

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

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# Internal Audit Update

Medway Council

For the period:

1 April – 31 August 2022

# 1. Introduction

- 1.1 The Internal 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 The first five months of 2022-23 have been productive with the following audit reviews finalised; *(Items in italics had full details of the review included in the 2021-22 annual report)*
  - *HR Sickness Absence Reporting & Monitoring – Opinion: **Amber** (2021-22 review finalised in 2022-23)*
  - *Advocacy – Opinion: **Green** (2021-22 review finalised in 2022-23)*
  - *IT Asset Management – Opinion: **Amber** (2021-22 review finalised in 2022-23)*
  - *Constitution Maintenance – Opinion: **Green** (2021-22 review finalised in 2022-23)*
  - *Safeguarding Adults – Opinion: **Green** (2021-22 review finalised in 2022-23)*
  - *Adult Social Care – Self Directed Support (Direct Payments) – Opinion: **Amber** (2021-22 review finalised in 2022-23)*
  - *Insurance – Opinion: **Amber** (2021-22 review finalised in 2022-23)*
  - *Budget Monitoring (Capital) – Opinion: **Green** (2021-22 review finalised in 2022-23)*
  - *HB & CTR Appeals – Opinion: **Green** (2021-22 review finalised in 2022-23)*
  - *Student Services – Medway Test – Opinion: **Green** (2021-22 review finalised in 2022-23)*
  - *Payroll – Opinion: **Red** (2021-22 review finalised in 2022-23)*
  - *HRA Building Compliance - Opinion **Green** (2021-22 review finalised in 2022-23)*
  - *NNDR Reliefs – Opinion **Green** (2021-22 review finalised in 2022-23)*
  - *Luton Primary School - Opinion: **Amber** (2021-22 review finalised in 2022-23)*
  - *Horsted School - Opinion: **Amber** (2021-22 review finalised in 2022-23)*
  - *Market Income Collection – Opinion **Green** (2021-22 review finalised in 2022-23)*
  - *Kyndi – Governance & Accounting - Opinion: **Amber** (2021-22 review finalised in 2022-23)*
  - *District Enforcement – Opinion **Green** (2021-22 review finalised in 2022-23)*
  - *Adult Social Care – Assessments & Reviews of Financial Support - Opinion: **Amber** (2021-22 review finalised in 2022-23)*
  - *Tenancy Enforcement - Opinion: **Amber** (2021-22 review finalised in 2022-23)*

In addition, one review from the current year has the draft report with clients, four reviews have had fieldwork completed and are now going through the quality control process, seven 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 August was 13% complete, with a further 10% 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 August stood at 62.5%, with 35 of 56 actions due in the period having been completed (based on responses received by report deadline).

21 remain outstanding and are being monitored in line with the agreed follow up process. Full details of the progress made in relation to recommendation follow up can be found at section 8.

- 2.3 There has been some impact on planned resources due to sickness, and a vacancy for an Internal Auditor. There have been two attempts to recruit an apprentice due to a shortage of qualified auditors nationally, but both have been unsuccessful. A third attempt did prove successful, and the apprentice has an anticipated start date of beginning of October 2022. We are currently projecting a loss of approximately 77 days from the projected 780 available at the start of the year.

## 3. Independence

- 3.1 The Internal Audit Charter was approved by the Audit Committee in January 2022 and sets out the purpose, authority, and responsibility of the Internal Audit 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 the Head of Internal Audit & Counter Fraud's responsibilities for counter-fraud activities, the Internal Audit team 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 Internal Audit & Counter Fraud Shared Service reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The Internal Audit team consists of; the Head of Internal Audit & Counter Fraud (0.65FTE), one Internal Audit Manager, one Senior Internal Auditor, and six Internal Auditors (5.78FTE) (one post currently vacant).
- 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 Internal Audit plan for 2022-23 was prepared, was forecasted to provide a total of 1,219 days available for internal audit work (net of allowances for leave, training, management, administration etc.) with the share for Medway being 780 days.
- 4.3 Net staff days available for Medway for the period 1 April to 31 August 2022 amounted to 297 days and 241 days (81%) were spent on chargeable internal audit work. Of this chargeable time, 238 days (99%) was spent on audit assurance work and 5 days (1%) was spent on consultancy work. The current status and results of all work carried out are detailed at section 5 of this report.
- 4.4 A period of vacancy following the resignation of an Internal Auditor available and the first two of three attempts to recruit being unsuccessful has affected the level of resources. A successful recruitment process for an apprentice has now been completed and the position is anticipated to be filled with effect from 01 October.
- 4.5 We are currently projecting a loss of approximately 77 days from the projected internal audit resource available at the start of the year. However, a significant underestimate in the volume of work over running from 2021-22 has further impacted on resource available for 2022-23.

## 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.

2021-22 Internal Audit assurance work finalised in 2022-23 (since the last Audit Committee meeting)

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
7	NNDR reliefs	20	12	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 - Arrangements are in place for the application of discretionary and mandatory NNDR relief as appropriate.</b></p> <p>The review found that there is an overarching Discretionary Relief policy in place. New procedures are being written, concentrating on those reliefs used most, with more being produced in the fullness of time.</p> <p>The budgeting around NNDR reliefs is made annually using the NNDR 1 &amp; 3 returns, however, until the rate relief put in place due to the pandemic finally ends, there is uncertainty around the number of accounts that may be able to claim discretionary reliefs going forward. This may have an impact on the Collection Fund.</p> <p>The council's website has a webpage devoted to NNDR reliefs and hyperlinks to the most common reliefs are included.</p> <p>Advice around NNDR is available on the reverse of the business rates bills and the team are proactive to make sure charities, if they move addresses inside Medway, continue to receive any reliefs that are relevant.</p> <p>Applications are checked to ensure the company is registered for NNDR at the relevant address. Checks are also completed using the KIN hub, to see if the business is active elsewhere and if a relief is in place, as well as to identify the combined hereditament.</p> <p>Testing on charity applications showed that while the applications were passed to be signed off by management, no details of what exactly had been checked were included. There is no monitoring in place to ensure consistency of decision making around eligibility.</p> <p>The majority of reliefs, which are mandatory, are input and agreed by the officer dealing with the relief application.</p> <p>Testing of the five cases where discretionary reliefs were authorised in 2020 and 2021 showed that in four of the five cases, they were countersigned by the Revenues Manager. An appropriate explanation was provided in relation to the remaining case.</p> <p>The system updates are managed by the provider. Should in-year changes need to be made, this is likely to affect more than just this council and the provider would provide the necessary update.</p>

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					<p>The Covid reliefs have allowed this to be done and the accounts have all been updated where needed.</p> <p>The service is keen to bring in some form of review process and is due a restructure which may free up capacity to carry this out. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Actions: One medium and two low priority.</b></p> <p><b>Actions relate to ensuring procedure notes are updated, ensuring details of validated evidence is provided, and initiating monitoring of decisions.</b></p>
11	Horsted School	20	27	Final Report Issued	<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>The review found that the school’s governing body has a sufficient number of members. Declarations of Interest have been completed by all staff, however the declarations of interest on the Governor Hub had not been complete by three members of the governing body.</p> <p>The school has processes in place to ensure that the payroll is accurate, and testing showed it is well monitored. An omission was identified around the appropriate approval of payroll forms when requesting staff increase to pay. There are processes in place for the procurement, purchasing and making payments; however, the review found that purchase orders are not always raised and approved before purchases are made, though pre-approval must be sort from the Executive Headteacher and or Head of School before purchase.</p> <p>The Executive Headteacher can approve expenditure up to £10,000 but testing showed instances where this limit had been exceeded, on one occasion the payment of invoices was split into lower amounts though reasons were given. Evidence of quotes being sourced were provided where necessary, however, there was no evidence recorded within meeting minutes to show that the expenditure had been explicitly approved by the governing body.</p> <p>For the transactions reviewed as part of the testing, the segregation of duties was not explicit between the raising and payment of goods and services as in line with the Council’s School Finance Manual, where the same person cannot raise a purchase order and approve payment; this is currently carried out by the Finance Officer. Testing also identified omissions around the approval of transactions, which were not reflected within the Finance Policy, and the appropriate documentation held for transactions, including the approval of cheques.</p>

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					<p>The school has two credit cards with a card holder for each, both cardholders were found to be involved in the process for reviewing statements and approving payments. To remedy this, it was discussed that the governing body should also have an oversight of the credit card statements.</p> <p>A Charging and Remissions policy is in place, in line with the Council's School Finance Policy, however it needs to be updated. The school is cashless, with all income collected by online payments through the school gateway or via cheque, except for PTA activities. There were no issues with the administration of school trips. There are arrangements in place to complete full bank reconciliations monthly.</p> <p>The school does maintain an asset register; however, the register does not contain all information outlined within the Council's School Finance Policy and the school does not carry out an independent check of assets. <b>Opinion: Amber. Overall Opinion: Amber. Actions: Six high, six medium and one low priority. Actions relate to declarations of interest for governors, Purchase orders for all non-emergency spend, approval of spend above the Head Teacher's limit, financial limits within the Finance Policy being reviewed including additional signatories, ensuring appropriate separation of duties, staff reimbursements being supported by relevant documentation, a review of credit card processes, updating the Charging and Remissions policy, a review of the asset registers, and annual checks of asset registers by an independent member of staff.</b></p>
11	Luton Primary School	20	20.3	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>The review found...</p> <p><u>Governance</u></p> <p>The governing body has been constituted in line with The School Governance (Constitution) (England) Regulations 2012.</p> <p>It was explained that all governors and clerk to the governor's sign declarations of interest annually; however, a review of the declarations of interest identified that there was one unavailable and two had not been updated within the last year.</p> <p><u>Payroll</u></p>

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					<p>There are appropriate arrangements in place for the preparation, checking and approval of the monthly payroll and audit testing confirmed that payments were only being made to current employees. All overtime had been appropriately approved; however, the overtime timesheet in one instance did not include the reason for the overtime. Audit testing found that there were instances where overtime was claimed but a review of the overtime hours worked and the contracted hours, could not establish if staff were working more than six hours without breaks and/or staff were working fewer hours than contracted.</p> <p><u>Procurement, Purchasing &amp; Payments</u></p> <p>Some non-compliance with the council's School Finance Manual was identified in relation to access to the school bank account, the list of authorised signatories, and the fact that only one signatory is required for BACS payments, which form the majority of payments. The access issues were reviewed by the Head Teacher during the audit review and appropriate action taken.</p> <p>Detailed transaction reports covering the period September 2020 to August 2021 were provided for testing purposes. Purchase orders were found to have been raised in respect of 60.5% of the 1,841 purchases listed, which is below the suggested tolerance level of 75%-80% to allow for emergencies and recurring items.</p> <p>Audit testing on a sample of purchases identified 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. There are limited formal processes in the transaction processes, however, it was advised that there will be a review of roles and processes in the coming months.</p> <p>The transactions report showed significant expenditure with Amazon and a review of the transactions found that there were purchases made for goods that it would be expected could be made with school suppliers and may provide better value for money.</p> <p>The school has a finance policy which was approved on 25 November 2020. The policy is to be reviewed annually, however at the time of the audit it was yet to take place. It was explained that it was reasonable to delay the review to incorporate any findings and actions from the audit.</p> <p><u>Income &amp; Cash Management</u></p>



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					<p>The charging and remissions policy that is available on the school's website requires updating.</p> <p>Most of the school's income identified on the transaction reports comes from the school's breakfast and after school clubs with some income from school trips. Monthly bank reconciliations are carried out and evidence was seen to confirm it had been checked by the Bursar and agreed by the Head Teacher.</p> <p>With regards to physical banking of cash, it was advised that this is carried out by the IT Technician however there is not currently a set frequency on when this is carried out.</p> <p><u>Asset Management</u></p> <p>The school maintains an asset register, but it does not contain all of the information outlined in Section 12 of the council's School Finance Manual. A review of the school's asset register found that not all areas are complete, with expected serial numbers missing and a large number of assets where the location is not recorded. It was explained that there are not currently any independent checks carried out on the asset register. During the course of the audit, an updated version of the asset register was provided which showed improvement.</p> <p><b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Actions: Three high, seven medium and one low priority.</b></p> <p><b>Actions relate to the processes in place to ensure all members of the governing body complete annual declarations of interest; the processes in place for staff to claim overtime; where possible, purchase orders are raised in advance of the purchase; review of staff roles and signatories to be carried out to ensure appropriate separation of duties; arrangements to review the online bank account, ensuring that there is a requirement for two signatories for all payments; updates to the School Finance Policy; reviewing suppliers to ensure there is value for money for all purchases; staff to be reminded of the requirement to adhere to the gifts and hospitality policy; review the charging and remissions policy; review the asset register; and carrying out annual independent checks on all assets recorded on the asset register.</b></p>
12	Adult social care - assessments & reviews of financial support	20	18.5	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 – Effective arrangements are in place to carry out adult social care financial assessments and reviews.</b></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>The review found that there is an appropriate policy in place which is in line with the Council Strategy &amp; Plan and sets out the council's approach to adult social care charging and financial assessment, and this policy is reviewed regularly to reflect any legislative changes.</p> <p>There is appropriate information available on the council's website regarding adult social care charging and financial assessment.</p> <p>There is a process in place for social workers to initiate a financial assessment and for the financial assessment team to carry out the assessment for all new service users, this can also include the service user's representative if required. However, the financial assessment form does not include the declaration regarding completeness of content or the responsibility to advise of changes, this is included on a separate document sent out after the assessment has been completed.</p> <p>Appropriate arrangements exist to notify the service user or their representative of the outcome of all financial assessments.</p> <p>An adequate appeals procedure is in place which is initially carried out by the team and if necessary, can be escalated.</p> <p>Appropriate arrangements exist for changes in benefit circumstances to be identified and for financial assessments to be reviewed based on these changes and outcomes to be notified, where applicable. However, there are no additional arrangements in place to identify changes in circumstances, they are reliant on service users coming forward with details and this presents a risk to the council's finances.</p> <p>The Mosaic system used to complete the financial assessment ensures outcomes of the reviews are communicated with the correct team to ensure any necessary financial adjustments are applied and invoices amended.</p> <p>Audit testing showed that there was an appropriate record maintained of all financial assessments undertaken within Mosaic and arrangements exist for all financial assessments to be carried out accurately, in line with legislation and in a timely manner. There are some safeguards in place to prevent fraud and there is a ten percent review check of the assessments that should be taking place but currently this has lapsed and should be reinstated as soon as possible. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Actions: Two medium priority.</b></p>

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					<b>Actions relate to adding a declaration on the financial assessment form and ensuring an independent check is carried out on a sample of financial assessments.</b>
13	Market income collection	15	16.2	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 – Arrangements are in place for the collection and banking of market income.</b></p> <p>The review found that there is no strategy or policy in place for the operation of the markets, however, a Town Centre Consultation was recently undertaken, encompassing the towns and markets of Medway, and the draft results are being reviewed by senior management.</p> <p>Although there are set pitch fees in place there is no formal documentation or approval of the fees that are charged. We were advised that the fees have not been reviewed for at least ten years or more and are not part of the annual fees and charges review.</p> <p>All market income is identified and regularly collected. Chip and Pin reader cards are used to collect pitch fees at the Gillingham Markets. However, at the time of the audit, it was mainly cash accepted at the monthly Farmers Market, with officers handling cash that could exceed £500. Due to the market being on a Sunday, this creates difficulties with banking and insurance arrangements.</p> <p>A new ICON payment method has been established and will be in operation for the August 2022 Farmer’s Market. The trader will be able to book and pay in advance for their pitch at the market, doing away with the need for the officers to handle cash.</p> <p>Records are maintained of all the income from the markets and testing confirmed that the income that had been recorded on the income sheets could be reconciled to the card reader receipts and the carbon book receipts.</p> <p>We were unable to reconcile any income collected at the markets via the card readers, to the General Ledger. We were advised that since July 2020 when the card readers were first used, it has been identified that the income has been credited to an unrelated cost code. These errors are being corrected manually and are being moved into the market cost centre. Cash payments were found to have been banked and cleared on the General Ledger in a timely manner. There are processes in place for debt recovery and these are working in practice.</p> <p><b>Opinion: Green.</b></p>

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					<p><b>Overall Opinion: Green. Actions: One medium priority.</b>  <b>Action relates to Pitch charges being regularly reviewed and authorised.</b></p>
16	Tenancy Enforcement	15	20.1	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 – There are arrangements in place for tenancy enforcement.</b></p> <p>The review found there are appropriate tenancy sign up procedures in place, which include the signing of tenancy agreements. This procedure is audited monthly by the Performance &amp; Intelligence Hub, with arrangements for any discrepancies to be investigated.</p> <p>A variety of procedure documents are in place and can be found on the council’s intranet, with policy documents provided on the council’s website. However, procedure documents were found in two different locations on the intranet and included procedures that are no longer up to date, including the tenancy audit procedure which has not been undertaken for several years. Likewise, there is appropriate information regarding tenancy enforcement on the council’s website, though some pages require updating.</p> <p>The Tenancy Agreement templates include the relevant terms and conditions for each tenancy type, with procedures in place setting out the action to be taken in respect of any breaches of these conditions. All such action should be recorded on the housing system, Academy, however the current system, which is due to be replaced this year, is not ideal for recording the action taken and this was evident in the audit testing carried out. It is understood that the team responsible for this function have been short-staffed for around 18 months and have been reliant on temporary staff, which may have led to some of the omissions identified through testing, though the team now has a full complement, which should allow for the relevant procedures to be enforced and monitored more closely. There is also a need for some officers in the team to update their mandatory training. Where initial action is unsuccessful, enforcement cases can result in the issuing of a NTQ and there was evidence of this throughout the testing undertaken.</p> <p>There are procedures in place for terminating tenancies and this is normally handled by the service, with cases referred to Legal Services where necessary. The procedures for terminating tenancies includes instructions for ending tenancies on Academy and this is another area audited monthly by the Performance &amp; Intelligence Hub. <b>Opinion: Amber.</b></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>Overall Opinion: <b>Amber</b>. Actions: Two <b>high</b>, five <b>medium</b>, and one <b>low</b> priority. Actions relate to arrangements being made to a review and update procedure documents and service web pages; a training programme being prepared for Housing Officer and officers reminded to arrange for external training to be recorded on training records; the pros and cons of re-implementing the tenancy audit procedure being considered; arrangements being made for additional tenancy enforcement details to be recorded on the new housing system and officers reminded of the details that should be recorded; and, supervisory checks being implemented to ensure the correct action is being taken and records maintained.</p>
20	HRA building compliance	15	14.9	Final Report Issued	<p>The review considered the following Risk Management Objectives:  <b>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.</b></p> <p>The review found the service has a HRA Statutory Maintenance &amp; Compliance Policy in place, supported by legislation, guidance and a number of internal strategy, policy and statement documents. At the time of audit, the service was restructuring and had taken the opportunity to split the Fire Risk Assessment work, with this now overseen by STG Building Control Partnership. The majority of the remaining compliance work is overseen by external consultants, Phoenix Compliance Management (PCM). The work undertaken by PCM has been expanded from just the auditing of gas compliance work undertaken by Mears, to checks on water management, lifts, legionella and some other workstreams around compliance. Gas compliance and electrical safety checks are currently undertaken under the Mears contract. Roles and responsibilities are set out in policies as well as SLAs and contracts. It was also confirmed that there are regular meetings with the contractors, as required by the HRA Statutory Maintenance &amp; Compliance Policy. The service also has an ‘open-door’ policy to ensure any problems or issues can be raised urgently, and there is evidence that escalation arrangements are set out in procedure documents. We were advised that the contracts all have KPI’s embedded, however the service has identified that in relation to long contracts, such as the 10-year contract with Mears, going forward it would be beneficial for SMART, year or year targets to be set to ensure they are achievable. The service has a Compliance Monitoring spreadsheet</p>

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					<p>which was introduced in line with the new financial year and is a comprehensive document that identifies all compliance checks to see where each asset is in its compliance journey, monitor that checks are done at the correct time and monitor budgets. At the time of audit gas safety checks were monitored separately. The Housing system, Academy, is due for replacement during 2022, and part of this replacement will allow the service to move HRA Compliance work onto that system. Testing confirmed that a random sample of council properties had current gas safety certificates where required and electrical safety checks had been completed within the five-year target set by the council. <b>Opinion: Green.</b></p> <p><b>RMO2 - The council has arrangements in place to respond to new legislation or changes to current legislation.</b></p> <p>The review found that the service is kept up to date with changes in legislation and/or guidance by a combination of their contractors and consultants, as well as the in-house Legal team. Employees within the service also attend forums where changes to the HRA Building Compliance landscape are raised and discussed. Where a new change is identified, the regular meetings with contractors and ongoing process of risk assessments is used to ensure safety work is being correctly measured. The process of signing off on jobs and audits carried out by PCM and STG give assurance that correct methods are being employed. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Actions: One low priority.</b></p> <p><b>Action relates to including gas safety checks on the new monitoring spreadsheet. Action was completed before report was finalised.</b></p>
25	Care leavers – supported housing	15		<i>Fieldwork complete, In quality control</i>	<p>The review considered the following Risk Management Objective: <b>RMO1 – Arrangements are in place to manage the transition of young people leaving care placements into supported accommodation in accordance with the Children Act 1989.</b></p>
27	Kyndi (formerly Medway Commercial Group) – governance & accounting	15	18.1	Final Report Issued	<p>The review considered the following Risk Management Objective: <b>RMO1 – Governance arrangements in place are effective to ensure the delivery of quality services and value for money through Kyndi Ltd.</b></p> <p>The review found that high level monitoring takes place with the Chief Operations Officer attending Board meetings as well as having regular meetings</p>

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					<p>with the CEO, and six-monthly reports to presented to Cabinet around the company's performance.</p> <p>It was noted that the Chair of the Board is a member of the Cabinet and has a dispensation to take part in discussions around Kyndi, and also vote on these matters. This creates a conflict of interest in their responsibilities to the company and the council.</p> <p>It was found that the majority of legal agreements in place are now out of date and would benefit from being reviewed to ensure that they reflect the way services delivered through and to Kyndi have changed/evolved any associated risks to the company and the council are minimised.</p> <p>The process to consolidate the company's accounts into a set of group accounts for the first time is currently underway. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Actions: One high and one medium priority. Actions relate to reviewing the appointment of Members onto the Board of Kyndi Ltd., and steps to provide clear divides between roles, as well as relevant training; and updating legal agreements in place between the council and Kyndi Ltd.</b></p>
31	District enforcement	15	9.1	Final Report Issued	<p>The review considered the following Risk Management Objectives:  <b>RMO1 – There are arrangements in place for District Enforcement to supply enforcement services.</b></p> <p>The review found that the council's Corporate Enforcement Policy is out of date and requires updating to ensure it reflects current legislation. The service also has standard operating procedures, which are dated 2020 but these should also be reviewed to consider whether temporary changes made during the pandemic require update.</p> <p>The service has outsourced the work around street scene enforcement to District Enforcement who, since December 2019, have assumed responsibility for all aspects around the issuing of Fixed Penalty Notices and collection of the associated fines. The council retains control of any legal action relating to non-payment of fines. The council website contains information about the costs of fixed penalty notices and directs customers to DE; however a link to the District Enforcement website to pay FPN's was found to be invalid.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>An appropriate contract, which is set up to be 'no cost' to the council, is in place with appropriate delegations giving authority to District Enforcement, who pay 30% of the fines collected to the council on a monthly basis. <b>Opinion: Green.</b></p> <p><b>RMO2 – There are arrangements in place to monitor the contract with District Enforcement and operation of services provided.</b></p> <p>The review found that light touch monthly monitoring of the Fixed Penalty Notices takes place, ensuring that the monies declared as paid by District Enforcement reach the council. It was found that timescales around receiving payment for the penalties vary considerably and can range from a few days, where the Notice isn't challenged, to considerably longer if a challenge or appeal is made, or where the recipient merely chooses to ignore the penalty. As the amount paid also is linked to how swiftly payment is made, this further complicates matters, making this a difficult area to effectively monitor on a monthly basis, and it is unlikely that any method would allow the team to truly anticipate the income they are likely to receive in any given period. A full reconciliation takes place at year end but, due to the difficulties identified above, it will be some time before a true picture of the Notices and associated fines will become clear. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Actions: One medium and one low priority.</b></p> <p><b>Actions relate to reviewing the Corporate Enforcement policy and standard operating procedures regarding street scene enforcement and ensuring that a link to District Enforcement on the council website is either working or removed.</b></p>

## 2022-23 Internal Audit assurance work

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
1	HIF Project Management			Terms of Reference being prepared	
2	Business Continuity – IT Recovery			Fieldwork Underway	<p>The review will consider the following risk management objectives:</p> <p><b>RMO1 – There is an appropriate ICT Business Continuity Plan which aids the delivery of key services in the event of an incident.</b></p>



Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<b>RMO2 - There are appropriate arrangements in place to back-up and restore the council's IT network and systems in the event of disruption.</b>
3	Adult Social Care – Residential Care Placements			Terms of Reference being prepared	
4	Childrens Commissioning			Proposal to remove	An independent external review has been completed, covering all aspects of commissioning, resulting in a number of recommendations. It would be more appropriate for Internal Audit to review this area in 2023-24 to review controls and follow up on the actions arising from the external review.
5	Business Continuity Planning			Terms of Reference being prepared	
6	Financial Planning & Budget Setting (HRA)	15	N/A	Draft report with client for consideration	The review considered the following risk management objective: <b>RMO1 – There are arrangements for HRA financial planning &amp; budget setting.</b>
7	Emergency Planning			Fieldwork Underway	The review will consider the following risk management objective: <b>RMO1 – The council has effective Emergency Planning procedures in place.</b>
8	Procurement Compliance			Terms of Reference being prepared	
9	Childrens Services Improvement Plan			Terms of Reference being prepared	
10	Risk Management Framework	15	N/A	Fieldwork complete, in quality control	The review considered the following risk management objective: <b>RMO1 – Effective arrangements are in place for risk to be managed in accordance with the council's Risk Strategy.</b>
12	Housing Allocations	15	N/A	Fieldwork complete, in quality control	The review considered the following risk management objective: <b>RMO1 – Arrangements are in place to manage housing allocations for social housing.</b>
13	Service Charges for Leasehold Properties (No longer includes HRA)			Fieldwork Underway	The review will consider the following risk management objective: <b>RMO1 – There are arrangements are in place for the administration of service charges for leasehold properties.</b>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
14	Childrens Social Care – Self Directed Support (Direct Payments)	N/A	N/A	Proposal to remove	A review of Adult Direct Payments was undertaken in 2021-22 and are dealt with by the same team. The actions resulting from that review are being applied across both Adults and Children’s cases, so a further review at this time would not be a suitable use of resources. Instead, Direct Payments as a whole will be revisited in the future.
15	Medway Integrated Community Health Equipment Service (MICES)			Terms of Reference being prepared	
16	Deprivation of Liberty			Terms of Reference being prepared	
17	Surveillance (RIPA)	N/A	N/A	Proposal to remove	The Office of Surveillance Commissioners conducted an independent review in 2021, making recommendations for a complete overhaul of the council policy and requirements for training of staff likely to request authorisation for surveillance and those approving requests. A new draft policy has been drawn up and is due to go through approval processes and training is also planned. Consequently, it is felt that the review will add more value if it is delayed until 2023-24.
18	Medway Register Office			Terms of Reference being prepared	
19	Environmental Enforcement (Inc Fly Tipping)			Fieldwork Underway	The review will consider the following risk management objective: <b>RMO1 – There are appropriate arrangements in place for the effective prevention, detection and enforcement of offences that harm the environment.</b>
20	Staff Travel & Subsistence			Terms of Reference being prepared	
21	Planning Enforcement	15	N/A	Fieldwork complete, in quality control	The review considered the following risk management objective: <b>RMO1 – Measures are in place to ensure Planning Enforcement is carried out appropriately.</b>
22	VAT			Fieldwork complete, in quality control	The review considered the following risk management objective: <b>RMO1 – Effective arrangements are in place to account for the council’s VAT transactions.</b>

## Other assurance activity

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
	Finalisation of 2021-22 Planned Work	30	N/A	In Progress	The team continue to try and finalise the remaining reviews from 2021-22.
	North Kent Marshes Internal Drainage Board	10	4.4	Final Report Issued	The accounts of the North Kent Marshes Drainage Board were reviewed in accordance with the Annual Governance and Accountability Return (AGAR) 2021-22 Part 3. The review found the accounts to be complete and accurate. Actions relating to a review of transparency code requirements and publication of required information, and ensuring all documents are published by required deadlines were agreed.
	Grant Validations				The team has completed assurance work relating to the Bus Subsidy and Adult Weight management Services Grants, confirming that grant funding has been spent in accordance with the specified conditions and enabling the return of the required assurance declarations
	Supporting Families Assessment Validation			Ongoing	The team have provided independent verification of all monthly claims for funding and issued the appropriate assurance certificates to be included with the returns.
	Responsive Assurance Work			Not yet started	No responsive activity during the period.

## Responsive assurance activity

Activity	Opinion, summary of findings & recommendations made

## Other consultancy services including advice & information

Activity	Opinion, summary of findings & recommendations made
Gillingham Football Club	A piece of consultancy work around the Gillingham Football Club SEND school contract has been commenced but is yet to be concluded.

## 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 Internal Audit QAIP was agreed by the Audit Committee in March 2022.
- 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 14 performance indicators. 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 nine of the 14 indicators; however, it should be noted that these are for full year outturns; as such outturns at present are not to target levels but are provided for Members information.

Ref	Indicator	Target	Outturn for period
<b>Non LA Specific Performance Measurements</b>			
IA1	Proportion of staff with professional qualification relevant to internal audit	65%	25%
IA2	Proportion of non-qualified staff undertaking professional qualification training	25%	25%
IA3	Time spent on professional qualification training:	N/A	12.8 days
IA4	Time spent on CPD/non-professional qualification training, learning & development	40 days	15.9 days
IA5	Compliance with PSIAS	100%	An updated self-assessment is due to take place in October/November 2022 prior to an External Quality Assessment.
<b>LA Specific Performance Measurements</b>			
IA6	Average cost per agreed assurance review	<£5,000	Annual outturn
IA7	Proportion of available resources spent on chargeable work	N/A	81%
IA8	Proportion of chargeable time spent on: a) Assurance work b) Consultancy work	N/A	99% 1%
IA9	Proportion of agreed assurance reviews: a) Delivered b) Underway	95%	13% 10%
IA10	Proportion of completed assurance reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	Annual Outturn
IA11	Proportion of actions agreed by client management	90%	100%

Ref	Indicator	Target	Outturn for period
	to address control weaknesses		
IA12	Number of agreed actions that are: a) Not yet due b) Implemented c) Outstanding	N/A	47 41 15
IA13	Proportion of actions implemented by agreed date	N/A	73.2%
IA14	Client, Management and Member satisfaction with internal audit services	90%	A satisfaction survey will be issued at the end of 2022-23.

## 7. Review of Internal Audit 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 internal audit work plans and enables the Internal Audit Manager to plan and support officers to deliver their individual work plans.
- 7.2 Projection of the resources that will be available to the year-end are calculated at least quarterly and compared to the original forecasts. This determines any impacts on projected resources that would impact on delivery of the internal audit plan.
- 7.3 As detailed in paragraph 4.5, we are currently projecting a loss of approximately 77 days from forecasted audit resources for 2022-23. These impacts have been factored into the resources available when formulating the plan for Q3-Q4 but as detailed in section 5, there are also revisions to the plan for Q1-Q2 in relation to audits that are no longer suitable to go ahead; these being:
- Children's Commissioning
  - Children's Social Care – Self Directed Support (Direct Payments), and
  - Surveillance (RIPA)
- 7.4 We will continue to monitor available resources as the year progresses and update the Committee on any further changes that become necessary.

## 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 in respect of all completed High priority actions, which is verified by the Internal Audit Team.
- 8.3 The first of the two tables below details the current position in relation to the follow up process and the second details 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. Some may also contain details of request for revised implementation dates.

## Status of agreed actions

Audit title	Overall opinion and number of actions of each priority agreed with management	Number of actions due for implementation where a positive management response has been received
Whistleblowing	<p><b>Opinion: Amber</b> Seven actions agreed: two <b>high</b> and five <b>medium</b> priority. Actions 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>	Seven actions due, seven completed.
Children in Need – Section 17 Financial Assistance	<p><b>Opinion: Red</b> Two <b>high</b> priority actions agreed. Actions relate to the distribution of new policies and procedures and identifying secure payment methods as an alternative to cash.</p>	Two actions due, one implemented. Revised implementation date for remaining action, so not due in reporting period.
Write-offs	<p><b>Opinion: Amber</b> Eight actions agreed: Six <b>high</b> and two <b>medium</b> 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>	Eight actions due, eight completed.
Staff Performance Management Framework	<p><b>Opinion: Amber</b> Four actions agreed: Three <b>high</b> and one <b>medium</b> priority. Actions relate to updating training requirements in the Corporate Induction Programme; ensuring all staff undertake training in relation to the MedPay framework, investigating the PDR recording process available through SelfServe4You and updating PDR guidance to state how PDR documents should be retained for GDPR compliance.</p>	Four actions due, four completed.
Adoption & Fostering Allowances & expenses	<p><b>Opinion: Red</b> Nine actions agreed: Six <b>high</b>, two <b>medium</b> and one <b>low</b> priority. 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</p>	Nine actions due, six completed. Revised implementation dates for remaining actions, so not due in reporting period.

Audit title	Overall opinion and number of actions of each priority agreed with management	Number of actions due for implementation where a positive management response has been received
	<p>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>	
Fostering – Virtual Panels	<p><b>Opinion: Green</b>  One <b>medium</b> priority action agreed.  Action relates to approval of the Data Protection Impact Assessment for paperless panel meetings.</p>	One action due, one completed.
Tree Service	<p><b>Opinion: Red</b>  Eight actions agreed: Seven <b>high</b> and one <b>medium</b> 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>Eight actions due, six completed.  Two <b>high</b> priority outstanding relating to updating the Tree Policy, and a review of the trees covered by Tree Preservation Orders.</p>
Fraud Focused Review of Special Guardianship Orders	<p><b>Opinion: Red</b>  Six actions agreed: Four <b>high</b>, one <b>medium</b> and one <b>low</b> 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>	Six actions due, six completed.
Cyber Security	<p><b>Opinion: Green</b>  Two <b>medium</b> priority actions agreed.</p>	Two actions due, two completed.

Audit title	Overall opinion and number of actions of each priority agreed with management	Number of actions due for implementation where a positive management response has been received
	<p>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>Disabled Facilities Grants</p>	<p><b>Opinion: Amber</b> Two actions agreed: One <b>high</b> and one <b>low</b> priority.</p> <p>Actions 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.</p>	<p>Two actions due, one completed.</p> <p>One <b>high</b> priority outstanding relating to the draft DFG policy being finalised and going through correct governance processes to be formally adopted and made available for public inspection.</p>
<p>Section 17 – No Recourse to Public Funds</p>	<p><b>Opinion: Amber</b> Four actions agreed: One <b>high</b> and three <b>medium</b> priority.</p> <p>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.</p>	<p>Four actions due, four completed.</p>
<p>Medway Norse – waste &amp; recycling contract</p>	<p><b>Opinion: Amber</b> Four actions agreed: One <b>high</b>, two <b>medium</b> and one <b>low</b> priority.</p> <p>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.</p>	<p>Four actions due, four completed.</p>
<p>Information requests</p>	<p><b>Opinion: Amber</b> Five actions agreed: One <b>high</b>, two <b>medium</b> and two <b>low</b> priority.</p> <p>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.</p>	<p>Five actions due, five completed.</p>



Audit title	Overall opinion and number of actions of each priority agreed with management	Number of actions due for implementation where a positive management response has been received
Business Parking Permits	<p><b>Opinion Amber</b>  Seven actions agreed: one <b>high</b>, five <b>medium</b> and one <b>low</b> priority.  Actions relate to all parking permit charges being reviewed and approved annually; ensuring consistency between online and paper application; all application forms and supporting evidence being retained and filed accurately; a process for ensuring all documents that include personal data are stored for the appropriate retention periods; refunds for card payments being independently checked before being processed; checks being carried out that all payments are processed and receipted; and, regular checks being carried out to ensure all permit payments and refunds are accurately coded on the general ledger.</p>	Six actions due, six completed.
Looked After Children – Bank Account Provision	<p><b>Opinion: Red</b>  Six actions agreed: four <b>high</b>, one <b>medium</b> and two <b>low</b> 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.</p>	Six actions due, none completed.
Child Protection – Virtual Conferences	<p><b>Opinion: Green</b>  One <b>medium</b> priority action agreed.  Action relates to ensuring that data processing documents are in place relating to GDPR.</p>	One action due, one completed.
Accessibility Regulations	<p><b>Opinion: Amber</b>  Two <b>high</b> priority actions agreed.  Actions relate to reviewing processes in place to request an online presence and introducing a compliance process.</p>	Two actions due, one completed. One <b>high</b> priority outstanding relating to introducing a compliance process
Performance management framework & reporting	<p>Opinion: <b>Green</b>.  One <b>medium</b> priority action agreed.  Action relates to the process for inputting and activating performance data being reviewed to ensure a consistent approach is used throughout the council.</p>	One actions due, one completed.
HR – sickness absence reporting & monitoring	<p>Opinion: <b>Amber</b>.  Five <b>medium</b> priority actions agreed.  Actions relate to publishing consistent versions of the Managing Sickness Absence policy, streamlining the process of sickness absence reporting, manager training guides, ensuring a contract for Occupational Health services is agreed and reviewing arrangements for sickness absence to be monitored.</p>	Two actions due, two completed.

Audit title	Overall opinion and number of actions of each priority agreed with management	Number of actions due for implementation where a positive management response has been received
IT Asset Management	Opinion: <b>Amber</b> . One <b>high</b> priority action agreed. Action relates to the recording and reconciling of non-trackable assets.	One action due, one completed.
Advocacy	Opinion: <b>Green</b> . One <b>low</b> priority action agreed. Action relates to random spot checks of invoices to ensure accuracy of charges.	One action due, one completed.
Insurances	Opinion: <b>Amber</b> . Two <b>medium</b> priority actions agreed. Actions relate to asset inventories being regularly updated and reconciled to ensure they are a true reflection of the assets held and There being no strategy or insurance policy in place for the insurance service to document the administration arrangements for insurance claims.	No actions due before 31 August 2022.
Housing Benefit & Council Tax Reduction appeals	Opinion: <b>Green</b> . One <b>low</b> priority action agreed. Action relates to more transparency on the public website regarding the stages of any appeal.	One action due, one completed.
Adult social care – self-directed support (direct payments)	Opinion: <b>Amber</b> . Three <b>high</b> priority actions agreed. Actions relate to writing and circulating updated procedure notes, the Carers Plan authorisation being brought in line with that used on the My Plan, and ensuring that all documents are stored correctly.	Three actions due, none completed. Three <b>high</b> priority actions outstanding relating to writing and circulating updated procedure notes, the Carers Plan authorisation being brought in line with that used on the My Plan, and ensuring that all documents are stored correctly.
Payroll	Opinion: <b>Red</b> . Six actions agreed: Three <b>high</b> , two <b>medium</b> and one <b>low</b> priority. Actions relate to amendments to mandatory fields in the staff leaver form, reviewing arrangements for the storage and retention of payroll forms, reviewing the authorised signatory process, ensuring pay run checklists are completed in full, and, supervisor checks being undertaken in a timely manner.	Two actions due, two completed.
HRA Building Compliance	Opinion: <b>Green</b> . One <b>low</b> priority action agreed. Action relates to including gas safety checks on the new monitoring spreadsheet.	Action completed before report finalised.
Luton Primary School	Opinion: <b>Amber</b> . Eleven actions agreed: Three <b>high</b> , seven <b>medium</b> and one <b>low</b> priority. Actions relate to the processes in place to ensure all members of the governing body complete annual declarations of interest; the processes in place for staff to claim	One Action completed before report finalised. Seven actions due, five implemented. Two <b>high</b> priority outstanding relating to the processes in place for staff to claim overtime, and a

Audit title	Overall opinion and number of actions of each priority agreed with management	Number of actions due for implementation where a positive management response has been received
	overtime; where possible, purchase orders being raised in advance of the purchase; review of staff roles and signatories to be carried out to ensure appropriate separation of duties; arrangements to review the online bank account, ensuring that there is a requirement for two signatories for all payments; updates to the School Finance Policy, reviewing suppliers to ensure there is value for money for all purchases; staff to be reminded of the requirement to adhere to the gifts and hospitality policy; review the charging and remissions policy; review the asset register; and carrying out annual independent checks on all assets recorded on the asset register.	review of staff roles and signatories to be carried out to ensure appropriate separation of duties.
NNDR Reliefs	Opinion: <b>Green</b> . Two actions agreed: One <b>medium</b> and one <b>low</b> priority. Actions relate to ensuring procedure notes are updated, ensuring details of validated evidence is provided, and initiating monitoring of decisions.	No actions due before 31 August 2022.
Medway Test	Opinion: <b>Green</b> . Three actions agreed: Three <b>low</b> priority. Actions relate to reviewing the log for test packing, the log for receipt and delivery of the tests and recording of quality checks carried out.	No actions due before 31 August 2022.
Horsted School	Opinion: <b>Amber</b> . 13 actions agreed: Six <b>high</b> , six <b>medium</b> and one <b>low</b> priority. Actions relate to declarations of interest for governors, Purchase orders for all non-emergency spend, approval of spend above the Head Teacher's limit, financial limits within the Finance Policy being reviewed including additional signatories, ensuring appropriate separation of duties, staff reimbursements being supported by relevant documentation, a review of credit card processes, updating the Charging and Remissions policy, a review of the asset registers, and annual checks of asset registers by an independent member of staff.	Two actions completed before report finalised. No actions due before 31 August 2022.
Market Income Collection	Opinion: <b>Green</b> . One action agreed: One <b>medium</b> priority. Action relates to Pitch charges being regularly reviewed and authorised.	No actions due before 31 August 2022.
Kyndi – Governance & Accounting	Opinion: <b>Amber</b> . Two actions agreed: One <b>high</b> and one <b>medium</b> priority. Actions relate to reviewing the appointment of Members onto the Board of Kyndi Ltd., and steps to provide clear divides between roles, as well as relevant training.	No actions due before 31 August 2022.

Audit title	Overall opinion and number of actions of each priority agreed with management	Number of actions due for implementation where a positive management response has been received
	There is a further action relating to updating legal agreements in place between the council and Kyndi Ltd.	
District Enforcement	Opinion: <b>Green</b> . Two actions agreed: One <b>medium</b> and one <b>low</b> priority. Actions relate to reviewing the Corporate Enforcement policy and standard operating procedures regarding street scene enforcement, and ensuring that a link to District Enforcement on the council website is either working or removed.	One action completed before report finalised. No actions due before 31 August 2022.
Adult Social Care – Assessments & Reviews of Financial Support	Opinion: <b>Amber</b> . Two actions agreed: Two <b>medium</b> priority. Actions relate to adding a declaration on the financial assessment form and ensuring an independent check is carried out on a sample of financial assessments	One action completed before report finalised. No actions due before 31 August 2022.

### Actions outstanding more than six months after scheduled implementation date

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
RCE	Disabled Facilities Grants	The draft DFG policy should be finalised and go through correct governance processes to be formally adopted and made available for public inspection.	High	31 December 2021	The draft Consultation paper and draft Financial Assistance policy are to be presented to the Physical and Sensory Disability Partnership Board on the 23rd September 2022. This has now been sent to COMMS for consultation. This will involve social media and the Council website. We are also sending out to our partnership Housing Associations, other partners that assist in delivering adaptations and a selection of previous grant applicants.

## Definitions of audit opinions & action priorities

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

Priority	Definition
<b>High</b>	The findings indicate a fundamental weakness in control that leaves the council exposed to significant risk. The agreed 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.
<b>Medium</b>	The findings indicate a weakness in control, or lack of compliance with existing controls, that leaves the system open to risk, although it is not critical to the achievement of objectives. Management should address the action within a reasonable timeframe.
<b>Low</b>	The findings have identified an opportunity to enhance the efficiency or effectiveness of the system/control environment. Management should address the action as resources allow.