to identifying secure payment methods as an alternative to cash.</p>
Transparency	<p>Opinion: Red</p> <p>Three recommendations agreed: Two medium and one low priority.</p> <p>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</p>	Three recommendations due, three 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
	managing compliance with the Code is included in the service plan for the Information Governance Team.	
Write-offs	<p>Opinion: Amber</p> <p>Eight recommendations agreed: Six high and two medium 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>	Two recommendations due, one implemented. One medium priority outstanding relating to reviewing and circulating the Corporate Debt Strategy and Policy,
Staff Performance Management Framework	<p>Opinion: Amber</p> <p>Four recommendations agreed: Three high and one medium 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>	Four recommendations due, three implemented. One medium priority outstanding relating to investigating the PDR recording process available through SelfServe4You.
Leisure Centre Memberships Income Collection	<p>Opinion: Amber</p> <p>Six recommendations agreed: One high, three medium and two low priority.</p> <p>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 processes to ensure compliance with GDPR.</p> <p>All medium and low priority recommendations were implemented before the review was finalised.</p>	Six recommendations due, five implemented. One high priority outstanding relating processes to ensure compliance with GDPR.
SEND, Education, Health, Care Plan Reviews	<p>Opinion: Amber</p> <p>Two recommendations agreed: One high and one medium priority.</p> <p>Recommendations relate to IT solutions to improve process efficiency.</p>	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
Adoption & Fostering Allowances & expenses	<p>Opinion: Red</p> <p>Nine recommendations agreed: Six high, two medium and one low 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>	Five recommendations due, five implemented.
Innovation Centre Medway	<p>Opinion: Amber</p> <p>Five recommendations agreed: One high and four medium 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>Opinion: Green</p> <p>Three recommendations agreed: Two medium and one low 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>	One recommendation due, one implemented.
Capital Accounting – HRA	<p>Opinion: Green</p> <p>One low 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 31 January 2021.
Purchase Ledger	<p>Opinion: Green</p>	Two recommendations due, none 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>Three recommendations agreed: One medium and two low 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>	<p>Two low priority outstanding relating to updating links to guidance documents within e-forms and deactivation of suppliers not used for more than 18 months</p>
Highways - winter service	<p>Opinion: Green</p> <p>Three recommendations agreed: Two medium and one low priority.</p> <p>Recommendations relate to ensuring amendments to the plan are recorded, the checking of data provided by the contractor to ensure accuracy and investigating means of ensuring there is financial resilience to deliver statutory duties in the case of severe inclement winter weather.</p>	<p>One recommendation due, one implemented.</p>
Fostering – Virtual Panels	<p>Opinion: Green.</p> <p>One medium priority recommendation agreed.</p> <p>Recommendation relates to approval of the Data Protection Impact Assessment for paperless panel meetings.</p>	<p>No recommendations due before 31 January 2021.</p>

Recommendations still outstanding more than six months after scheduled implementation date

Directorate	Audit & Counter Fraud Review title	Recommendation	Priority	Planned Implementation Date	Management Update
RCE	Allotments	Review allotment process to ensure GDPR compliance for all tenants: existing, previous and prospective.	High	31 March 2020	The Service have advised that this recommendation has been implemented. We are currently awaiting evidence to sign off as this is a high priority recommendation.
BSD	HR Self-Service	Only Director or Assistant Director can approve posts to electronically authorise payment of expenses and irregular claims through self-serve. Providing they have approved a post to authorise payments the current practice requiring an authorised signatory form when new staff move into post is unnecessary. Removing this process will save time spent processing and saving unnecessary paperwork. To ensure the list of approved posts is correct HR should send Directors and Assistant Directors a list of approved posts to review on an annual or bi-annual basis.	High	31 August 2017 30 June 2020	
BSD	Whistleblowing	To raise awareness of the policy and training: <ul style="list-style-type: none"> managers should be reminded that as part of the induction process, new staff should undertake the mandatory whistleblowing e-learning and existing staff who have not carried out the e-learning should be encouraged to do so; a communications campaign should be undertaken to refresh whistleblowing in people's minds through, for example, CMT headlines and other internal newsletters, MEDSPACE and posters; and, investigation should be undertaken into the potential for including information about whistleblowing in Service Manager sessions, team meetings and the next employee survey. 	High	30 June 2020	The Speak Up Policy was approved at Full Council on 21 January 2021. Workforce Development are now planning to provide training to launch the new policy.

Directorate	Audit & Counter Fraud Review title	Recommendation	Priority	Planned Implementation Date	Management Update
BSD	Whistleblowing	All whistleblowing officers, line managers and supervisors should be trained in how to manage whistleblowing concerns.	High	30 June 2020	The Speak Up Policy was approved at Full Council on 21 January 2021. Workforce Development are now planning to provide training to launch the new policy.
BSD	Staff Performance Management Framework	The PDR recording process available on SelfServe4You should be investigated and line managers should be encouraged to use it so that reports can be run showing that PDRs, 1-to-1s etc. are taking place.	Medium	31 July 2020	The system is transferring to HR as of 1st April, whereby we will be working with Zellis to see what modules can be onboarded and the associated cost. A working group will be formed, on which Audit will offer consultancy service. A revised implementation date of 31 March 2022 is therefore requested.

Definitions of audit opinions & Recommendation Priorities

Opinion	Definition
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.

Recommendation priority	Definition
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.