

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

Audit & Counter Fraud Update

Medway Council

For the period:

1 December 2021 – 31 January 2022

1. Introduction

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

2. Executive Summary

- 2.1 This is the third and final update for 2021-22 ahead of the annual report, covering the period 01 December 2021 to 31 January 2022 and the following audit reviews were finalised during the reporting period;

- Accessibility Regulations – Opinion: **Amber**
- Child protection – virtual conferences - Opinion: **Green**
- Looked after children - bank account provision - Opinion: **Red**

In addition, one review had reached the draft report stage, 12 reviews have had fieldwork completed and are now going through the quality control process, four reviews are currently underway and commencement of a number of others is being arranged with the clients. As a consequence of this work, plan delivery as of 31 January 2022 was 66% complete, with a further 14% underway. Full details of the individual reviews can be found in section 5 of this report.

- 2.2 Follow up of agreed actions has continued and performance as of 31 January stood at 80%, with 50 of 62 actions due by the end of the period having been implemented. 12 remain outstanding and are being monitored in line with the agreed follow up process. Full details of the progress made in relation to action follow up can be found at section 8, which also includes details of requests for revised implementation dates as appropriate.
- 2.3 Investigations concluded during the period have identified cashable savings of £142,567.42 in the form of additional council tax liabilities, both historic and future, and new business rate liabilities. There are also non-cashable savings of £4,000 associated with the removal of an individual from the housing waiting list.
- 2.4 There has been significant impact on planned resources due to sickness, and several vacancies over the course of the year, the last of which will be filled on 21 Feb 2022. We are currently projecting a loss of approximately 101 audit days from the projected 1072 available at the start of the year. The majority of this loss has been accounted for by agreed revisions to the plan and no further changes are requested at this time.

3. Independence

- 3.1 The Audit & Counter Fraud Charter approved by Medway's Audit Committee in January 2020 and sets out the purpose, authority, and responsibility of the team. The Charter sets out the arrangements to ensure the team's independence and objectivity through direct reporting lines to senior management and Members, and through safeguards to ensure officers remain free from operational responsibility

and do not engage in any other activity that may impair their judgement. The work of the team during the period covered by this report has been free from any inappropriate restriction or influence from senior officers and/or Members.

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

4. Resources

- 4.1 The Audit & Counter Fraud Shared Service reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The team currently has an establishment of 14 officers, which following a small restructure consists of; the Head of Internal Audit & Counter Fraud, one Internal Audit Manager, one Senior Internal Auditor, six Internal Auditors (5.78FTE), one Counter Fraud Manager, two Counter Fraud Officers, and two Counter Fraud Intelligence Analysts (1.86FTE).
- 4.2 The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 64% for Medway with the remaining 36% for Gravesham. The establishment at the time the Audit & Counter Fraud Plans for 2021-22 were prepared, was forecasted to provide a total of 1,815 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 1,162 days.
- 4.3 Net staff days available for Medway for the period 01 December 2021 to 31 January 2022 amounted to 183 days and 158 days (86%) were spent on chargeable audit and counter fraud work. Of this chargeable time, 95 days (60%) was spent on audit assurance and consultancy work, while 63 days (40%) was spent on counter fraud and investigations work. In addition, 10 days were spent on SPOC related duties. The current status and results of all work carried out are detailed at section 5 of this report.
- 4.4 As previously reported, staff sickness and various periods of vacancy have affected the level of resources available, and the latest projections suggest a loss of approximately 101 audit days from the projected resource available at the start of the year.

5. Results of planned Audit & Counter Fraud work

- 5.1 The Audit & Counter Fraud Plan 2021-22 for Medway was approved by the Audit Committee in March 2021. The Plan is intended to provide a clear picture of how the council will use the Audit & Counter Fraud Shared Service, reflecting all work to be carried out by the team for Medway during the financial year including the council's core finance and governance arrangements, operational assurance work, proactive counter fraud work, responsive investigations, and consultancy services.
- 5.2 The tables below provide details of the work from 2020-21 that has been finalised in 2021-22 (excluding those detailed in the annual report for 2020-21), the progress of work undertaken as part of the 2021-22 annual plan and the results of investigative work completed during the period.

2020-21 Internal Audit assurance work finalised in 2021-22 (since the last Audit Committee meeting)

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
19	Section 17 - no recourse to public funds	15	17.8	Final report issued	Findings reported to the Committee – September 2021 meeting.
21	Children's independent safeguarding & review service	15	16.8	Final report issued	Findings reported to the Committee – January 2022 meeting.
22	Child exploitation (previously Child sexual exploitation)	15	11.0	Final report issued	Findings reported to the Committee – September 2021 meeting.
24	Commercial property management - Pentagon Centre	15	11.9	Final report issued	Findings reported to the Committee – September 2021 meeting.
27	Medway Norse - waste & recycling contract	15	16.7	Final Report Issued	Findings reported to the Committee – January 2022 meeting.

2021-22 Internal Audit assurance work

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
Core governance and financial systems assurance work					
1	Constitution maintenance	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Effective arrangements are in place to maintain Medway Council's Constitution.
2	Performance management framework & reporting	15	N/A	Draft report with client for consideration	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to monitor & report on the council's corporate performance.
3	Ethics	15	N/A	Removed from plan	Removal from Plan agreed at the January 2022 Meeting.
4	Bad debt provision	15	N/A	Removed from plan	Removal from Plan agreed at the January 2022 Meeting.
5	Income collection	20	N/A	Removed from plan	Removal from Plan agreed at the January 2022 Meeting.

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
6	Housing Benefit & Council Tax Reduction appeals	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to appropriately process HB and CTR appeals.
7	NNDR reliefs	20	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place for the application of discretionary and mandatory NNDR relief as appropriate.
8	Payroll	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to calculate and pay staff salaries effectively, including allowances and overtime.
9	Insurances	12	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to maintain appropriate insurance cover and process insurance claims.
10	Budget monitoring	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - Budgets within the council's capital programme are appropriately monitored.
11	Schools		N/A		Three schools were selected as part of a risk assessment looking at budgets and the date of the last internal audit review.
	Horsted School	20	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.
	Luton Primary School	20	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.
	<i>Will Adams Centre</i>	<i>20</i>	<i>N/A</i>	<i>Removed from Plan</i>	<i>Removal from Plan agreed at the January 2022 Meeting.</i>
Corporate risks assurance work					
12	Adult social care - assessments & reviews of financial support	20	N/A	Terms of reference agreed	The review will consider the following Risk Management Objective: RMO1 - Effective arrangements are in place to carry out adult social care financial assessments and reviews. NOTE: Fieldwork delayed until 01 March 2022.
13	Market income collection	15	N/A	Terms of reference being prepared	

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
14	Parking enforcement	15	16.3	Final report issued	Findings reported to the Committee – January 2022 meeting.
15	Information requests	15	15.9	Final report issued	Findings reported to the Committee – January 2022 meeting.
16	Tenancy enforcement	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - There are arrangements in place for tenancy enforcement.
17	Accessibility Regulations	15	13.5	Final report issued	<p>The review considered the following Risk Management Objective: There are arrangements in place to ensure compliance with the Public Sector Bodies Accessibility Regulations 2018.</p> <p>The review found that arrangements are in place to provide guidance on the Accessibility Regulations by way of dedicated pages on the staff intranet, Teams channels and communications. There is also training currently being finalised which is due to take place in the early part of 2022. A list of over 40 websites and mobile applications was provided for the audit. There is not currently a formal approval process in place to ensure that when a website or mobile application is created and/or developed, the service is signposted to the Digital Team, where advice can be provided regarding the Accessibility Regulations. There are appropriate arrangements in place to check and fix accessibility problems on the main website, medway.gov.uk; an appropriate accessibility statement has also been published. However, audit testing found that only 20 out of 23 websites and mobile applications in the sample selected have an accessibility statement. A review of the statements found that 17 use appropriate methods to check the website for accessibility issues but three statements did not provide this information. Further review of the 20 accessibility statements in the sample found that whilst the majority use the sample statement made available in the Government guidance, some legally required wording and sections have been omitted. In addition, 11 out of the 20 accessibility statements available have not been reviewed within the last year as is required by the Accessibility Regulations. There is also evidence that some statements have not been updated to reflect fixes that have been made. There is not currently a compliance process in place to ensure websites and mobile applications are compliant with the Accessibility Regulations, with reliance placed on website owners.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
					There are arrangements in place to ensure that new content added to the council's main website meets the Accessibility Regulations however this approach is not consistent across all websites and it is understood that the training discussed above will assist with these processes. Opinion: Amber. Overall Opinion: Amber. Actions: Two High Priority. Actions relate to reviewing processes in place to request an online presence and introducing a compliance process.
18	Adult social care - self-directed support (direct payments)	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 – Effective arrangements are in place to manage Self-Directed Support (Direct Payments).
19	Business parking permits	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: Business parking permits are issued appropriately and managed effectively.
20	HRA building compliance	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objectives: RMO1 - The council has arrangements in place to ensure the required safety checks are carried out on HRA properties so that the council meets its duties as a landlord. RMO2 - The council has arrangements in place to respond to new legislation or changes to current legislation.
21	Advocacy	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: Arrangements are in place to provide and monitor Advocacy services to adults under the Care Act 2014.
22	Child protection – virtual conferences (previously Virtual conferences - children's social care)	15	17.2	Final report issued	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to manage child protection virtual conference meetings. The review found that virtual child protection conferencing relating to both Child Protection Conferences (ICPCs) and Review Child Protection Conferences (RCPCs) at the council commenced in April 2020. There has been no specific legislation/regulation relevant to running Child Protection Conferences (CPCs) virtually due to the Covid-19 pandemic. An internal document entitled Operating Procedures for Children's Social Care during Covid-19 was put in place at the start of the lockdown period. This included a section on CPCs and outlines the use of virtual conferencing, as a multi-way phone call/video-call or if technology does not allow, a series of phone

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
					<p>calls/video-calls, led by the Child Protection Chair and details the process to be undertaken. Evidence was seen to confirm that CPCs are happening within the required timeframes set in the original legislation.</p> <p>The service advised that a Data Protection Impact Assessment (DPIA) is not in place for the processing of data in relation to CPCs.</p> <p>Although there has not been a formal review of virtual CPCs, Child Protection Chairs working with social workers have provided feedback from conferences to enable changes/improvements to be made where relevant and to inform the Covid-19 recovery plan. A move to hybrid CPCs, which allow for more flexibility and interaction is planned for early 2022. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: One medium priority.</p> <p>Action relates to ensuring that data processing documents are in place relating to GDPR.</p>
23	HR - sickness absence reporting & monitoring	15	N/A	Fieldwork complete, in quality control	<p>The review considered the following Risk Management Objectives:</p> <p>RMO1 - Arrangements exist for staff sickness absence to be reported and accurately recorded.</p> <p>RMO2 - Arrangements exist for sickness absence to be monitored, managed, and reported.</p>
24	<i>Corporate debt recovery</i>	15	N/A	<i>Removed from Plan</i>	<i>Removal from Plan agreed at the January 2022 Meeting.</i>
25	Care leavers - supported housing	15	N/A	Terms of reference being prepared	
26	Looked after children - bank account provision	15	14.8	Final Report Issued	<p>The review considered the following Risk Management Objectives:</p> <p>RMO1 - Medway Council provide Looked After Children with regular savings which are made available to them when they leave care.</p> <p>The review identified that the council's payments to foster carers include funds to be used as savings for the looked after child, with the foster carer expected to allocate a set amount of money to each child for savings. Details of the amounts expected to be allocated to savings are set out in the Pocket Money & Savings Policy included in the in-house foster carers handbook. However, we cannot give assurance that looked after children placed with Independent Fostering Agencies (IFA) or looked after children in residential care have the same allocation of savings as these are less clear. We were advised that these are</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
					<p>stipulated in individual contracts, which are currently being reviewed as part of a new procurement for April 2022. The Pocket Money & Savings Policy is focused on foster carers and sets out their responsibility for dealing with the looked after child's savings. It also sets out that monitoring of an individual child's savings and ensuring that it stays with the child throughout their time in care, is the responsibility of the supervising social worker for the foster carer and independent reviewing officers. Testing indicated that for a large number of children recorded as being looked after, there was no record of any savings. In addition, information received from the Commissioning Team and from interviews with staff, showed little to provide assurance that recording and monitoring of savings was taking place to ensure that savings stayed with the children and was available to them when they left care. Due to the lack of monitoring and reporting, if a claim of missing money were to be reported, it would be difficult to confirm the accuracy of savings held and could lead to the council having to make up any perceived shortfall. Opinion: Red.</p> <p>RMO2 - Children who are in care for more than 12 months have a Junior ISA or Child Trust Fund opened for them.</p> <p>The review found that the council has arrangements in place to ensure all looked after children that have been in care for more than 366 days have a Junior ISA opened for them. This process is administrated by The Share Foundation (TSF) who, on receipt of information from the council, arrange for accounts to be opened and record any changes in the children's circumstances.</p> <p>The Corporate Parenting Service's Business Support Team are responsible for sending reports to TSF and monitoring their returns and responses, with updated balances added to the looked after child's Mosaic record and in some cases copies of correspondence.</p> <p>Testing identified a number of children who meet the criteria for a Child Trust Fund (CTF) account to have been opened but the account could not be located. There were also small number of children eligible for a Junior ISA but there were no records of one with TSF. However, it was noted that TSF had recently advised of an issue with opening accounts and that they expected this to be rectified within a few months. Monies in Child Trust Funds and Junior ISA accounts cannot be taken out until the account holder is 18. These accounts can remain open, and responsibility is passed to the account holder to choose what happens to the</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
					monies. For children who move out of care and whose accounts are held by TSF, the person who assumes parental responsibility is advised of the details of the account. Opinion: Amber. Overall Opinion: Red. Actions: Four high, one medium and one low priority. Actions relate to reviewing and updating procedure notes, regular monitoring of records to ensure all eligible LAC have Child Trust Fund or Junior ISA and keeping a record of correspondence between LAC and The Share Foundation on Mosaic records.
27	Kyndi (formerly Medway Commercial Group) - governance & accounting	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: Governance arrangements in place are effective to ensure the delivery of quality services and value for money through Kyndi Ltd.
28	IT asset management	10	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to monitor distribution and relocation of IT equipment.
29	<i>Client financial affairs</i>	15	19.1	<i>Final report issued</i>	<i>Findings reported to the Committee – January 2022 meeting.</i>
30	Safeguarding adults	15	N/A	Terms of reference being prepared	
31	District enforcement	15	N/A	Terms of reference being prepared	
32	Student services - Medway test	15	N/A	Terms of reference being prepared	
33	North Kent Marshes Internal Drainage Board	20	9.1	Complete	<i>Findings reported to the Committee – September 2021 meeting.</i>
34	Troubled Families assessment validation	25	N/A	Underway	The team have provided independent verification of several claims for funding from the Ministry of Housing, Communities & Local Government in relation to troubled families.
35	Grant validations	15	N/A	Underway	Independent validation has been conducted in respect of a number of grants received from Central Government Departments to confirm that the grant funding had been spent in accordance with set conditions to enable to the Chief

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
					Executive and Head of Internal Audit & Counter Fraud to sign a statement confirming that grant funding had been appropriately spent.
36	Finalisation of 2020-21 planned work	20	36.9	Complete	All reviews from 2020-21 have now been finalised.
37	Responsive assurance work	20	N/A	Underway	Please see table on page below.

Responsive assurance activity

Activity	Opinion, summary of findings & actions agreed
	No activity during in the reporting period

Other consultancy services including advice & information

Activity	Opinion, summary of findings & actions agreed
	No activity during the reporting period

Counter Fraud activity

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
42	Counter fraud proactive work (inc external data matching such as NFI& KIN)	75	N/A	Underway	<p>Only one match from the 2019-20 NFI Exercise is yet to be resolved. Results to date include additional council tax liabilities of £74,138, additional liability of £38,279 in future years and housing benefit overpayments of £5,862.</p> <p>Work has continued on the 2020-21 NFI Exercise, with the counter fraud team having checked all 6,620 council tax matches received. A large number of those matches still have ongoing enquiries but results to date have led to additional council tax liabilities of £65,798 (38,357 in future years) linked to the removal of 120 discounts, and excess council tax reduction awards. Other services have been checking matches in their area and full details will be provided in the NFI annual report.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
					Work has also commenced on the matches received as part of the 2021-22 Single Person Discount exercise.
43	Fraud Awareness	5	N/A	Not Yet Started	

Responsive investigation work: external investigations

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
			Unfortunately, due to a fault with the reporting software, we are unable to provide a breakdown on the number of cases closed in individual areas. We are, however, able to provide a breakdown of the financial savings achieved by the counter fraud team as this is recorded separately. The new case management system is due to go live on 14 March 2022, so it is hoped that full details will be available for the annual report in June.	£28,978 (Historic Council Tax Liability) £17,452 (Additional liability for future years) £96,138 (new NNDR liability)	£4,000 (one person removed from waiting list)	£0

Responsive investigation work: internal investigations

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

Allegation	Investigation activity & actions
	Nothing to report

6. Quality Assurance & Improvement Programme

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

Ref	Indicator	Target	Outturn
Non LA Specific Performance Measurements			
PM1	Cost of the Audit & Counter Fraud Service a) Total Cost b) LA Share	N/A	£599,944 (Budgeted Costs) £383,964
PM2	Cost per A&CF day	£400	
PM3	Proportion of staff with relevant professional qualification: a) Relevant audit qualification b) Relevant counter fraud qualification	75%	21% 36%
PM4	Proportion of non-qualified staff undertaking professional qualification training	25%	21%
PM5	Time spent on CPD/non-professional qualification training, learning & development	70 days	9 Days
PM6	Compliance with PSIAS	100%	The External Quality Assessment (EQA) conducted in February 2018 was positive with performance in line with or above that of other local authorities as per benchmarking; however, it did not provide a percentage of compliance. Our January 2019 self- assessment showed full compliance with 94% of the standards, partial compliance with a further 4% and work required to address the remaining 2%. We are working to address the areas that require improvement.
PM7	Staff turnover	N/A	0%
LA Specific Performance Measurements			
PM8	Average cost per assurance review	£5,000	£5,497
PM9	Proportion of available resources spent on	N/A	86%

Ref	Indicator	Target	Outturn
	chargeable work		
PM10	Proportion of chargeable time spent on: a) assurance work b) consultancy work	N/A	60% 0%
PM11	Proportion of chargeable time spent on: a) proactive counter fraud work b) reactive counter fraud work	N/A	11% 29%
PM12	Proportion of chargeable time spent on SPOC associated duties	N/A	10 days
PM13	Proportion of agreed assurance assignments: a) Delivered b) Underway	95%	66% 14%
PM14	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	0%
PM15	Proportion of recommended actions agreed by client management	90%	100%
PM16	Number of actions agreed that are: a) not yet due b) Implemented c) Outstanding	N/A	31 50 12
PM17	Proportion of recommended actions implemented by agreed date	N/A	80.7%
PM18	Number of referrals received	N/A	Unavailable
PM19	Number of investigations closed	N/A	Unavailable
PM20	Value of fraud losses identified: a) cashable (losses that can be recovered) b) non-cashable (notional savings based on national estimates) c) Prevented Losses (Savings associated with blocked applications)	N/A	£142,567 £4,000 £0
PM21	Customer satisfaction with individual review/assignment	95%	No survey responses received during the period.
PM22	Customer satisfaction with overall service	95%	A wider satisfaction survey was last completed in March 2019 and was positive. Due to the Covid 19 pandemic, it was not possible to conduct a review during 2020-21. We will be issuing a new survey before the end of 2021-22.
PM23	Member satisfaction with assurance provided (based on Chair of Audit Committee contribution to Appraisal of the Head of Audit & Counter Fraud role)	Positive	The previous Chair of the Audit Committee was invited to contribute to the HIACF's mid-year performance review and provided positive feedback on behalf of the Committee.
PM24	Statement of external audit	Positive	External Audit report by exception. At the time of writing this report, no concerns had been raised with the

Ref	Indicator	Target	Outturn
			Head of Internal Audit and Counter Fraud by Grant Thornton.

7. Review of Audit & Counter Fraud Plan

- 7.1 Monitoring of the delivery of planned work is built into the team's processes with individual officer time recording data feeding into an automated performance monitoring workbook; this tracks the performance of the team against the shared service work-plan as a whole and enables the supervisory staff to plan and support officers to deliver their individual work plans. On at least a quarterly basis, a projection of the resources that will be available to the year-end is carried out and compared to forecasts for each item of work on the plan to be completed.
- 7.2 Revisions to the plan have previously been agreed to account for loss of resource due to sickness and various periods with staff vacancies, which as of December were estimated to be around 100 audit days and was based on the last vacancy being filled by 01 February 2022. Due to notice periods, this post was filled with effect from 21 February 2022, so projected losses are 101 audit days. However, no further revisions are being requested.

8. Follow up of agreed actions

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

Status of agreed actions

Audit title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
HR Self-Serve	<p>Opinion: Needs Strengthening Three actions agreed: one high, one medium and one low priority. Actions relate to electronic approval processes, staff delegations and subsequent notifications of roles and responsibilities.</p>	<p>Two actions due, two implemented. Revised implementation date agreed for one high priority action relating to electronic approval processes.</p>
Whistleblowing	<p>Opinion: Amber Seven actions agreed: two high and five medium priority. Actions relate to reviewing the whistleblowing policy, including contact details and information for managers, training of whistleblowing officers, managers and staff, investigating the introduction of an online reporting form and ensuring there are systems in place for recording and reporting all concerns.</p>	<p>Seven actions due, four implemented. Three medium priority outstanding relating to investigating the introduction of an online reporting form and ensuring there are systems in place for recording and reporting all concerns.</p>
Children in Need - Section 17 Financial Assistance	<p>Opinion: Red Two high priority actions agreed. Actions relate to the distribution of new policies and procedures and identifying secure payment methods as an alternative to cash.</p>	<p>One action due, one implemented. Revised implementation date agreed for one high priority action relating to identifying secure payment methods as an alternative to cash.</p>
Write-offs	<p>Opinion: Amber Eight actions agreed: Six high and two medium priority. Actions relate to reviewing and circulating the Corporate Debt Strategy and Policy, putting in place procedure and process documents for all areas to ensure a consistent and timely approach to writing-off debt from the Council financial systems, ensuring records kept of any sub-delegated authority to write off debt, ensuring that exhaustive checks are made in a timely manner before writing-off debts, ensuring there is a segregation of duties and that write-offs are actioned on Integra, and ensuring that Management Teams and Cabinet receive reports on debt recovery performance and debt write-off.</p>	<p>One action due, one implemented. Revised implementation dates agreed for five high and two medium priority actions 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>Opinion: Amber Four actions agreed: Three high and one medium priority. Actions relate to updating training requirements in the Corporate Induction Programme; ensuring all staff undertake training in relation to the MedPay</p>	<p>Three actions due, three implemented. Revised implementation date agreed for one medium priority action relating to a system function</p>

Audit title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
	framework, investigating the PDR recording process available through SelfServe4You and updating PDR guidance to state how PDR documents should be retained for GDPR compliance.	to monitor management of staff performance through recording of PDR and 1-1's.
Adoption & Fostering Allowances & expenses	<p>Opinion: Red</p> <p>Nine actions agreed: Six high, two medium and one low priority.</p> <p>Actions 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>	<p>Six actions due, six implemented.</p> <p>Revised implementation dates agreed for three high priority recommendations relating to an episode being created on Frameworki for the authorising officer to confirm any decisions made, and procedure notes being created and issued to all staff, with records maintained to confirm staff have received them.</p>
Capital Accounting – HRA	<p>Opinion: Green</p> <p>One low priority action agreed.</p> <p>Action 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>	<p>No actions due before 31 January 2022.</p> <p>Revised implementation date agreed for one low priority action 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.</p>
Fostering – Virtual Panels	<p>Opinion: Green</p> <p>One medium priority action agreed.</p> <p>Action relates to approval of the Data Protection Impact Assessment for paperless panel meetings.</p>	<p>One action due, none implemented.</p> <p>One medium priority outstanding relating to approval of the Data Protection Impact Assessment for paperless panel meetings.</p>
Caldicott Guardian	<p>Opinion: Red</p> <p>Twelve actions agreed: Ten high and two medium priority.</p> <p>Actions 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 & responsibilities, appointing a deputy, maintaining records of Caldicott Guardian activities and decisions, ensuring all data sharing agreements & protocols are</p>	<p>Twelve actions due, twelve implemented.</p>

Audit title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
	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.	
Tree Service	<p>Opinion: Red Eight actions agreed: Seven high and one medium priority. Actions 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>	<p>Four actions due, three implemented. One high priority outstanding relating to ensuring that Tree Preservation Orders have adequate sign off.</p>
Fraud Focused Review of Special Guardianship Orders	<p>Opinion: Red Six actions agreed: Four high, one medium and one low priority. Actions 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.</p>	<p>Five actions due, one implemented. Four high priority outstanding relating to 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 and procedures being put in place to support recovery of overpaid awards.</p>
Cyber Security	<p>Opinion: Green Two medium priority actions agreed. Actions 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.</p>	<p>Two actions due, one implemented. One medium priority outstanding relating to review of the arrangements that are in place to allow staff to confirm that ICT Security policies have been read.</p>
Disabled Facilities Grants	<p>Opinion: Amber Two actions agreed: One high and one low priority. Actions relate to regular reconciliation checks to ensure that data held in the Uniform System matches the records held on spreadsheets for monitoring purposes,</p>	<p>Two actions due, one implemented. One high priority outstanding relating to a DFG policy being finalised and formally adopted.</p>

Audit title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
	and the draft DFG policy being finalised and going through correct governance processes to be formally adopted and made available for public inspection.	
Visitor Parking Vouchers	Opinion: Amber Three medium priority actions agreed. Actions relate to stock control and reconciliation of the vouchers sold and income received.	Three actions due, three implemented.
Section 17 - No Recourse to Public Funds	Opinion: Amber Four actions agreed: One high and three medium priority. Actions relate to the new policy, 'Financial Assistance Section 17 (s17) Children Act 1989', being disseminated to all relevant staff as soon as possible to ensure they are aware of it; the agreement to make s17 NRPF payments being entered onto Mosaic by a senior officer to ensure that an audit trail is maintained; the Financial Assistance Section 17 (s17) Children Act 1989 Policy being updated to include that the Finance Panel is used to monitor the S17 spend and to promote best practices; and, the service working with Finance to review GL coding / budget monitoring arrangements in respect of s17 NRPF payments.	Four actions due, three implemented. One medium priority outstanding relating to the Financial Assistance Section 17 (s17) Children Act 1989 Policy being updated to include that the Finance Panel is used to monitor the S17 spend and to promote best practices.
Medway Norse – waste & recycling contract	Opinion: Amber Three actions agreed: One high , two medium and one low priority. Actions relate to arrangements being made for the Medway Norse Waste Management Contract to be finalised and signed as soon as possible; arrangements being made to ensure that the council receives the Medway Norse Service Delivery Plan as detailed in the contract; arrangements being made to develop a template for monthly contract meetings to ensure all of the points in the contract are discussed; and review of the arrangements for the regular monitoring and reporting against KPIs and PMs to measure service delivery.	Two actions due, two implemented.
Parking enforcement	Opinion: Green One high priority action agreed. Action relates to publishing annual parking reports in line with the Local Government Transparency Code.	One action due, one implemented.
Information requests	Opinion: Amber Five actions agreed: One high , two medium and two low priority. Actions relate to reviewing information available relating to information requests on the council's website; training / refresher training being provided to request handlers; request handlers being reminded of elements of the agreed process; and, more detailed reporting on outstanding responses to information requests.	Four actions due, four implemented.

Audit title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
Client financial affairs	<p>Opinion: Amber</p> <p>Five actions agreed: Two high, two medium and one low priority.</p> <p>Actions relate to completion of an OPG document stating the duties that have been delegated by the current Corporate Appointee/Deputy; CFA policies and procedures being reviewed and updated; review and recording of mandatory training for CFA staff; review of clients with funds exceeding thresholds for claiming benefits; and, the securities list being dated to reflect the last time it was amended.</p>	Five actions due, five implemented.
Looked After Children – Bank Account Provision	<p>Opinion: Red.</p> <p>Six actions agreed: four high, one medium and two low priority.</p> <p>Actions relate to reviewing and updating procedure notes, regular monitoring of records to ensure all eligible LAC have Child Trust Fund or Junior ISA and keeping a record of correspondence between LAC and The Share Foundation on Mosaic records.</p>	No actions due before 31 January 2022.
Child Protection – Virtual Conferences	<p>Opinion: Green.</p> <p>One medium priority action agreed.</p> <p>Action relates to ensuring that data processing documents are in place relating to GDPR.</p>	No actions due before 31 January 2022.
Accessibility Regulations	<p>Opinion: Amber</p> <p>Two high priority actions agreed.</p> <p>Actions relate to reviewing processes in place to request an online presence and introducing a compliance process.</p>	No actions due before 31 January 2022.

Actions outstanding more than six months after scheduled implementation date

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
BSD	Whistleblowing	A whistleblowing concern and monitoring form, or similar, should be made available to ensure that all relevant details and timescales are recorded.	Medium	31 January 2021	The Head of HR has taken responsibility for this action. A reporting form has been created and Data Protection Impact Assessments completed. Form will be available to staff from mid-March.

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
BSD	Whistleblowing	There should be a centrally accessed system/area where cases can be recorded, but with permissions set that only allow officers access to their cases. The Chief Legal Officer should have access to all case details to ensure that information is not lost should officers leave or be absent.	Medium	31 January 2021	The Head of HR has taken responsibility for this action. The new HR system has in built facility for recording of whistleblowing actions, however, the roll out of the system has been delayed by Covid and the resulting impacts on HR with new ways of working etc. Whilst the process for managers to include any whistleblowing concern centrally is in place, it is not automated, which is the required outcome. On that basis a revised implementation date of 30 June 2022 is requested.
BSD	Whistleblowing	A mechanism should be put in place for whistleblowing concerns that are raised with line managers to be included in reports if they are considered to be whistleblowing.	Medium	31 January 2021	The Head of HR has taken responsibility for this action. This is linked to the action above and the roll out of the new HR system. On that basis a revised implementation date of 30 June 2022 is requested.
RCE	Tree Service	The process for placing Tree Preservation Orders should be clearly defined and should include a sign off by the relevant Planning Manager, or above, to ensure segregation of duties and ensure transparency.	High	30 April 2021	Although outstanding as of 31 January 2022, this recommendation has now been implemented.

Definitions of audit opinions & Action Priorities

Opinion	Definition
Green – Risk management operates effectively, and objectives are being met	Expected controls are in place and effective to ensure risks are well managed and the service objectives are being met. Any errors found are minor or the occurrence of errors is considered to be isolated. Actions made are considered to be opportunities to enhance existing arrangements.
Amber – Key risks are being managed to enable the key objectives to be met	Expected key or compensating controls are in place and generally complied with ensuring significant risks are adequately managed and the service area meets its key objectives. Instances of failure to comply with controls or errors / omissions have been identified. Improvements to the control process or compliance with controls have been identified and actions have been made to improve this.
Red – Risk management arrangements require improvement to ensure objectives can be met	The overall control process is weak with one or more expected key control(s) or compensating control(s) absent or there is evidence of significant non-compliance. Risk management is not considered to be effective and the service risks failing to meet its objectives, significant loss/error, fraud/impropriety or damage to reputation. Actions have been made to introduce new controls, improve compliance with existing controls or improve the efficiency of operations.

Action priority	Definition
High	The findings indicate a fundamental weakness in control that leaves the council exposed to significant risk. The recommended action addresses the weakness identified; to mitigate the risk exposure and enable the achievement of key objectives. Management should address the action as a matter of urgency.
Medium	The findings indicate a weakness in control, or lack of compliance with existing controls, that leaves the system open to risk, although it is not critical to the achievement of objectives. Management should address the action within a reasonable timeframe.
Low	The findings have identified an opportunity to enhance the efficiency or effectiveness of the system/control environment. Management should address the action as resources allow.