

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

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# Audit & Counter Fraud Annual Report 2020-21 Medway Council

# 1. Introduction

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

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

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

## 2. Opinion of the Chief Audit Executive

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

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

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

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

- The results of all work carried out by the Audit & Counter Fraud Shared Service for Medway from the preparation of the Annual Internal Audit Report 2019-20 in July 2020 to the 31 March 2021,
- Follow-up of recommendations linked to audits from previous periods,
- Significant recommendations not accepted by management or acted upon and the consequent risks,
- The effects of any significant changes in the organisation's objectives or systems, including,
  - The effects of changes to the control environment resulting from emergency decisions taken in response to the Covid 19 Pandemic,
- Front line assurance related activities undertaken by redeployed Audit & Counter Fraud staff in new areas of risk, such as business support grants,
- Matters arising from previous reports to the organisation, and

- The results of work performed by other assurance providers.

I am satisfied that there has been an adequate level of internal audit assurance work undertaken as part of the 2020-21 plan, which was revised to ensure there was adequate focus on highest risks and new & emerging risks as a result of the pandemic. In addition, I have chaired the 'governance cell' of the councils Tactical Command Group, monitoring the emergency decisions made and ensuring they are assessed for their implications, which has also provided me with continual sight of the risk registers being used by services and the ability to see the levels of risk management throughout the emergency response. The service has also been involved in front-line assurance activity in the new risk area of business grants, with Audit & Counter Fraud staff redeployed to assist with the assessment and validation of claims. However, in forming my opinion for 2020-21, I am also placing greater reliance on alternative forms of assurance, such as the report from the Commissioner for Children's Social Care, than we may have done in previous years due to the reduced level of planned reviews.

Taking all this into account, I believe there is sufficient evidence to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's risk management, system of internal control and governance processes.

While it has been identified that the authority has mainly established adequate internal controls within the areas subject to review between 01 July 2020 and 31 March 2021, there are areas where compliance with existing controls should be enhanced or strengthened or where additional controls should be introduced to reduce the risk of loss to the authority. Where such findings have been made, recommendations have been made to management to improve the controls within the systems and processes they operate. Management have accepted responsibility for the implementation of these recommendations and follow up arrangements are in place to ensure that appropriate action is taken. The results of all work completed will be reported to the Finance & Audit Committee in accordance with the Audit & Counter Fraud Charter.

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

### 3. Independence

The Audit & Counter Fraud Charter was approved by Medway's Audit Committee in March 2020 and sets out the purpose, authority and responsibility of the team. The Charter sets out the arrangements to ensure the team's independence and objectivity through direct reporting lines to senior management and Members, and through safeguards to ensure officers remain free from operational responsibility and do not engage in any other activity that may impair their judgement. The work of the team during the period covered by this report has been free from any inappropriate restriction or influence from senior officers and/or Members.

Given its responsibilities for counter fraud activities, the Audit & Counter Fraud Shared Service cannot provide independent assurance over the counter-fraud activities of either council. Instead independent assurance over the effectiveness of these arrangements will be sought from an external supplier of audit services on a periodic basis. The most recent of these reviews was undertaken by Tonbridge & Malling Borough Council in 2018-19.

### 4. Resources

The Audit & Counter Fraud Shared Service Team reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. At the start of the year, the team had an establishment of 14 officers

(13.64FTE), made up of the Head of Audit & Counter Fraud, three Audit & Counter Fraud Team Leaders, eight Audit & Counter Fraud Officers (7.64FTE), one Audit & Counter Fraud Intelligence Analyst and one Audit & Counter Fraud Assistant.

The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 64% for Medway with the remaining 36% for Gravesham. At the time the Audit & Counter Fraud Plans for 2020-21 were prepared, this establishment was forecasted to provide a total of 1,895 days available for audit and counter fraud work (net of allowances for leave, training, management, administration etc.). The Audit & Counter Fraud Plan for Medway was prepared with a resource budget of 1,213 days.

The original resource budget and plan were prepared before the council moved into emergency response as a consequence of the pandemic. The service was shut down as non-critical, which impacted on the ability to deliver some of the remainder of the 2019-20 plan as well as the 2020-21 plan. Quarter one of 2020-21 was used for service recovery and a revised 2020-21 plan was prepared based on a revised resource budget covering the period 01 July 200 to 31 March 2021. The revised forecast indicated a total of 1,356 days available for audit and counter fraud work (net of allowances for leave, training, management, administration etc.). The revised Audit & Counter Fraud Plan for Medway was prepared with a resource budget of 868 days.

While the team have been operating on a reduced plan, the final outturns for the year demonstrate how resources have been used across the whole twelve months, including the period of recovery. It should be noted that sickness and the redeployment of Audit & Counter Fraud Officers at various points during the year to assist with covid related grant schemes had significant impact on the levels of resource available during the year.

As of 31 March 2021, the net staff days available for Medway for 2020-21 amounted to 1,246 days and 1,030 days (82%) were spent on productive audit and counter fraud work. Of this productive time, 722 days (70%) was spent on audit assurance and consultancy work, while 308 days (30%) was spent on proactive counter fraud and investigations work. The current status and results of all work carried out are detailed at section five of this report.

The pandemic situation has had an impact on learning and development needs during the year, but virtual team meetings have taken place and all team members have had regular one to one meetings with their line manager to monitor progress with work-plans. In addition, staff have all been given the opportunity to attend wellbeing webinars throughout the periods of lockdown and there have also been informal team 'catch up's' to try and prevent officers from becoming isolated during enforced remote working.

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

The Revised Audit & Counter Fraud Plan 2020-21 for Medway was approved by the Audit Committee in July 2020. The Plan was intended to provide a clear picture of how the council would use the Audit & Counter Fraud resources, reflecting all work planned for the team for Medway during the last three quarters of the financial year including the council's core finance and governance arrangements, operational assurance work, proactive counter fraud work, responsive investigations and consultancy services.

Arrangements to monitor the delivery of planned work is built into the team's processes with individual officer time recording data feeding into an automated performance monitoring workbook; this tracks the performance of the team against the shared service work-plan as a whole and enables the supervisory staff to plan and support officers to deliver their individual work plans.

During the course of the year the plan was amended to take into account changes in resource levels created by overrunning reviews, sickness, officers commencing their apprenticeship earlier than

anticipated, and the redeployment of officers to assist other services with Covid Grant schemes. Members agreed revisions to the plan for 2020-21, which are summarised below;

- Payroll - Deferred to 2021-22
- HR - sickness absence reporting & monitoring – Deferred to 2021-22
- Tenancy enforcement - Deferred to 2021-22
- Counter Fraud review: Adult social care - self directed support (direct payments) – Deferred to 2021-22
- Counter Fraud review: Business parking permits – Deferred to 2021-22
- Information requests – Deferred to 2021-22
- 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 was nothing suitable to review.

The tables below provide details of the work from 2019/20 that was finalised in 2020-21, the progress of work undertaken as part of the revised 2020-21 work plan and the results of investigative work completed throughout the year.

2019-20 Internal Audit Assurance work finalised in 2020-21 (items in italics have been detailed in previous update reports)

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
2	<i>Project &amp; change management</i>	20	12.9	<p><i>Final Report Issued</i></p> <p><i>Findings reported September 2020</i></p>	<p><i>The review considered the following Risk Management Objective:</i>  <b><i>RMO1 - Appropriate arrangements have been put into place to ensure the delivery of the council's business change objectives.</i></b></p> <p><i>Following the end of the Transformation Programme in March 2019 the Business Change team were created to provide the expertise to deliver projects as directed and work closely with services. The Business Change team will ensure transformation is incorporated into normal service delivery. The Business Change team have a service plan in place with meaningful objectives which align with the Corporate Plan. During the Transformation programme the intranet was used to communicate delivery of change projects. The Business Change team have delivered successful projects and have plans to deliver future projects. Publicising their work will demonstrate their success and help develop working relationships to embed transformation within normal service delivery.</i></p> <p><i>The projects reviewed had sufficient elements of a typical project lifecycle to demonstrate the projects were initiated, planned, controlled and monitored appropriately. There was less evidence of the risk registers for each project or the project management framework they followed. While the projects we reviewed were delivered by officers with expertise any service manager could be called on to lead or support a project. Improving the availability of skills, knowledge and information available to them will improve opportunities to deliver successful projects. We therefore recommend the same action from the previous review of project management in 2017 that project management be incorporated into the Leadership Academy. While the Leadership Academy will improve the availability of managers' skills, the introduction of information on project management and recommended frameworks on the intranet will also help managers. Improving skills and information available to managers will complement the objective if the Business Change team to embed project management and transformation into normal service delivery. <b>Opinion: Green.</b></i></p> <p><b>Overall Opinion: Green. Recommendations: Two medium and one low priority. Recommendations relate to improving the accessibility of project management skills and information available to managers' and promoting the work of the Business Change team.</b></p>

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
7	Asset management & Building Repair & Maintenance Fund	20	14.5	Final Report Issued  Findings reported September 2020	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 - Arrangements are in place to manage and account for the council's assets.</b></p> <p>The review found that Asset Registers are in place which contain accurate, relevant and up-to-date information, along with the current value for the Land &amp; Building and Finance registers.</p> <p>The Valuation of Land &amp; Buildings was also subject to an extensive review by External Auditors. <b>Opinion: Green.</b></p> <p><b>RMO2 - Arrangements are in place to manage the council's Building Repair &amp; Maintenance Fund (BRMF).</b></p> <p>The review found that condition surveys were carried out in 2017 and were used to identify the works required over a five-year period and the forecasted budget for the identified works.</p> <p>Arrangements were found to be in place for a Planned Maintenance Work programme to be built based on the condition surveys and the emergency work provision.</p> <p>Approval for the overall programme, along with the any amendments are monitored and controlled through the Corporate Strategic Property Board. To meet the council's moratorium on expenditure arrangements were put in place to review the Planned Maintenance Programme for 2019-20 to ensure only essential repairs and those of a Health and Safety nature were approved. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: None</b></p>
9	Park Wood Schools Federation	15	33.9	Final Report Issued  Findings Reported January 2021	<p>The review considered the following Risk Management Objective:</p> <p><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>Governance</b></p> <p>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>Payroll</b></p>

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					<p><i>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.</i></p> <p><i>A payroll authorised signatory list is in place and there are arrangements for all payroll forms to be approved by two signatories.</i></p> <p><i>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 meeting. The form notifying the payroll team of the change to the head’s salary should be signed by the Chair of Governors.”</i></p> <p><i>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.</i></p> <p><b><u>Procurement, purchasing and payments</u></b></p> <p><i>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</i></p>



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					<p><i>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.</i></p> <p><i>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 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.</i></p> <p><i>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:</i></p> <ul style="list-style-type: none"> <li><i>• 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.</i></li> <li><i>• 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.</i></li> </ul>

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					<ul style="list-style-type: none"> <li>• <i>There were examples of expense claims which were not supported by appropriate receipts.</i></li> <li>• <i>There were examples of gifts and hospitality being purchased using school funds.</i></li> <li>• <i>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.</i></li> </ul> <p><i>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.</i></p> <p><b><u>Income and Cash Management</u></b></p> <p><i>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.</i></p> <p><i>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</i></p>

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					<p>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 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.</b></p> <p><b>Please note: all recommendations were implemented before the audit report was finalised but the opinion is based upon the original findings.</b></p>
23	Innovation Centre Medway	15	15.6	<p>Final Report Issued</p> <p>Findings reported September 2020</p>	<p>The review considered the following Risk Management Objective: <b>RMO1 – There are arrangements in place for the management of the facilities offered at the Innovation Centre Medway (including tenancies, virtual offices, meeting rooms).</b></p> <p>The review found there is an eligibility criteria in place for the use of serviced offices at the Innovation Centre Medway (ICM); this is included in the Innovation Strategy 2014-19 but requires reviewing to ensure that it is reflective of current practices within the ICM. There are also arrangements in place to assess the</p>

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					<p><i>eligibility of applications, however the review found that this process is not used in all circumstances and commercial considerations are also taken into account when making lettings. It was noted that progress has been made in ensuring that tenant records are maintained, however there are some areas that require strengthening to ensure consistency across the ICM.</i></p> <p><i>Signed agreements are in place between the Innovation Centre Medway and the service user and the review found that a signed licence agreement was in place for all tenancies reviewed.</i></p> <p><i>The review did however find the tenant's eligibility for services is not routinely reviewed, despite this being detailed in the Innovation Strategy. There are arrangements in place to ensure the recovery of the correct charges and an audit sample found that in all ten cases, regular and accurate invoicing was maintained. However, the review found discrepancies in the charges advertised.</i></p> <p><i>A proactive approach has been taken in monitoring debt; there are mechanisms in place to identify non-payment of charges, and where necessary, appropriate action is taken, however these processes do not have any set parameters and therefore risk a lack consistency. <b>Opinion: Amber.</b></i></p> <p><b>Overall Opinion: Amber. Recommendations: One high and four medium priority. Recommendations relate to a review of the Innovation Strategy, formalising the application process for tenants ensuring consistency for all applications, the maintenance of records, and the process for debt recovery.</b></p>
43	Adoption & Fostering Allowances/ Expenses	15	14.1	<p><i>Final Report Issued</i></p> <p><i>Findings reported September 2020</i></p>	<p><i>The review considered the following Risk Management Objective:</i></p> <p><b>RMO1 - Appropriate arrangements in place for the payment of fostering and adoption allowances and expenses.</b></p> <p><i>The review identified that there are no documented procedures or guidance relating to the payment of fostering and adoption allowances and expenses to ensure a consistent approach and there is also no mechanism to record that staff have received updated policies or the latest guidance set by the council or central government; or that these have been read and understood.</i></p> <p><i>A new payment structure was implemented around three years ago and a copy of this was issued to all staff and foster carers at the time. Any new Foster Carers would have received this as part of their induction pack; however, it would not have been issued to new staff. Use of the corporate NetConsent system to disseminate policies is being considered.</i></p>

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					<p><i>A review of the payment structure is currently being conducted and it is anticipated that it will be implemented by March 2021, which will result in a revision of procedures.</i></p> <p><i>It is general practice for officers not to deal with cases involving anyone they may know; however, there is currently no requirement for staff to complete declarations of interest forms to act as a deterrent.</i></p> <p><i>The Frameworki system has an embedded process that identifies duplicates claims, which is an effective means of reducing errors and identifying potential fraud. However, analysis of the different template claim forms showed that not all of them required the applicant to sign the form and in some cases the declaration was not in the same place as the signature and therefore not prominent enough to ensure the applicant was aware of their obligations when claiming. It is general practice for claims to be submitted within one month but there is no set timescale for their submission, with claims outside the timescale being rejected. It has been suggested that this is incorporated into new procedures.</i></p> <p><i>The criteria for allowances and expenses that may be payable in relation to adopters are clear and are subject to financial assessments to ensure they are paid correctly. Testing did identify that not all claims were accompanied by receipts, which leaves an exposure to potential fraud in the event that the claim is not based on genuine expenditure.</i></p> <p><i>A Foster Carers handbook is issued when a new Foster Carer is engaged, along with information about what is expected from the Foster Carer and what they can expect from the council. Foster Carer allowances are paid in one payment comprised of two elements, these being maintenance &amp; reward, and are set each April. This is being reviewed with a view to move to a single payment as part of the payment structure review to be implemented by March 2021. Annual Leave is no longer paid and instead has been replaced by a loyalty payment. Information relating to these allowances is included in the Foster Carers handbook.</i></p> <p><i>Frameworki has embedded processes that calculate the correct rates of allowances but claims for expenses must be submitted separately. While there are no procedures in place, local arrangements exist for claims to be checked prior to authorisation. Testing identified that there was no record to confirm that receipts had been reviewed by the Social Worker before being entered into the system for authorisation by a senior manager. This presents a risk that claims may be authorised without appropriate checks.</i></p>

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					<p><i>Foster Children are able to go to respite care, providing this has been agreed in advance by the Social Worker. When the respite is for the child, the council will meet these costs and pay the provider directly upon receipt of an invoice. If the respite is for the Foster Carer, they are required to meet the costs themselves, which is part of the reason for the loyalty payment.</i></p> <p><i>During testing, expense claims for respite care were identified. If a Foster Carer requires respite care for a child and the request is to maintain the placement and meeting the needs of the child, the service will pay for respite if agreed. The amount of respite hours needed must be agreed in advance and payment is made direct to the respite carer. Records of decisions and arrangements relating to this respite care were not always found.</i></p> <p><i>If the Foster Carer requires respite e.g. for holidays or appointments, they are encouraged to use their loyalty payment and arrange respite care themselves using their support network. In some circumstances e.g. if the Foster Carer were to attend a training course, then respite care would be paid by the service but these records are not always clear. It was noted that the claim forms only require Foster Carers to state whether the respite care was for under or over four hours, as the rates for each category differ. With records not always up to date and no requirement to detail the exact amount of time, this could be exploited and the higher rates claimed.</i></p> <p><i>Foster Carers are able to claim mileage for transporting the Foster Child but they are liable for the costs of the first 700 miles per month, only able to claim any mileage in excess of 700. There is no guidance available to advise what level of detail should be included in mileage claims and testing identified differing practices in the level of information being declared, with some Foster Carers detailing all their mileage to demonstrate that they have exceeded 700 in any one month, while others only detailing mileage they claim is in excess of 700. This leaves a weakness in the process that is potentially open to abuse and the submission of fraudulent claims.</i></p> <p><i>Overpayments of financial support could occur in the event that a Foster Carer ceases to look after a child and payments are not cancelled. While no instances of overpayments were identified, and being advised that it is an extremely rare occurrence, the Foster Carer agreement does not reference any expectation that overpayments will be recoverable or what steps the council may take in such</i></p>

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					<p><i>instances. This could potentially hinder the council's ability to recover overpayments. <b>Opinion: Red.</b></i></p> <p><b>Overall Opinion: Red. Recommendations: Six high, two medium and one low priority.</b></p> <p><b>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.</b></p>

2020-21 Internal Audit Assurance work (items in italics have been detailed in previous update reports)

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
<b>Core governance and financial systems assurance work</b>					
1	<i>Governance framework</i>	5	5	<p><i>Final Report Issued</i></p> <p><i>Findings reported January 2021</i></p>	<p><i>The review considered the following Risk Management Objective:</i></p> <p><b>RMO1 - Medway Council's governance framework is effective.</b></p> <p><i>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.</i></p> <p><i>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 which the council has said it will demonstrate compliance. A random sample of</i></p>

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					<p>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 appropriate 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	<p>Final Report Issued</p> <p>Findings reported September 2020</p>	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 - Access to corporate credit cards is adequately controlled.</b></p> <p>The review found there are procedures in place to control the issue and return of corporate credit cards and these controls have remained unchanged during the Covid-19 pandemic. During the review a new control was introduced to identify card holders who have left the council or changed their job. The automated process is appropriate but implementation during the review limited the scope to test it. There are card and transaction limits appropriate to all users and any variances are appropriately authorised. There are records maintained which identify all corporate credit cards that have been issued and their associated details. <b>Opinion: Green.</b></p> <p><b>RMO2 –Corporate credit card expenditure is appropriate.</b></p> <p>The review found not all the card holders retain and provide all evidence of expenditure, 89% of transactions in the sample had supporting evidence available to view. Two cardholders have not responded to the Control Team Leader's request for evidence and how to allocate costs in the general ledger. All expenditure was approved as a business need and use of the card was an appropriate method of payment. Between 25% and 33% of credit card holders do not return expense form statements to the finance control team in a timely manner. This undermines the assurance that transactions comply with council guidelines. The cardholder guidance has appropriate controls to suspend those who fail to comply but this</p>



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					<p>action may not always be the appropriate first step. The Control Team require guidance on the most appropriate action to take and when. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: One medium priority.</b></p> <p><b>Recommendation relates to enforcing the cardholder guidance to encourage cardholders to return supporting evidence in a timely manner.</b></p>
3	Purchase Ledger	5	14.8	<p>Final Report Issued</p> <p>Findings reported January 2021</p>	<p>The review considered the following Risk Management Objective:</p> <p><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. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: One medium and two low priority.</b></p> <p><b>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.</b></p>
4	Housing rent collection & arrears	5	7.7	<p>Final Report Issued</p> <p>Findings reported January 2021</p>	<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</p>

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					<p><i>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.</i></p> <p><i>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.</i></p> <p><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><i>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 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.</i></p> <p><i>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</i></p>

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					<p>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	<p>Final Report Issued</p> <p>Findings reported January 2021</p>	<p>The review considered the following Risk Management Objective:  <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 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</p>

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					<p>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	<p>Final Report Issued</p> <p>Findings reported January 2021</p>	<p>The review considered the following Risk Management Objective:</p> <p><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 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	14.9	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 – Arrangements are in place to administer, bill and collect Council Tax.</b></p> <p>The review found there are arrangements are in place to administer, bill and collect council tax. The Valuation Office Agency (VOA) values properties for the purpose of council tax and non-domestic rates. New properties, or changes to existing properties are reported to the VOA for assessment. The Revenues Team</p>

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					<p>receives reports from the VOA that show the total number of properties in each band as well as a total number of properties in the valuation list within Medway. Weekly reconciliations between the VOA report and the council's Revenues and Benefit's system, Northgate are completed.</p> <p>Council tax rates are assigned based on the bandings of the property; the band of the property can only be changed upon instruction from the VOA. The council tax base for 2020-21 was approved by Full Council on 20 February 2020. Audit testing found no variances between the council tax base for 2020-21 agreed at Full Council and the precept band charges built into Northgate. Council tax bills are issued annually and when required at other periods during the year in line with Part 5 of The Council Tax (Administration and Enforcement) Regulations 1992. The annual council tax bills are produced and sent to all chargeable properties in line with the agreed council tax bands. The review found that there are processes in place to produce and reconcile the annual and in year bills.</p> <p>Council tax accounts are set up on the Northgate system. A review of a report showing all current council tax accounts found that all account reference numbers were unique and no duplicate numbers were identified.</p> <p>Liable parties can notify the council with any changes of circumstances including change of address, change of name, change of bank details etc over the phone, via email, via the post or using the forms available on the council's website. All changes of circumstances are managed and regularly monitored through a workflow system on the council's Revenue and Benefits document management system, Information@Work Enterprise (I@W Enterprise). Audit testing on a sample of 20 change of address notifications, found that in all 20 instances, accurate changes, in line with the details provided were made to the accounts. There are processes in place to identify and monitor properties where no liable party has been identified; a monthly report is downloaded from Northgate and reviewed, any properties where no liable party has been identified will be investigated. Due to changes in staff and other priorities owing to the COVID-19 pandemic, it was explained that this report has not been run for some time. The Revenues Team are aware of this and it was advised that this is currently being worked on and when cleared the Revenues Team will be running the report on a regular basis.</p> <p>Council tax payments can be made online, through a standing order, at the Post Office, bank transfer, BACS, direct debit and through the automated payment</p>

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					<p>phoneline. The processing and reconciliation of council tax payments is carried out by the Systems Support Team and Exchequer Services (Cashiers Team). There are arrangements in place to reconcile the payments received. Audit testing in a sample of 15 dates found that in all 15 instances, the payment received was credited to the correct account.</p> <p>There are arrangements in place for regular reconciliations of the General Ledger. Using the same dates discussed above audit testing found that in all 15 instances the correct amounts had been posted onto the General Ledger.</p> <p>Any unidentified payments will go into the council tax suspense account. A weekly report is run from Northgate and each unidentified payment will be reviewed and if they are able to identify which account the payment should be in, this will be transferred.</p> <p>There are arrangements in place to process refunds correctly. The Senior Revenues Officer produces a weekly report detailing all refunds, each refund is checked and if agreed it will be endorsed on the Northgate system, refunds are then checked and approved by the Revenues Manager. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: None.</b></p>
8	Payroll	15	N/A	Deferred to 2021-22	<p>This review was deferred to 2021-22 to account for loss of resource due to sickness and the redeployment of audit staff to assist with Alternative Restrictions Grant (ARG) applications. This was agreed with the Chair of the Committee due to urgency and reported to the Committee in January 2021.</p>
9	Financial planning	15	14.8	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 - Arrangements are in place to for effective financial planning.</b></p> <p>The review found roles and responsibilities are defined within the council's constitution and the Head of Finance Strategy communicates with staff to ensure accurate and complete information is received to prepare the Medium-Term Financial Strategy.</p> <p>The Medium-Term Financial Strategy is normally prepared with reference to the council plan but due to Covid-19 having such an effect on the council's current finances and possible future finances this year, it has also had to look at the wider Medway environment. Up until confirmation of any government support being made available, the Medium-Term Financial Strategy was based on assumptions using the council's usable reserves to support the council in their future spending plans.</p>

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					<p>There is a timetable in place for setting and approving the Medium-Term Financial Strategy, for the financial year 2020/21 this was complicated by the Covid-19 pandemic and the approval of the Medium-Term Financial Strategy was delayed, but a balanced budget was set and agreed in a timely manner.</p> <p>The Medium-Term Financial Strategy is reviewed and agreed at the appropriate level, as a matter for Cabinet decision. The draft budget proposals and later final budget, both based on the principals in the strategy, are then taken through Overview &amp; Scrutiny committees, Cabinet and then Full Council.</p> <p>Projected deficits are acknowledged, and plans put in place to mitigate and monitor them to set a balanced budget.</p> <p>More in-depth analysis was carried out by the external auditors and they made recommendations about how the council could adapt the Medium-Term Financial Strategy going forward. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: None.</b></p>
10	Schools				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	18.4	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>No probity issues were identified.</p> <p>The review found that the school’s governing body has a sufficient overall number of members but does require an additional parent governor; the school is currently in the process of recruiting additional governors and is hoping to appoint in early 2021. Declarations of interest have been signed by all governors but not by relevant members of staff.</p> <p>The school has processes in place to ensure that the payroll is accurate, and testing showed that payment of supply teachers, although more than £70,000 per year, is well monitored.</p> <p>There are processes in place for procurement, purchasing and making payments however the review found that purchase orders are not always raised and approved before purchases are made; though the Head Teacher confirmed that she does approve all expenditure at least verbally.</p> <p>The Head Teacher can approve expenditure up to £5,000 but testing showed that this limit had been exceeded, up to £10,000, on some occasions relating to the payment of invoices split into lower amounts. This expenditure was referenced on</p>

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					<p>a five-year maintenance programme but not explicitly approved by the governing body and there was no evidence of quotes being sourced or approval of specific suppliers. Expenditure of more than £10,000 did have evidence of quotes and while the approval was not recorded in the governing body minutes, it may have been approved by conversations through the Governor Hub portal, though no confirmation of this was available.</p> <p>For the transactions reviewed as part of testing, the segregation of duties was not explicit between the ordering, receipting, invoice checking and payment for goods and services, with the School Business Manager (SBM) shown as being involved at all stages. To remedy this, the SBM will be replaced as an authorised signatory as per the School Finance Manual. Two instances were also identified where the recipient of a reimbursement was one of the two signatories of the cheque.</p> <p>The school has one credit card account with two card holders, both cardholders were found to be involved in the process for reviewing statements and approving payments. To remedy this, the checking of statements will be re-assigned to another member of staff, the governing body should also have oversight of the Head Teacher's statements.</p> <p>The school is cashless, with all income collected via ParentPay or by cheque. There were no issues identified with the administration of the breakfast club income or that of school trips. However, the overall income and expenditure for the trips should be reported to the Head Teacher and governing body to ensure they are all cost neutral. Procedures are less clear for the administration of snack money contributions and there was no evidence of reconciliation of the monies collected and monies spent.</p> <p>The school has purchased bespoke software to maintain their asset register and the information available is detailed. However, we cannot give assurance that all assets purchased by the school are on the register as a complete report of all assets could not be supplied. The school does not carry out an independent check of assets as this is carried out by the same person that maintains the register.</p> <p><b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: One high, seven medium and two low priority.</b></p> <p><b>Recommendations relate to declarations of interest for staff, purchase orders being raised for all non-emergency spend, all spending above the Head Teacher's limit being supported by appropriate quotes, approved by the governing body</b></p>



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					<p>and recorded in the relevant meeting minutes, the School Business Manager being replaced as an authorised signatory, members of staff not authorising their own reimbursements and the governing body having regular oversight of any reimbursements to the Head Teacher, credit card processes being reviewed, regular reporting on the financial outcome of all trips, clear procedures being set up for the charging, collection, and reconciliation of snack money contributions, all assets being recorded on the asset register, including the production of accurate reports, and the annual check of the asset register being carried out by an independent member of staff.</p>
	St Nicholas CofE Infants	20	19.9	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>Fieldwork commenced in September 2020, however there was a change in the school leadership during the audit. On appointment of the new Head Teacher, a meeting was held to provide a summary of the audit findings so far and several changes were subsequently implemented; the summary below sets out both the initial audit findings and the arrangements that have since been put in place, which are also reflected in the audit opinion.</p> <p><u>Governance</u></p> <p>The composition of the governing body is in line with the requirements set out in the School Governance (Constitution) (England) Regulations 2012, however there were several vacancies at the time of audit, with recruitment ongoing. An up to date declaration of interest register is maintained for all governors and opportunities are provided to declare interests at every governor meeting. During the audit it was identified that declarations of interest were not completed for staff in a non-governor role, however this has now been put in place.</p> <p><u>Payroll</u></p> <p>There are arrangements in place for the preparation, checking and approval of the monthly payroll by the Office Manager and Head Teacher. A review of the payroll report and staff list found that payments were only being made to current employees, there is a low level of overtime paid and other payments were appropriate.</p> <p><u>Procurement, Purchasing &amp; Payments</u></p> <p>At the time of audit, purchase orders were being raised at the point of payment and not in advance of the order. There was also little segregation of duties within</p>

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					<p>the procurement, purchasing and payment processes, with the Office Manager involved at every stage, including as an authorised signatory. Changes made to the authorised signatories on appointment of the new Head Teacher were approved by the governing body on 13 October 2020 and at this meeting governors were also advised to consider the risk of the Office Manager being an authorised signatory, due to her involvement in the other stages of the purchasing process. Governors noted that with such a small staff there is not another suitable member of staff to undertake the role but agreed to introduce a formalised monthly check of the accounts, to be carried out by the Head Teacher and reported to the chair of the finance, resources, and personnel committee as part of their monitoring. In addition, responsibility for raising purchase orders has now been moved to the Admin Assistant, who does this at the point of order where possible, and goods received will be checked by the person who requested the order, as well as a member of office staff, to increase segregation of duties.</p> <p>Audit testing carried out on a random sample of purchases made in the period April 2019 – July 2020 found that the goods and services listed on the transaction reports did, in the vast majority of instances, appear to be for the benefit of the school, however two instances were identified where flowers had been purchased, which is not allowed as per the council’s School Finance Manual. An example was also identified of a member of staff who is paid through payroll but is paid an additional regular payment of £60 via invoice for after school activities, however the school have confirmed that timesheets will now be completed in such instances.</p> <p>With the exception of one payment, all payments reviewed were approved by the previous Head Teacher and Office Manager, however this included reimbursements to themselves. In addition, several examples were identified where payments for goods and services had been made to a relative of a staff member. We were advised that prior verbal approval had been sought from the previous Head Teacher to make these purchases, however the orders had been raised and payment approved by the staff member who’s relative was being paid. There is no suggestion that these transactions were fraudulent, but they are symptomatic of the lack of segregation of duties discussed above.</p> <p>At the outset of the audit the school held three debit cards allocated to the authorised signatories. Initial discussions found that the 2019-20 School Finance Policy did not set out any spend limits for these cards and there was no evidence</p>

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					<p>available of spend limits having been approved by the governing body. Issues were also identified with the storage of debit cards and the recording of debit card transactions on the school's financial management system. This has since been rectified, with the Head Teacher now the only card holder; a spend limit of £500 has also been approved by the governing body and transactions are now being recorded correctly.</p> <p>At the time of audit, we were advised that the school's bank account was set up to allow just one person to make online payments, whereas the council's School Finance Manual requires that two or more members of staff authorise such payments. This has since been changed and online payments must now be approved by both the Head Teacher and the Office Manager.</p> <p>The council's School Finance Manual states that petty cash should be kept to a minimum and the governing body should set a maximum petty cash limit for transactions. The 2019-20 School Finance Policy did not contain any information regarding petty cash, however there was some information in supporting Finance Procedures. The school has two petty cash systems, one for "general" petty cash and one for the breakfast club. The petty cash for both is kept in the safe in the school office and this was seen when visiting the school. The amount of cash held was checked during the visit and these amounts agreed with the school records; transactions were also found to be appropriately evidenced and approved, however the total amount of cash held was over the limit set out in the Finance Procedures. The overall amount and number of petty cash transactions is minimal, with 12 petty cash payments over £20 in the period reviewed. The governing body have since agreed that a maximum of £50 should be held in petty cash and we were advised that the spend limit has also been changed to £20, however this has yet to be documented in the School Finance Policy.</p> <p>The 2019-20 School Finance Policy was appropriately approved on 5 November 2019. The policy is reviewed annually and during the course of the audit, the 2020-21 policy was also presented and approved. Review of the policy found that some areas require updating to reflect current procedures; it is understood the Head Teacher is currently working to do this.</p> <p>The school has a voluntary fund that was last audited in October 2020. There is also a cash tin in the safe for the school voluntary fund, this was checked, and the amount agreed with the records held at the school.</p> <p><u>Income &amp; Cash Management</u></p>

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					<p>In line with the council’s School Finance Manual, the school has a charging and remissions policy that is available on the school’s website. Most of the school’s income comes from the breakfast club, with some minimal income from after school clubs and school trips.</p> <p>The review found that there are processes in place to record and reconcile payments received for the breakfast club, as well as arrangements to review the charges. There are also appropriate processes in place to record and reconcile payments received for trips and the voluntary fund. There are arrangements in place for regular banking and full bank reconciliations are completed on a monthly basis; the reconciliations for June 2019 and January 2020 were viewed and appropriate checks and approval was seen.</p> <p><u>Asset Management</u></p> <p>The school maintains an asset register for assets over £150, however the register does not contain all of the information outlined the council’s School Finance Manual. Although independent checks on the asset register have been carried out in some areas of the school, in other areas the checks have not been completed annually and were completed by the same person that maintains the register. Audit testing on a sample of ten assets, found that nine of the ten assets were available to view within the room they are recorded as being in; the other asset was available but had been moved. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: Two high and three medium priority.</b></p> <p><b>Recommendations relate to staff being reminded of the requirement to adhere to the gifts and hospitality policy and claims for such purposes not being approved, a review being undertaken of staff reimbursement processes, the School Finance Policy being reviewed, a review being undertaken of the asset register, and, arrangements being made to carry out annual independent checks on all assets recorded on the asset register.</b></p>
<b>Corporate risks assurance work</b>					
11	Adult social care - Assessments & reviews of care packages	10	21.8	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 – Effective arrangements are in place for care plans to be assessed and reviewed.</b></p> <p>The review found that the Adult Social Care (ASC) budget for 2020-21 was £71,734,000, which was the second largest budget within the council. There are currently in the region of 3,000 care plans in place with approximately</p>

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					<p>£64,000,000 of the overall budget allocated to operations. The overall ASC budget is monitored in the Rounds 1-3 and final outturn budget monitoring reports to Cabinet. Review of the 2020-21 revenue budget monitoring reports found that pressures on three main service areas of older people services, disability services and mental health services had been identified, with the reports noting that there were three main reasons behind the overspends on the various placement budgets:</p> <ul style="list-style-type: none"> <li>• Non-delivery of savings targets due to Covid-19.</li> <li>• Impact of Covid-19 leading to additional services being put in place during the emergency period.</li> <li>• The cost of increased demographic growth above budgeted levels due to more complex nature of placements.</li> </ul> <p>The Round 3 report noted that Adult Social Care, Business Change and Finance are introducing an Adult Social Care Transformation &amp; Improvement Programme, which includes a review of processes across the service and the delivery of a financial recovery plan.</p> <p>The council has a duty of care under the Care Act 2014 to assess people's needs and their eligibility for publicly funded care and support. The 3 Conversations Model has been adopted by the council and supports frontline staff to have conversations with people to understand their needs and to enable them to be independent and safe. Each client assessed as requiring care/support has a care plan tailored to their individual needs, which demonstrates how outcomes will be met and also has an indicative (personal) budget set within it, although it is understood that this can change during the resource allocation phase as some care may cost more. A financial assessment is carried out for all cases (excluding those under S117 and enablement) to see if clients are able to contribute towards the cost of the care/support.</p> <p>Audit testing on a sample of 21 clients receiving care as at 1 April 2020 found that care plans were in place, were appropriate, and there was evidence of care plans costing in excess of £400 per week having been approved by the weekly Best Practice Panel. The majority of care plans had been reviewed within a year of the previous review (with some delays due to Covid-19) and any changes to the care had been put in place in a timely manner with purchase orders raised. Overall monitoring data maintained by the service indicated a shortfall in the target for annual care plan reviews across a number of months in 2020, although ways to try</p>

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					<p>and resolve this were noted in the report, including undertaking more reviews by telephone due to the Covid-19 restrictions. Where relevant, indicative budgets were in place and recorded within Mosaic, apart from one client where the information had not migrated from the previous system. Financial assessments had been undertaken where relevant and for the majority of the sample, had been reviewed annually.</p> <p>The Mosaic system is used to record all information on clients' care packages, with access to the system strictly controlled by the Systems Team. No duplicate IDs / clients were identified in the system data supplied and from the random sample of 21 clients reviewed it was evident that all the records held on the client's ID number related solely to that client.</p> <p>Arrangements exist for the quality of services provided to be monitored, with a Medway Provider Restriction and Suspension Policy in place. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: None.</b></p>
12	Cyber security	15	14.8	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 – There are arrangements in place to protect the council network.</b></p> <p>The review found that there are Information and Communication Technology (ICT) Security policies in place, which are available for all staff on the Service Desk Portal. It is understood that the ICT Security policies are updated annually however there is not currently a review dating system included in the policies to confirm this. The ICT Security policies are included in the corporate induction checklist for new starters and line managers are required to ensure that the induction is completed. There is not currently a system in place to ensure that all staff have read updated policies, however a new programme called MetaCompliance has been procured which will allow for this. There is a Cyber Security eLearning course available on the council's eLearning platform, which is listed as mandatory within the staff induction programme. There is not currently a system in place that can successfully monitor completion of training, with reliance placed upon line managers to ensure that staff are completing mandatory training at the appropriate frequency. A report of staff that have completed the Cyber Security eLearning within in the last two years shows a total of 151 staff have competed the training. As discussed above, a new programme called MetaCompliance has been procured and this will also provide Cyber Security Awareness training and will have the functionality to record and report when staff have completed the training.</p>

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					<p>The council has a patch management regime in place to treat known vulnerabilities. Responsibility for applying updates has been appropriately allocated. When new updates become available, the relevant ICT Team will receive an email from the vendor; the updates will then be applied according to their schedule and severity. Machines that have not received updates are monitored and there is a device compliance process in place to ensure that if a device falls too far behind on any updates, the application will be blocked.</p> <p>There are arrangements in place to monitor the council's systems for suspicious activity and detect threats/incidents. The ICT Networks Team monitor threats continually using a tool integrated within the council's firewalling equipment. Potential threats are also communicated to ICT via various external sources. Staff are provided with information on how to report security incidents and what could constitute an incident within the ICT Security policies. For complex critical threats/incidents, those involved would be expected to complete an action log and full remedial action plan.</p> <p>There are arrangements in place to manage and monitor user privileges. ICT manage and monitor user access and privileges to the council's network and administrators set up on the various systems used within the council manage and monitor user privileges within those areas. ICT have controls in place to manage inactivity on network accounts; if an account or machine is not used for a set period, the account will be disabled and the machine will be locked until reactivated by ICT.</p> <p>The council's approach to malware prevention consists of multiple layers of defence, with several mitigations at each layer. Each of these layers has multiple opportunities to detect malware, and then stop it before it can cause harm. The council uses a system which scans all emails on the council's network; this is an automated process that will block and quarantine emails that may pose a threat. Within the ICT Security policies there is guidance on the use of removable media. The council's systems are set up with controls that do not allow the use of removable media. If there is a business case for the use of removable media, staff are required to make these requests with ICT to ensure the appropriate encryption is applied.</p> <p>There is a remote and mobile working policy within the ICT Security policies; in light of the COVID-19 pandemic and the growth in working from home, the Human Resources (HR) policy on remote working is being reviewed. Once this is complete,</p>

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					<p>ICT are intending to review the ICT Security policies for remote and mobile working to ensure that they cover the new HR policy.</p> <p>The council is certified as Public Services Network (PSN) connection compliant, with the current certification due to expire on 14th May 2021. As part of the process for gaining compliance, a number of the arrangements discussed above are independently verified. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: Two medium priority.</b></p> <p><b>Recommendations relate to review of the arrangements that are in place to allow staff to confirm that ICT Security policies have been read and to confirm that mandatory ICT Cyber Security training has been completed by staff.</b></p>
13	Highways - winter service	15	13	<p>Final Report Issued</p> <p>Findings reported March 2021</p>	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 - The council have arrangements in place to provide an effective Winter Service - General Maintenance.</b></p> <p>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 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. <b>Opinion: Amber.</b></p> <p><b>RMO2 - The council have arrangements in place to provide an effective Winter Service – Salting and snow clearance operations.</b></p>



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					<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. The 'Winter Parade' held on 8 October 2020 was attended and the relevant checks evidenced. <b>Opinion: Green.</b></p> <p><b>RMO3 - The council have arrangements in place to provide an effective Winter Service – Salt bins.</b></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. <b>Opinion: Green.</b></p> <p><b>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.</b></p>
14	Fostering- Virtual Panels	15	13.8	<p>Final Report Issued</p> <p>Findings reported March 2021</p>	<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> <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</p>

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					<p><i>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. 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. <b>Opinion: Green.</b></i></p> <p><b>Overall Opinion: Green. Recommendations: One medium priority. Recommendation relates to approval of the Data Protection Impact Assessment for paperless panel meetings.</b></p>
15	Tree Service	15	27.1	Final Report Issued	<p>The review considered the following Risk Management Objectives:  <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>  The review found that the Tree Policy has not been updated since 2015 and does not mention the contract with Medway Norse, or the council’s commitment to tackle climate change. The method of obtaining details of a protected tree is labour intensive and does not conform to the council’s ongoing Transformation initiative. The current initial rejection rate for applications for works to protected trees is 80% and of those in the 20% that are passed to the Senior Tree Officer, a further 11% are rejected. It has been indicated that these further rejections are linked to errors by the validation team, but checks suggest that this is also due to</p>

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					<p>differing opinions on subjective issues with applications. This level of rejection is considerably higher than other neighbouring local authorities and warrants further investigation. Where a tree is in a Conservation Area and not protected by a Tree Preservation Order, the s211 notices, which advise the local planning authority of intended works, are not universally actioned within the required six-week period, exposing trees that should potentially be protected to the risk of unsanctioned works. It was also found that Medway Norse Tree Officers are not all conforming to this requirement to submit a s211 notice to carry out works. This places them at risk of sanctions from the local planning authority. There were 14 Tree Preservation Orders received in 2019 and 10 at the time of the review in 2020. One of these has been actioned, however, it was found that this had not followed the correct sign off procedure. The Senior Tree Officer has not undertaken any enforcement action regarding breaches of Tree Preservation Orders. It has been established that six cases were passed to them to action in 2019 and a further eight in 2020. Failure to enforce the Tree Preservation Orders risks the protected trees being irrevocably damaged or destroyed. <b>Opinion: Red.</b></p> <p><b>RMO2 – The council have arrangements in place to monitor the Tree Maintenance Contract delivered by Medway Norse.</b></p> <p>The review found that the council has no monitoring procedures in place and that the contract operates on a principle of trust. There are both Medway Council and Medway Norse representatives on the Partnership Liaison board, but the council carries out no independent checking of the works done. The contract between Medway Norse and the council is comprehensive and lays out the roles and responsibilities for both parties. It is backed up by the Tree Maintenance Contract and by the Severe Weather Event Response Plan, meaning both regular and emergency works are provided thru a detailed process. It has been found that a potential risk to the contract is the failure to carry out a regular review of the trees listed on the Tree Preservation Order register, to review the need for these on trees that are owned by the council and have a dedicated team to ensure their protection and wellbeing and to ensure that all of the Orders remain justifiable. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Red. Recommendations: Seven high and one medium priority. Recommendations relate to updating the Tree Policy, making the Tree Preservation Order Register available on line and giving Medway Norse Tree Officers further access, exploring the reasons for the high level of tree works</b></p>

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					applications and putting remedies in place, ensuring Medway Norse conform to the s211 notice requirements and that these notices were actioned in the six week time period, ensure Tree Preservation Orders have adequate sign off, that the Senior Tree Officer carries out enforcement action where appropriate, and a review of the trees covered by Tree Preservation Orders.
16	HRA capital repairs & maintenance work allocation	15	11	Final Report Issued  Findings reported January 2021	<p>The review considered the following Risk Management Objectives:  <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 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></p> <p><b>Overall Opinion: Green. Recommendations: None.</b></p>
17	Caldicott guardian	15	17.3	Final Report Issued	<p>The review considered 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></p>

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					<p>The review found that there was no formal strategy or action plan in place that demonstrated the role and responsibilities of the Caldicott Guardian.</p> <p>There was no evidence available to show the guardian had undertaken any formal training for the role; however, the Guardian’s details have been added to the National Caldicott Guardian Register.</p> <p>The Guardian has not formally appointed a deputy to support him or step into the role in his absence.</p> <p>Information regarding the role and responsibilities of the Guardian together with contact details are not available on either the council’s public website or the internal staff intranet.</p> <p>There are no arrangements in place to inform officers of the authority’s Caldicott Guardian or training regarding the Caldicott Principles and how they should be implemented.</p> <p>The Guardian does meet regularly with the Senior information Risk Officer (SIRO) and does receive reports from the information Governance (IG) lead via Corporate Management Team (CMT) meetings. However, he does not play an active role in the Strategic Information Governance Group (SIGG) meetings.</p> <p>There are no records maintained of any decisions made because of a Caldicott Guardian discussion.</p> <p>There was evidence supplied of some information sharing agreements and protocols in place but there was no register to ensure all agreements were being monitored or reported on.</p> <p>The Caldicott Guardian is responsible for part of the annual Data Security &amp; Protection Toolkit (DSP) sign off, this is currently being overseen by the Legal and HR teams. <b>Opinion: Red.</b></p> <p><b>RMO2 – Arrangements are in place to ensure compliance with the Caldicott Principles.</b></p> <p>The review found that access to confidential information is restricted to officers in appropriate roles; however, for almost 50% of the users tested, there were no signed data access agreements available or authorisation by a manager. Training records for users was also incomplete.</p> <p>There are arrangements to ensure the use of confidential information complies with current legal requirements. However, all staff are not receiving regular reminders of the need for compliance due to a change in the policy distribution process.</p>

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					<p>There was no evidence available to show that there are any policies or procedures in place to ensure officers can confidently share information in the best interest of service users. <b>Opinion: Red.</b></p> <p><b>Overall Opinion: Red. Recommendations: Ten high and two medium priority. Recommendations relate to creating a profile page for the Caldicott Guardian that is available to all, ensuring all council officers are aware of the Caldicott Guardian's roles &amp; responsibilities, appointing a deputy, maintaining records of Caldicott Guardian activities and decisions, ensuring all data sharing agreements &amp; protocols are recorded and their use monitored, being responsible for the DSP toolkit sign off, Completing bespoke training, creating a strategy or action plan, ensuring officers responding to ROI are appropriately trained for the role, ensuring all officers are aware of the Caldicott Principles by having training, signing the required data access agreement, all those accessing personal data having managerial approval, and all officers completing Data Protection Impact Assessments having awareness of the Caldicott Principles.</b></p>
18	Disabled Facilities Grants	15	19.7	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 – Arrangements are in place to facilitate and monitor the payment of Disabled Facilities Grants.</b></p> <p>The review found that Since 1990, local housing authorities have had a statutory duty to provide grant aid to disabled people for a range of adaptations to their homes. A Disabled Facilities Grant (DFG) of up to £30,000 is available to pay for essential, reasonable, and practical housing adaptations, depending on the income and circumstances of the disabled person.</p> <p>There is currently no policy in place for DFG but information is made available to the public on the council's website, giving details of the eligibility and availability of DFG's.</p> <p>The budget for DFG's is funded by central government as part of the Better Care Fund (BCF) allocation. The total budget for 2020-2021 was £3,858,114 (£1,680,644 brought forward from previous year and £2,177,470 budget based on funding received for 2020/2021). We were able to see that regular monitoring of the DFG budget is undertaken by the service and Finance.</p> <p>The service was able to demonstrate that arrangements are in place for enquiries and applications to be processed within the set deadlines for each stage of the application. Targets are set for each stage as it can be quite a long process from start to finish. We were however advised that the system being used to log</p>

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					<p>applications does not have facility for management to interrogate the information for reporting and monitoring purposes. As a consequence, it has been necessary to duplicate the information in a password-controlled spreadsheet to enable monitoring of the target dates within the process. This brings the associated risk of data being input incorrectly or accidentally deleted and testing identified dates on records within the system that did not match those held on the spreadsheet, although these were very limited in number.</p> <p>DFGs are means tested and proof of income for the applicant and spouse/partner is checked to see if the client needs to contribute towards the cost of the works. Once the scheme has been agreed the council refers the case to a Home Improvement Agency (HIA) who liaise with the client and get all the necessary quotes. The target timescale taken between the scheme of works being agreed to when it is approved is 38 weeks. From a sample of ten cases that were checked, we were able to see that this timescale had been achieved in all cases and all had been appropriately authorised.</p> <p>Appropriate procedures are in place to support the payment of DFGs. Once the cost of works is agreed, a Purchase Order is raised in order to show the budget commitment. All Purchase Orders received are checked and authorised by management before being passed to the Exchequer Team for processing. Integra records relating to the sample of cases confirmed invoices had been appropriately checked and authorised.</p> <p>If the works are likely to exceed the maximum £30,000 grant payable, a further discretionary amount of up to £20,000 could be considered. However, while the Regulatory Reform (Housing Assistance) (England and Wales) Order 2002 Article 3, gives the local authority to power to offer adaptations or improve living accommodation; Article 4 of the Act states that a local housing authority may not exercise the power conferred by article 3 in any case unless:</p> <ul style="list-style-type: none"> <li>(a) they have adopted a policy for the provision of assistance under that article;</li> <li>(b) they have given public notice of the adoption of the policy.</li> </ul> <p>It was established that there is currently no policy in place, although a draft Disabled Facilities Grants (DFG) Policy was provided, this has been in existence since February 2020, but has not been finalised. Until this policy has been agreed and formally adopted, the authority should not process any grants under the discretionary scheme as they would not be legally compliant. The testing</p>

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					conducted identified that no discretionary awards had been granted during 2020-21. <b>Opinion: Amber.</b> <b>Overall Opinion: Amber.</b> Recommendations: One <b>high</b> and one <b>low</b> priority. Recommendations relate to regular reconciliation checks to ensure that data held in the Uniform System matches the records held on spreadsheets for monitoring purposes, and the draft DFG policy being finalised and going through correct governance processes to be formally adopted and made available for public inspection.
19	Section 17 - No Recourse to Public Funds	15		Fieldwork complete, in quality control	The review considered 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 (Mainstream)	20	16.5	Final Report Issued	The review considered the following Risk Management Objectives: <b>RMO1 – Effective arrangements are in place for the delivery of Free School Transport.</b> The review found there is a school transport policy in place; the most recent version was approved in October 2020 and is in line with the current government guidance. The policy is reviewed as and when required by any changes in government guidance or if requested by members, any policy changes would require cabinet approval. Information regarding free school transport is made available to the public via the council’s website and through contact points, libraries, and community hubs; in addition, the website contains further contact details, such as email, phone, or fax. There are procedures in place to process applications received for free school transport in a timely manner; decisions to provide free school transport are based on agreed criteria as set out in policy. However, internal procedure notes have not been reviewed since 2017 and should be to ensure compliance with the approved policy. There are procedures in place to ensure the mode of transport approved is appropriate and is considered best value. There are procedures in place to deal with reviews and appeals and testing confirmed they are completed in a timely manner. There are records of all children receiving free school transport and they are maintained and regularly reviewed for any change in circumstances. However, the testing showed that 30 pupils were still recorded as being in receipt of free transport despite either not responding to the team with up-to-date information



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					<p>regarding their eligibility or responding and no action being taken to stop the free transport being renewed.</p> <p>The accuracy of the record keeping has indicated that some pupils may have been issued more than one pass, this could be a duplication or requests for different passes and originals not being returned and cancelled. If these are all duplicate passes, their cancellation could result in the council saving money. <b>Opinion: Amber.</b></p> <p><b>RMO2 – Effective arrangements are in place for monitoring the budget for Free School Transport.</b></p> <p>The review found a budget has been set for the provision of free school transport and is regularly reviewed. The council has a statutory duty to provide free transport to all those eligible so actual spend is controlled by ensuring that only those meeting the criteria set out in the policy are offered free transport.</p> <p>The mode of transport offered to pupils is split into four areas, with bus costs accounting for 90% of the total costs. Contracts for the bus costs are reviewed by either the School Transport Team or the Integrated Transport Team, who deal with other support bus contracts. The Arriva cost is reviewed annually and ASD &amp; NU-venture costs were last reviewed in 2014, contracts that have been at a fixed price for nearly 8 years, therefore reliance on the cost remaining at current levels should not be assumed.</p> <p>The remaining options for transport are, a fuel allowance, at a very competitive price, rail passes which are discounted by a third on normal train fares and private taxi hire, procured via the SEND framework process.</p> <p>There are procedures in place to ensure all payments to transport providers are accurate and appropriately authorised. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Amber. Recommendations: Two medium and one low priority. Recommendations relate to maintaining accurate records so that duplicate passes are not still active and incurring additional costs and ensuring that passes are cancelled when continued eligibility is not confirmed and updating internal procedure notes.</b></p>
21	Children's Independent Safeguarding & Review Service	15		Fieldwork complete, in quality control	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 - A robust quality assurance function is in place.</b></p> <p><b>RMO2 - Effective arrangements have been put in place to undertake the actions arising from the Medway Children's Services Improvement Plan in relation to quality assurance.</b></p>

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22	Child Exploitation (previously Child Sexual Exploitation)	15		Draft report with client for consideration	The review considered the following Risk Management Objectives: <b>RM01: Appropriate arrangements are in place to support the tackling of Child Exploitation in Medway.</b> <b>RM02: Appropriate management of referrals is conducted.</b>
23	Income collection - visitor parking permits	15	15.1	Final Report Issued	The review considered the following Risk Management Objective: <b>RM01 – Adequate arrangements are in place to process and manage the income from Visitor Parking Vouchers</b> The review found Visitor Parking Vouchers (VPVs) are available to the public who live or have businesses in a Controlled Parking Zone (CPZs), to enable visitors to park temporarily in the zone without incurring penalties. The vouchers cost £2 each and up to 50 vouchers per property can be purchased per rolling month (30 days). Information on VPVs is available on the council’s website where the terms and conditions are clearly stated. The public are able to click on a link to apply for vouchers, or if they are not able to apply online, a phone number is provided to get assistance to make a manual application. As part of the online process, the applicant is required to upload proof of residence. This has to show the name and address of the applicant, for example a utility bill or bank statement, no older than three months. The information is validated before the application is progressed and is held securely within the Judu system. A process is in place to ensure that the public are only able to purchase the maximum 50 vouchers in a rolling 30 days. The system will only accept one online application per month and if further vouchers are required (up to the limit), the customer has to phone the council to manually process the sale. Telephone sales are recorded on a spreadsheet and cross referenced for each application. The printed vouchers are ordered from an external company and each voucher has a unique serial number, which shows the relevant parking zone. The boxes each contain 1000 vouchers and are stored in the Print Room or securely in the team’s office. We were provided with a voucher control spreadsheet that is maintained by management, which shows the location of the boxes; however, we were unable to conduct a physical count of the boxes held to check the accuracy of the spreadsheet.

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>It was queried whether a physical count of the vouchers held in Parking Services takes place and were advised that this was not feasible due to the large numbers involved. There is a risk of fraud if there is no reconciliation of the vouchers held and could cause problems if some boxes could not be accounted for.</p> <p>We were able to see that controls were in place for vouchers that are sent to the Hubs, with a spreadsheet being maintained of the serial numbers that have been allocated for each zone.</p> <p>Arrangements are in place for the public to be able to pay for vouchers. If ordering online, once the voucher application has been approved, the applicant is sent a link by e-mail that takes them through to a payment screen. This is a unique form and applicant payment details are not stored for any other transactions.</p> <p>If the vouchers are purchased over the phone, the officer is directed to a secure ICON payment screen and the details from the payment card are recorded. A unique reference number for the vouchers is automatically generated at the point of sale which is carried over to the receipt and is either emailed to the customer, if collecting in a Hub, or sent in the post with the vouchers.</p> <p>The review identified that monthly reconciliations are being carried out of all sales but there was no investigation of differences between expected income and actual income. Testing showed that differences were occurring because of the timing between recording sales and the monies being received by the council. There were also a small number of incidents of miscoding and vouchers being sent out free of charge when errors had occurred. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: Three medium priority. Recommendations relate to stock control and reconciliation of the vouchers sold and income received.</b></p>
24	Commercial property management - Pentagon Centre	15		Draft report with client for consideration	<p>The review considered the following Risk Management Objective:  <b>RMO1 - There are arrangements in place to manage the Pentagon Centre</b></p>
25	<i>HR - sickness absence reporting &amp; monitoring</i>	15	<i>N/A</i>	<i>Deferred to 2021-22</i>	<p><i>This review was deferred to 2021-22 to account for loss of resource due to sickness and the redeployment of audit staff to assist with Alternative Restrictions Grant (ARG) applications. This was agreed with the Chair of the Committee due to urgency and reported to the Committee in January 2021.</i></p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
26	Medway Adult & Community Learning Service - 24+ Advanced Learning Loans & repayment	15	N/A	Removed from Plan	<i>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 was nothing suitable to review.</i>
27	Medway Norse - waste & recycling contract	15		Fieldwork complete, in quality control	The review considered the following Risk Management Objective:
28	Tenancy enforcement	15	N/A	Deferred to 2021-22	<i>This review was deferred to 2021-22 to account for loss of resource due to sickness and the redeployment of audit staff to assist with Alternative Restrictions Grant (ARG) applications. This was agreed with the Chair of the Committee due to urgency and reported to the Committee in January 2021.</i>
29	Section 17 - Intentional homelessness	15	N/A	Not Completed	When completing initial research to set the terms of reference for this review, it was identified that there was significant overlap with the review of no recourse to public funds that had already been completed. As a consequence, the review was not undertaken.
30	Information requests	15	N/A	Deferred to 2021-22	<i>This review was deferred to 2021-22 to account for loss of resource due to sickness and the redeployment of audit staff to assist with Alternative Restrictions Grant (ARG) applications. This was agreed with the Chair of the Committee due to urgency and reported to the Committee in January 2021.</i>
31	Cultural venue management	15	N/A	Not Completed.	It was not possible to complete this review due to loss of resources and difficulty with being able to set a defined terms of reference given the impact on cultural venues as a consequence of the covid pandemic.
32	Building Compliance	15	12.6	Complete	The team completed the independent sign off of council buildings as Covid Secure.
33	Department for Transport grant validation	10	3.7	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 Service, Common	20	3.5	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

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
	Assessment Framework)				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	185.1	Complete	Full details of the responsive assurance activity can be found in the table starting on page 47.
<b>Counter Fraud Assurance Work</b>					
38	<i>Adult social care - self directed support (direct payments)</i>	15	N/A	<i>Not Completed</i>	<i>The redeployment of counter fraud resource to assist with Alternative Restrictions Grant (ARG) applications meant it was not possible to conduct this review.</i>
39	<i>Business parking permits</i>	15	N/A	<i>Not Completed</i>	<i>The redeployment of counter fraud resource to assist with Alternative Restrictions Grant (ARG) applications meant it was not possible to conduct this review.</i>
40	Special Guardianship Orders	15		Final Report issued	<p>The review considered the following Risk Management Objectives:  <b>RMO1 – Policies and procedures are in place to assist in the prevention of Special Guardianship Order fraud, and RMO2 – Arrangements exist for detecting Special Guardianship Order fraud.</b> <i>During the review it became apparent that the findings for Risk Management Objectives one and two were going to overlap significantly. As a consequence, they have been combined for reporting purposes.</i></p> <p>A Special Guardianship Order is an order appointing one or more individuals to be a child's 'special guardian'. It is a private law order made under the Children's Act 1989 and is intended for those children who cannot live with their birth parents, who would benefit from a legally secure placement.</p> <p>The review identified that a procedure manual exists setting out promoting and supporting the needs of such children, covering the assessments that will be carried out to determine the services required and how such services will then be provided. A financial assessment form and an electronic calculator are used to determine the level of award; however, the calculator used was developed by the Department for Education and Skills (DFES), which was dissolved, in 2007. As such the calculator is at least 13 years old and discussions confirmed it has not been updated to consider changes such as Universal Credit. As such, assurance cannot be provided that the calculator is fit for purpose and meets the latest guidance. The financial assessment contains a declaration and data protection warning that must be signed by applicants, but it was noted that a statement that should form part of the declaration was included within the data protection warning.</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>Sample testing on 15 randomly selected applications identified evidence of independent checks prior to payment in only one case, and in 13 cases it was not possible to confirm that appropriate supporting evidence had been obtained. The service advised that appropriate evidence is obtained in all cases but is not retained, citing GDPR as the reason. It was also noted that documentation can be stored under references relating to the child or their guardian rather than in one place, which increases the risk of error.</p> <p>Testing on a sample of 20 of the 258 Guardian accounts identified no duplicate payments and further testing also identified that any payments that had been stopped or refused were all in accordance with the appropriate regulations. Staff are not required to complete declarations of interest, creating risks that they may be able to influence the applications of people they know, and the lack of transparency also leaves no evidence to support the staff member in the event of allegations. <b>Opinion: Red.</b></p> <p><b>RM03 – Arrangements exist to deter individuals fraudulently obtaining Special Guardianship Orders.</b></p> <p>The review found the Special Guardianship application form contains both a declaration and a data protection warning, which informs applicants data maybe shared for the prevention and detection of crime. The council’s website informs the general public about fraud and it being a criminal offence. The council also has arrangements in place to prevent and detect fraud and / or corruption, which includes thorough verification of the circumstances detailed on applications received for various services. <b>Opinion: Green.</b></p> <p><b>RM04 – Policies and procedures are in place to support enforcement action being taken against those who commit Special Guardianship Order fraud.</b></p> <p>As detailed under RMO1 &amp; RMO2, there is a declaration within the financial assessment, which includes statements advising that the applicant is aware that they will be liable to repay any monies paid as a result of incorrect or incomplete information being supplied and of their responsibilities to report changes in their circumstances after signing the form. There is a gap in this declaration as it does not refer to recovery of monies overpaid as a result of changes in circumstances. Special Guardianship Orders are paid two weeks in advance, increasing the risk of overpayments as a result of changes in circumstances. The Acting Area Manager considers this to be a risk and is aware that Foster Carers are paid two weeks in arrears.</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>There are no procedures in place to support the recovery of overpaid special Guardianship Order payments and at present overpayments are only recovered from those that have another child in their care or are a foster carer, as they can be recovered electronically from future payments. If no further financial support is being provided, there are no mechanisms in place to seek recovery. This means that service is unlikely to recover overpayments in a number of cases, causing a financial loss to the authority. <b>Opinion: Red.</b></p> <p><b>Overall Opinion: Red. Recommendations: Four high, one medium and one low priority.</b></p> <p><b>Recommendations relate to a review of the financial assessment form and calculator (including the declaration), supporting evidence for assessments being retained and stored in one place, assessments being authorised by senior officers prior to payment, annual declarations of interest being completed by staff, SGO's being paid two weeks in arrears in line with foster care payments, and procedures being put in place to support recovery of overpaid awards.</b></p>

## Responsive Assurance Activity

Activity	Opinion, summary of findings & recommendations made
Covid 19 Governance	Officers from the service assisted in monitoring and logging the decisions made by Gold Command, which have subsequently been checked for the implications of those decisions to ensure the correct governance processes have been followed.
Business Support Grant Application validation	Officers assisted with the validation of claims received for Business Support Grants using their expertise in fraud prevention and providing assurance over the application process.
Discretionary Business Grant application validation and assessment	Officers assisted with the validation and assessment of applications received as part of the discretionary grants process in the summer of 2020, following the first national lockdown.
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

Activity	Opinion, summary of findings & recommendations made
	practice. It has therefore been recommended that this be subject to a formal assurance review late in 2021-22 or early 2022-23 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 has been 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 throughout 2020-21.
Test and Trace Service Support Grant	Independent validation of expenditure was provided in line with the requirements for returns to the Department for Health & Social Care.
Alternative Restrictions Grant application validation and assessment	Officers from both internal audit and counter fraud led the validation and assessment of applications received as part of the Alternative Restrictions Grant (ARG) scheme and were also involved in the recruitment and training of temporary staff recruited to help deal with the volume of applications and ongoing periods of eligibility.
Covid Enforcement Grant Validation	Independent validation of expenditure was provided in line with the requirements for returns to the MHCLG

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

Client service area	Services provided

#### Counter Fraud Activity

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
47	Pro-active investigations work	34	0	N/A	Given the redeployment of staff and limited counter fraud activity that was possible while national restrictions were in place, pro-active activity was not deemed to be an effective use of resources. As a result no pro-active activity outside of planned data matching has taken place.
48	Data matching exercises, including	34	89	Complete	Work has taken place in relation to the both the 2018-19 and 2019-20 NFI exercises. A specific update report was provided to Members of the



Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & recommendations made
	National Fraud Initiative and Kent Intelligence Network				Audit Committee in November 2020, which outlined that the total financial values linked to the 2018-19 exercise were £327,321.08. A further update is being provided separately at the June 2021 meeting, which will outline the financial values linked to the 2019-20 exercise. As of 31 May 2021, this was £30,536 in additional council tax. It should be noted that the work undertaken on NFI matches crosses financial years and results are included within the reported results for individual reactive investigation categories. The figures quoted in this section are not in addition to previously reported fraud savings/losses.
49	Fraud awareness	0	0	N/A	Due to the impact of the pandemic, there has been no fraud awareness training during the year.

### Reactive Investigations work: external investigations

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable Savings	Non-cashable Savings	Prevented Losses
Blue Badge	0	1	One case concluded with the issue of a warning letter.	N/A	N/A	N/A
Business Rates (NNDR)	1	10	Ten cases were concluded with no evidence of fraud.	N/A	N/A	N/A
Business Support Grants	1	4	Four cases concluded with no evidence of fraud.	N/A	N/A	N/A
Council Tax	32	168	56 cases were concluded with the removal of the council tax discount/exemption. 19 cases were concluded with the removal of the CTR award, five of which also resulted in overpayments of housing benefit. One case was concluded with the creation of a new liability. 89 cases were concluded with no evidence of fraud and two were passed to the DWP for investigation of potential benefit offences.	£79,205.20 (Historic Liability) £39,911.40 (Additional liability for future years) £79,044.15 Housing Benefit overpayments	N/A	N/A
Homelessness	1	1	One case was concluded with no evidence of fraud.	N/A	N/A	N/A

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable Savings	Non-cashable Savings	Prevented Losses
Housing Allocations	2	5	One case concluded with removal from the housing register. Four cases concluded with no evidence of fraud.	N/A	£4,000	N/A
Other	2	0	Two reports received that did not relate to potential fraud against the council. Those involved were signposted to the correct organisations for assistance.	N/A	N/A	N/A
Parking Permits	1	1	Once case concluded with no evidence of fraud.	N/A	N/A	N/A
Social Care	1	1	One case resulted in payments to a care home being stopped and an overpayment recovered.	£46,889.31	N/A	N/A
School Admissions	2	6	Three offers for school places withdrawn as a result of investigations and identified false information. Three cases were concluded with no evidence of fraud.	N/A	N/A	N/A
Tenancy	7	6	Six cases concluded with no evidence of fraud.	N/A	N/A	N/A

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

Allegation	Investigation activity & recommendations
<i>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. Full details are not included due to their sensitive nature and the fact they do not relate to allegations of fraud.</i>	<i>A Team Leader from the Audit &amp; 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.</i>

### Other Redeployment activity during emergency response period

<b>Activity</b>	<b>Details</b>
Benefit Assessments	The team Administration Officer was formerly a benefit assessor and was redeployed to the benefits service to assist with the assessment of applications between 23 March 2020 and 30 September 2020 due to the increase in the volume of claims for benefits received.
Revenues & Benefits Scanning	The teams Intelligence Analyst attended the office throughout the initial lockdown period, providing support to the MRBS scanning team, while also monitoring requests for information being received from external agencies, such as the Police.

## 6. Quality Assurance & Improvement Programme

The Standards require that: The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement. The Audit & Counter Fraud Shared Service QAIP for 2017-18 was agreed by Medway's Audit Committee in March 2017.

The arrangements set out in the QAIP have been implemented with the collection and monitoring of performance data largely automated through the team's time recording and quality management processes. It should be noted that the results recorded below have not been subjected to independent data quality verification.

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

Ref	Indicator	Target	Outturn for report period
<b>Non LA Specific Performance Measurements</b>			
A&CF1	Cost of the Audit & Counter Fraud Service Total Cost LA Share	N/A	£580,067 £371,242
A&CF2	Cost per A&CF day	£400	£385
A&CF3	Proportion of staff with relevant professional qualification: Relevant audit qualification Relevant counter fraud qualification	75%	21% 50%
A&CF4	Proportion of non-qualified staff undertaking professional qualification training	25%	21%
A&CF5	Time spent on CPD/non-professional qualification training, learning & development	70 days	48 days
A&CF6	Compliance with PSIAS	100%	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%. Work to address the areas that require improvement has been delayed due to reallocation of resources to assist with the covid response and it was not possible to complete an updated self-assessment in 2020-21.
A&CF7	Staff turnover	N/A	N/A
<b>LA Specific Performance Measurements</b>			
A&CF8	Average cost per assurance review	£5,000	£5,356
A&CF9	Proportion of available resources spent on productive work	90%	83%
A&CF10	Proportion of chargeable time spent on:	N/A	

Ref	Indicator	Target	Outturn for report period
	assurance work		70%
	consultancy work		0%
A&CF11	Proportion of chargeable time spent on:	N/A	
	proactive counter fraud work		13%
	reactive counter fraud work		17%
A&CF12	Time spent on SPOC associated duties	N/A	61 days
A&CF13	Proportion of agreed assurance assignments:	95%	
	Delivered		82%
	Underway		11%
A&CF14	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	7%
A&CF15	Proportion of recommended actions agreed by client management	90%	100%
A&CF16	Number of recommendations agreed that are:	N/A	
	Not yet due		32
	Implemented		125
	Outstanding		20
A&CF17	Proportion of recommended actions implemented by agreed date	N/A	86%
A&CF18	Number of referrals received	N/A	297
A&CF19	Number of investigations closed	N/A	205
A&CF20	Value of fraud losses identified, by fraud type:	N/A	
	Cashable (losses that can be recovered)		£241,115
	Non-cashable (notional savings based on national estimates)		£4,000
	Prevented losses (savings associated with blocked applications)		£0
A&CF21	Customer satisfaction with individual review/assignment	95%	100% (based on four responses received during the period)
A&CF22	Customer satisfaction with overall service	95%	A wider satisfaction survey was conducted in March 2019 with all respondents saying they were very satisfied or satisfied with the overall service. Due to resources being redirected to assist with covid response and other priorities, it has not been possible to conduct an updated wider satisfaction survey.
A&CF23	Member satisfaction with assurance provided (based on Chair of Audit Committee contribution to Appraisal of the Head of Audit & Counter Fraud role)	Positive	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

Ref	Indicator	Target	Outturn for report period
			<p>course James and the work he does. On my experience so far, I am very satisfied with all he 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'.</p> <p>No comments were received for the end of year review.</p>
A&CF24	Statement of external audit	Positive	<p>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.</p>

## 7. Follow up of agreed recommendations

Where the work of the team finds opportunities to strengthen the council's risk management, governance and/or control arrangements, the team make and agree recommendations for improvement with service managers. The Standards require that a follow-up process is established: *to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action*. As with all audit work, resources should be prioritised based on risk.

Service managers are asked to provide an update on action taken towards implementing all recommendations due on a monthly basis and are also asked to supply evidence to confirm that action has been taken in respect of all High priority recommendations, which is verified by the Audit & Counter Fraud Team.

The first of the two tables below sets out the position of all recommendations which have formed part of the recommendation follow-up process during the 2020-21 financial year. There are two requests for changes to recommendations previously agreed;

**Workforce Development** – A medium priority recommendation was made to centralise conference budgets. This was agreed by workforce development but the responsibility for actioning such a recommendation sits with Finance. The Head of Finance Strategy and the Chief Finance Officer have since advised that it would not be in the councils interests to undertake this exercise and would not be cost effective. They have requested that this recommendation be withdrawn and there have been no objections from the Head of Audit & Counter Fraud.

**Capital Accounting** – A low priority recommendation was made to include 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. Unfortunately, due to an oversight, this was not included in the 2021-22 budget report that was presented to Full Council in February 2021. As a consequence, the Head of Finance Strategy has requested that the implementation date be changed to 28 February 2022 now, as the next opportunity to implement the recommendation will be the report on the 2022-23 budget in February 2022, rather than wait until it is more than six months overdue.

The second table details recommendations that were more than six months over their planned implementation date as at 31 March 2021; along with an update from the relevant Service Manager/Assistant Director/Director.

## Status of Agreed Recommendations

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
Income collection	<p><b>Opinion: Needs strengthening</b> Two recommendations agreed: one <b>high</b> and one <b>low</b> priority. Recommendations relate to creating a refunds policy and written procedures.</p>	Two recommendation due, two implemented.
HR Self-Serve	<p><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.</p>	Three recommendations due, two implemented. One <b>high</b> priority outstanding relating to electronic approval processes.
Staff Expense Reimbursement	<p><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</p>	Two recommendations due, two implemented.
Sundry Debtors	<p><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.</p>	Eleven recommendations due, eleven implemented.
Ethics	<p><b>Opinion: Needs Strengthening</b> Seven recommendations agreed: five <b>high</b> and two <b>medium</b> priority. Recommendations relate to improving employee awareness of policies relating to ethical conduct, review of the Code of Conduct and enhancing arrangements relating to Gifts &amp; Hospitality.</p>	Seven recommendations due, seven implemented.
Performance Data Quality	<p><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.</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
Medway Commercial Group – Governance & Accounting	<p><b>Opinion: Needs Strengthening</b>  Four <b>high</b> priority recommendations agreed.  Recommendations relate to improving performance reporting and financial monitoring.</p>	Four recommendations due, four implemented.
Bereavement Services	<p><b>Opinion: Amber</b>  Nine Recommendations agreed: one <b>high</b>, seven <b>medium</b> and one <b>low</b> priority.  Recommendations relate to procedures being reviewed and updated; installing an online booking system for cremations; updating the website pages relating to the service; storing personal information in a secure area to ensure GDPR compliance; the implementation of a Service Level Agreement for Funeral Directors; training for officers across the service; reconciliation processes being reviewed; a schedule for changes to door code combinations and improvements to the petty cash authorisation process</p>	Nine recommendation due, nine implemented.
IT Asset Management	<p><b>Opinion: Amber</b>  Three recommendations agreed: two <b>high</b> and one <b>medium</b> priority.  Recommendations relate to the management of Snow alerts, assets not picked up by the network for over a month, the production of asset registers relating to computers deemed suitable for reuse and those whose solid state drive has been removed, and over licensed applications and potential cost savings.</p>	Three recommendations due, three implemented.
Housing Rents	<p><b>Opinion: Amber</b>  Two <b>medium</b> priority recommendations agreed.  Recommendations relate to reviewing all users being allocated key controls within the Housing Management System and ensuring that new tenancies created are confirmed by an additional authorised officer to ensure a segregation of duty is maintained in all instances.</p>	Two recommendation due, two implemented.
VAT	<p><b>Opinion: Red</b>  Four <b>high</b> priority recommendations agreed.  Recommendations relate to training for all staff that encounter VAT as part of their normal duties, both in raising invoices and paying creditors, ensuring supplier addresses are maintained, the identification of all overseas suppliers, implementation of procedures in relation to bad debt relief and income received against written off debt.</p>	Four recommendations due, four implemented.
Insurances	<p><b>Opinion: Amber</b>  Four recommendations agreed: Two <b>medium</b> and two <b>low</b> 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</p>	Four recommendations due, four implemented.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	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.	
GDPR	<p><b>Opinion: Red</b>  One <b>high</b> priority recommendation agreed.  Recommendation relates to implementing an effective monitoring system once the Council has progressed its GDPR compliance sufficiently.</p>	One recommendation due, one implemented.
Establishment Management	<p><b>Opinion: Amber</b>  Three recommendations agreed: two <b>medium</b> and one <b>low</b> priority.  Recommendations relate to ensuring that regular reconciliations take place between HR and Finance records, incomplete HR forms are returned to the relevant manager for completion, HR scan the signed recruitment to vacancy forms onto the Idox system, and, Managers inform HR of all changes relating to staff in post.</p>	Three recommendations due, three implemented.
Treasury Management	<p><b>Opinion: Green</b>  One <b>low</b> priority recommendation agreed.  Recommendation relates to ensuring there are additional staff trained to cover the Principal Accountant role.</p>	One recommendation due, one implemented.
Allotments	<p><b>Opinion: Red</b>  Eleven recommendations agreed: Five <b>high</b>, five <b>medium</b> and one <b>low</b> priority.  Recommendations relate to the implementation of a new strategy, new processes and procedures clearly outlining roles and responsibilities, liaison with the Business Change team to review the current IT solution, a review of resources available to deliver the service, introduction and monitoring of KPI's, review of current process to ensure GDPR compliance, a review of fee calculations process within Colony, clarification of the published fees and charges relating to Bloors Lane Church Allotments, clearer information being supplied to tenants in respect of payments, income received being reconciled regularly, and building and maintaining a relationship with the Medway Allotment Federation.</p>	Eleven recommendations due, eleven implemented.
Workforce Development	<p><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.</p>	Five recommendation due, four implemented. One <b>medium</b> priority outstanding relating to centralisation of conference budgets.
Trading Standards Enforcement	<p><b>Opinion: Amber</b>  Four recommendations agreed: two <b>medium</b> and two <b>low</b> priority.</p>	Four recommendations due, four implemented.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	<p>Recommendations relate to steps to be put into place to ensure transparency by making information publicly available, to ensure full and thorough records are made for each inspection of a business, an annual spot check of the goods held in the secure store and improving records for test purchases.</p>	
Fairview Community Primary School	<p><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.</p>	<p>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.</p>
Whistleblowing	<p><b>Opinion: Amber</b>  Seven recommendations agreed: two <b>high</b> and five <b>medium</b> priority.  Recommendations relate to reviewing the whistleblowing policy, raising awareness of the whistleblowing policy, training of whistleblowing officers, managers and staff, investigating the introduction of an online reporting form and ensuring there are systems in place for recording and reporting all concerns.</p>	<p>Seven recommendations due, one implemented.  Two <b>high</b> and four <b>medium</b> priority outstanding relating to raising awareness of the whistleblowing policy, training of whistleblowing officers, managers and staff, investigating the introduction of an online reporting form and ensuring there are systems in place for recording and reporting all concerns.</p>
Childrens & Adults Imprest Account	<p><b>Opinion: Red</b>  Thirteen recommendations agreed: Eight <b>high</b>, four <b>medium</b> and one <b>low</b> priority.  Recommendations relate to a review of procedure notes for the Business Admin team to ensure they are up to date and comprehensive, access to the central register of authorised signatories, a regular check of the account balance to ensure monthly schedules are processed, improvements to cash handling procedures, the creation/update of council policies to reflect the councils' position on the costs it is prepared to meet, detailed criteria for the use of the imprest account in relation to client spend, payments of planned financial support being processed through Frameworki, payment for medical reports being processed via webreq, the use of pre-payment cards for service users in place of cash payments, ceasing the un-necessary use of the imprest account for non-client spend, recording VAT and ensuring it is reclaimed where appropriate, all claims for reimbursement being accompanied by receipts before approval, and an escalation process being put in place for the Admin team to challenge potential inappropriate spend.</p>	<p>Thirteen recommendations due, thirteen implemented.</p>
Carers Parking Permits	<p><b>Opinion: Amber</b>  Six recommendations agreed: Two <b>high</b> and four <b>medium</b> priority.</p>	<p>Six recommendations due, six implemented.</p>

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	<p>Recommendations relate to 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>	
St Mary's Catholic Primary School	<p><b>Opinion: Red</b>  Ten recommendations agreed: Three <b>high</b> and seven <b>medium</b> priority.  Recommendations relate to completion of annual declaration of interests for Governors, the updating of the school Finance Policy, ensuring that petty cash payments do not exceed the amount stated in the Finance Policy, recording approval for spend above the Head Teacher's limit in the Governing Body minutes, reviewing use of the Onecard to ensure separation of duties and that the terms &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>	Ten recommendations due, ten implemented.
Children in Need - Section 17 Financial Assistance	<p><b>Opinion: Red</b>  Two <b>high</b> priority recommendations agreed.  Recommendations relate to the distribution of new policies and procedures and identifying secure payment methods as an alternative to cash.</p>	Two recommendation due, one implemented. One <b>high</b> priority outstanding relating to identifying secure payment methods as an alternative to cash.
Agency Staff within Children Services	<p><b>Opinion: Red</b>  Seven recommendations agreed: Three <b>high</b>, three <b>medium</b> and one <b>low</b> priority.  Recommendations relate to written confirmation being provided by the Chief Executive to confirm that Children's Services are exempt from the documented procedure to recruit agency workers, recruitment documentation being retained electronically, cancellation of purchase orders if agency staff leave before their expiry, MCG being issued with a list of line managers able to authorise timesheets for payment, instruction to managers regarding notifying the recruitment team of agency leavers in writing, procedures notes relating to the issue and return of council equipment, and an equipment log and a signed disclaimer advising that the worker will be charged for any equipment that is not returned.</p>	Seven recommendations due, seven implemented.
Transparency	<p><b>Opinion: Red</b>  Three recommendations agreed: Two <b>medium</b> and one <b>low</b> priority.</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
	<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 managing compliance with the Code is included in the service plan for the Information Governance Team.</p>	
Write-offs	<p><b>Opinion: Amber</b>  Eight recommendations agreed: Six <b>high</b> and two <b>medium</b> priority.  Recommendations relate to reviewing and circulating the Corporate Debt Strategy and Policy, putting in place procedure and process documents for all areas to ensure a consistent and timely approach to writing-off debt from the Council financial systems, ensuring records kept of any sub-delegated authority to write off debt, ensuring that exhaustive checks are made in a timely manner before writing-off debts, ensuring there is a segregation of duties and that write-offs are actioned on Integra, and ensuring that Management Teams and Cabinet receive reports on debt recovery performance and debt write-off.</p>	<p>Eight recommendation due, one implemented.  Five <b>high</b> and two <b>medium</b> priority outstanding relating 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 receive reports on debt recovery performance and debt write-off.</p>
Staff Performance Management Framework	<p><b>Opinion: Amber</b>  Four recommendations agreed: Three <b>high</b> and one <b>medium</b> priority.  Recommendations relate to updating training requirements in the Corporate Induction Programme; ensuring all staff undertake training in relation to the MedPay framework, investigating the PDR recording process available through SelfServe4You and updating PDR guidance to state how PDR documents should be retained for GDPR compliance.</p>	<p>Three recommendations due, three implemented.</p>
Leisure Centre Memberships Income Collection	<p><b>Opinion: Amber</b>  Six recommendations agreed: One <b>high</b>, three <b>medium</b> and two <b>low</b> priority.  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 compliance with GDPR.  All medium and low priority recommendations were implemented before the review was finalised.</p>	<p>Six recommendations due, six 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
SEND, Education, Health, Care Plan Reviews	<p><b>Opinion: Amber</b> Two recommendations agreed: One <b>high</b> and one <b>medium</b> priority. Recommendations relate to IT solutions to improve process efficiency.</p>	Two recommendation due, two implemented.
ICT Frontline Support	<p><b>Opinion: Amber</b> Three recommendations agreed: One <b>high</b> priority and two <b>medium</b> priority. Recommendations relate to monitoring of calls, regular reviewing of Top Desk reporting statistics by ICT management and investigating ways to increase customer feedback. All recommendations were implemented before the final report was issued.</p>	Three recommendations due, three implemented.
Medway Development Company (MDC) - Governance & Accounting	<p><b>Opinion: Green</b> Two recommendations agreed: One <b>medium</b> and one <b>low</b> priority. Recommendations relate to increasing the frequency of shareholders report and charging MDC commercial rates for all services provided.</p>	Two recommendation due, two implemented.
Temporary Accommodation – Rent Collection	<p><b>Opinion: Green</b> Two recommendations agreed: Two <b>low</b> priority. 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> Nine recommendations agreed: Six <b>high</b>, two <b>medium</b> and one <b>low</b> priority. 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 being 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>	Six recommendations due, five implemented. One <b>high</b> priority outstanding relating to an episode being created on Frameworki for the authorising officer to confirm any decisions made and approval for all expenses
Corporate Credit Cards	<p><b>Opinion: Amber</b> One recommendation agreed: One <b>medium</b> priority. Recommendation relates to enforcing cardholder guidance to encourage cardholders to return supporting information in a timely manner. Recommendation implemented before the final report was issued.</p>	One recommendation due, one implemented.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
Innovation Centre Medway	<p><b>Opinion: Amber</b></p> <p>Five recommendations agreed: One <b>high</b> and four <b>medium</b> priority. Recommendations relate to a review of the Innovation Strategy, formalising the application process for tenants ensuring consistency for all applications, the maintenance of 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. 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>	Three recommendations due, three implemented.
Park Wood Schools Federation	<p><b>Opinion: Red</b></p> <p>Twelve recommendations agreed: Four <b>high</b> and eight <b>medium</b> priority. 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>	Twelve recommendations due, twelve implemented.
Capital Accounting – HRA	<p><b>Opinion: Green</b></p> <p>One <b>low</b> priority recommendation agreed. 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>	One recommendation due, none implemented. One <b>low</b> priority recommendation outstanding relating 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.
Purchase Ledger	<p><b>Opinion: Green</b></p> <p>Three recommendations agreed: One <b>medium</b> and two <b>low</b> priority. Recommendations relate to updating links to guidance documents within e-forms; deactivation of suppliers not used for more than 18 months and review</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
	of the authorised signatories list to remove past employees and update users with name changes.	
Highways - winter service	<p><b>Opinion: Green</b></p> <p>Three recommendations agreed: Two <i>medium</i> and one <i>low</i> 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.</p>	One recommendation due, one implemented.
Fostering – Virtual Panels	<p><b>Opinion: Green</b></p> <p>One <i>medium</i> priority recommendation agreed. Recommendation relates to approval of the Data Protection Impact Assessment for paperless panel meetings.</p>	One recommendation due, none implemented. One <i>medium</i> priority outstanding relating to approval of the Data Protection Impact Assessment for paperless panel meetings.
New Road Primary School	<p><b>Opinion: Amber</b></p> <p>Ten recommendations agreed: One <i>high</i>, seven <i>medium</i> and two <i>low</i> priority. Recommendations relate to declarations of interest for staff, purchase orders being raised for all non-emergency spend, all spending above the Head Teacher’s limit being supported by appropriate quotes, approved by the governing body and recorded in the relevant meeting minutes, the School Business Manager being replaced as an authorised signatory, members of staff not authorising their own reimbursements and the governing body having regular oversight of any reimbursements to the Head Teacher, credit card processes being reviewed, regular reporting on the financial outcome of all trips, clear procedures being set up for the charging, collection, and reconciliation of snack money contributions, all assets being recorded on the asset register, including the production of accurate reports, and the annual check of the asset register being carried out by an independent member of staff.</p>	Seven recommendations due, seven implemented.
St Nicholas Church of England (VC) Infant School	<p><b>Opinion: Amber</b></p> <p>Five recommendations agreed: Two <i>high</i> and three <i>medium</i> priority. Recommendations relate to staff being reminded of the requirement to adhere to the gifts and hospitality policy and claims for such purposes not being approved, a review being undertaken of staff reimbursement processes, the School Finance Policy being reviewed, a review being undertaken of the asset register, and, arrangements being made to carry out annual independent checks on all assets recorded on the asset register.</p>	Five recommendations due, five implemented.
Caldicott Guardian	<p><b>Opinion: Red</b></p> <p>Twelve recommendations agreed: Ten <i>high</i> and two <i>medium</i> priority.</p>	One recommendation due, one implemented.



Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	<p>Recommendations relate to creating a profile page for the Caldicott Guardian that is available to all, ensuring all council officers are aware of the Caldicott Guardian's roles &amp; responsibilities, appointing a deputy, maintaining records of Caldicott Guardian activities and decisions, ensuring all data sharing agreements &amp; protocols are recorded and their use monitored, being responsible for the DSP toolkit sign off, Completing bespoke training, creating a strategy or action plan, ensuring officers responding to ROI are appropriately trained for the role, ensuring all officers are aware of the Caldicott Principles by having training, signing the required data access agreement, all those accessing personal data having managerial approval, and all officers completing Data Protection Impact Assessments having awareness of the Caldicott Principles.</p>	
Free school transport	<p><b>Opinion: Amber</b>  Three recommendations agreed: Two <i>medium</i> and one <i>low</i> priority.  Recommendations relate to maintaining accurate records so that duplicate passes are not still active and incurring additional costs and ensuring that passes are cancelled when continued eligibility is not confirmed and updating internal procedure notes.</p>	No recommendations due prior to 31 March 2021.
Tree Service	<p><b>Opinion: Red</b>  Eight recommendations agreed: Seven <i>high</i> and one <i>medium</i> priority.  Recommendations relate to updating the Tree Policy, making the Tree Preservation Order Register available on line and giving Medway Norse Tree Officers further access, exploring the reasons for the high level of tree works applications and putting remedies in place, ensuring Medway Norse conform to the s211 notice requirements and that these notices were actioned in the six week time period, ensure Tree Preservation Orders have adequate sign off, that the Senior Tree Officer carries out enforcement action where appropriate, and a review of the trees covered by Tree Preservation Orders.</p>	One recommendation due, one implemented.

Recommendations outstanding more than six months after scheduled implementation date (as at 31 March 2021)

Directorate	Audit & Counter Fraud Review title	Recommendation	Priority	Planned Implementation Date	Management Update
BSD	HR Self Service	<p>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.</p>	High	30 June 2020	No update received
BSD	Whistleblowing	<p>To raise awareness of the policy and training:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• 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,</li> <li>• investigation should be undertaken into the potential for including information about whistleblowing in Service Manager sessions, team meetings and the next employee survey.</li> </ul>	High	30 June 2020	<p>Legal have approved the proposed content of the video training. The workforce development team continue to develop the video training and this should be completed by the 3rd week of June in order to 'go live' from 05 July which will align with the new policy and appendices being published on Medspace. A comms message to all managers is planned before this advising of the changes made (w/c 24 June) to provide a 'heads up' and also invite them to attend drop in sessions. The new policy also has a process flow for concerns detailing each stage, from manager through to Chief Exec/prescribed bodies which should make it clear at a glance what is required if a worker has a concern. A response group of senior officers has also been created to triage concerns that either are not suitable to go to manager/AD/Director/other managers or for escalation of concerns/need for advice from managers etc, these come</p>

					through the HR Advice portal or line in order to progress.
BSD	Whistleblowing	All whistleblowing officers, line managers and supervisors should be trained in how to manage whistleblowing concerns.	High	30 June 2020	The Legal Services Place team have confirmed recently to the workforce development team that they can provide the face-to-face training sessions to Members and managers/whistleblowing officers and the two teams will liaise re dates for multiple sessions to be diarised, commencing in 8 weeks to allow preparation due to capacity in Legal.

## 8. Update on 2021-22 Planned Audit & Counter Fraud Work

Ref	Activity	Day budget	Days Used	Current status	Opinion, summary of findings & recommendations made
2	Performance Management Framework & Reporting	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: <b>RMO1 - Arrangements are in place to monitor &amp; report on the council's corporate performance.</b>
8	Payroll	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: <b>RMO1 - Arrangements are in place to calculate and pay staff salaries effectively, including allowances and overtime.</b>
9	Insurances	15	N/A	Preliminary research and preparation of terms of reference	
14	Parking enforcement	15	N/A	Preliminary research and preparation of terms of reference	
15	Information requests	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: <b>RMO1 - Arrangements are in place for the council to assess and respond to information requests in accordance with legislation.</b>
18	Adult social care - self directed support (direct payments)	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objectives. <b>RMO1 – Effective arrangements are in place to manage Self-Directed Support (Direct Payments).</b>
21	Advocacy	15	N/A	Preliminary research and preparation of terms of reference	
27	Kyndi (Formerly Medway Commercial Group) - Governance & accounting	15	N/A	Preliminary research and preparation of terms of reference	
28	IT Asset Management	10	N/A	Preliminary research and preparation of terms of reference	

Ref	Activity	Day budget	Days Used	Current status	Opinion, summary of findings & recommendations made
29	Client Financial Affairs	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: <b>RMO1 - Arrangements are in place to manage client financial affairs (CFA) appropriately.</b>

# Definitions of audit opinions & Recommendation Priorities

<p><b>Green</b> – Risk management operates effectively and objectives are being met</p>	<p>Expected controls are in place and effective to ensure risks are well managed and the service objectives are being met. Any errors found are minor or the occurrence of errors is considered to be isolated. Recommendations made are considered to be opportunities to enhance existing arrangements.</p>
<p><b>Amber</b> – Key risks are being managed to enable the key objectives to be met</p>	<p>Expected key or compensating controls are in place and generally complied with ensuring significant risks are adequately managed and the service area meets its key objectives. Instances of failure to comply with controls or errors / omissions have been identified. Improvements to the control process or compliance with controls have been identified and recommendations have been made to improve this.</p>
<p><b>Red</b> – Risk management arrangements require improvement to ensure objectives can be met</p>	<p>The overall control process is weak with one or more expected key control(s) or compensating control(s) absent or there is evidence of significant non-compliance. Risk management is not considered to be effective and the service risks failing to meet its objectives, significant loss/error, fraud/impropriety or damage to reputation. Recommendations have been made to introduce new controls, improve compliance with existing controls or improve the efficiency of operations.</p>
<p><b>High</b></p>	<p>The findings indicate a fundamental weakness in control that leaves the council exposed to significant risk. The recommended action addresses the weakness identified; to mitigate the risk exposure and enable the achievement of key objectives. Management should address the recommendation as a matter of urgency.</p>
<p><b>Medium</b></p>	<p>The findings indicate a weakness in control, or lack of compliance with existing controls, that leaves the system open to risk, although it is not critical to the achievement of objectives. Management should address the recommendation within a reasonable timeframe.</p>
<p><b>Low</b></p>	<p>The findings have identified an opportunity to enhance the efficiency or effectiveness of the system/control environment. Management should address the recommendation as resources allow.</p>