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

Internal Audit Update

Medway Council

For the period:

1 September – 30 November 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 Work has continued at pace since the last update, with 11 planned assurance reviews for 2022-23 having had fieldwork completed, seven of which are currently going through the quality control process. A further three have draft reports with clients for consideration and one has been finalised, along with the last remaining review from 2021-22.

- Care leavers – supported housing – Opinion: **Green** (2021-22 review finalised in 2022-23)
- Financial Planning & Budget setting (HRA) - Opinion: **Amber**

In addition, a further six 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 30 November was 31% complete, with a further 17% 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 30 November stood at 81.4% with 70 of 86 actions due in the period having been completed (based on responses received by report deadline). 16 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 significant impact on planned resources, mainly due to the extended vacancy for an Internal Auditor due to the shortage of qualified auditors nationally, and the fact that it took three attempts to recruit an apprentice, who started in late November. We are currently projecting a loss of approximately 114 days from the projected 780 available at the start of the year and as a consequence, amendments to the agreed plan are requested.

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 five Internal Auditors (4.78FTE) and one Internal Audit Apprentice.

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 September to 30 November 2022 amounted to 207 days and 174 days (84%) were spent on chargeable internal audit work. Of this chargeable time, 171 days (98%) was spent on audit assurance work and 3 days (2%) 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 As Members will be aware from previous updates, there had been a vacancy for an internal auditor since the end of May 2022. The recruitment of an apprentice was only successful at the third attempt and the successful candidate has only been in post since 21 November. The vacancy period and some sickness within the service has had a significant impact on available resource.

4.5 We are now estimating a loss of approximately 114 days from the internal audit resource originally projected to be available at the start of the year.

5. Results of planned Audit & Counter Fraud work

5.1 The Internal Audit Plans Q1-Q2 and Q3-Q4 for 2022-23 for Medway were approved by the Audit Committee in March 2022 and October 2022 respectively. The Plans are intended to provide a clear picture of how the council will use the Internal Audit resource, reflecting all work to be carried out by the team for Medway during the financial year.

5.2 The tables below provide details of the work from 2021-22 that has been finalised in 2022-23 (excluding those detailed in the annual report for 2021-22) and the progress of work undertaken as part of the 2022-23 plans.

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*	*Findings reported at October 2022 Committee Meeting*
11	*Horsted School*	*20*	*27*	*Final Report Issued*	*Findings reported at October 2022 Committee Meeting*
11	*Luton Primary School*	*20*	*20.3*	*Final Report Issued*	*Findings reported at October 2022 Committee Meeting*
12	*Adult social care - assessments & reviews of financial support*	*20*	*18.5*	*Final Report Issued*	*Findings reported at October 2022 Committee Meeting*
13	*Market income collection*	*15*	*16.2*	*Final Report Issued*	*Findings reported at October 2022 Committee Meeting*
16	*Tenancy Enforcement*	*15*	*20.1*	*Final Report Issued*	*Findings reported at October 2022 Committee Meeting*
20	*HRA building compliance*	*15*	*14.9*	*Final Report Issued*	*Findings reported at October 2022 Committee Meeting*
25	Care leavers – supported housing	15	25.7	Final Report Issued	The review considered the following Risk Management Objective: **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.** The review found there are arrangements in place for an assessment to be made as to whether an eligible young person is able to live independently or requires supported accommodation and the outcome of this is recorded in pathway plans and discussed with the young person. In a sample of five young people, which included two who were currently 16+ and three who were 18+ it was found that pathway plans had been updated within the last six months. One young person was found to be 15 when first placed in supported accommodation as there were no other options available. The remainder of the young people in the sample were found to be eligible for support and there are processes in place to commission supported accommodation. The contract for the provision of supported accommodation and floating support for care leavers aged 16-25 is in the process of being re-tendered; with the specification updated to meet current needs. There are arrangements in place to support young people moving into

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					supported accommodation including a robust quality assurance programme on properties and the resolution of any issues that may arise. Support for young people to manage a tenancy and move into independent living is included in the contract specification, however we understand that the requirement for this intervention to be measured will be strengthened in the new contract specification. Due to increasing budget pressures, concerns have been raised as to the ongoing review process and stepping down or ceasing of packages as appropriate. Since April 2022, a panel review process has been put in place to look at every placement, including the cost of the package to make sure the package is meeting the young person's needs and that it is set correctly. There will also be an emphasis on ensuring that any changes to provision are reported to the Commissioning team so that the council is not overpaying. As part of the care leavers programme that is currently underway, other initiatives and processes to reduce the spend and achieve the best outcomes for young people are also being considered. **Opinion: Green.** **Overall Opinion: Green. Actions: None.**
27	*Kyndi (formerly Medway Commercial Group) – governance & accounting*	*15*	*18.1*	*Final Report Issued*	*Findings reported at October 2022 Committee Meeting*
31	*District enforcement*	*15*	*9.1*	*Final Report Issued*	*Findings reported at October 2022 Committee Meeting*

2022-23 Internal Audit assurance work

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
1	HIF Project Management	15		Fieldwork Underway	The review will consider the following risk management objective: **RMO1 – Measures are in place to ensure that the HIF project is effectively managed and resourced to allow delivery of the project to take place.**
2	Business Continuity – IT Recovery	15		Fieldwork complete, in quality control	The review considered the following risk management objectives: **RMO1 – There is an appropriate ICT Business Continuity Plan which aids the delivery of key services in the event of an incident.** **RMO2 - There are appropriate arrangements in place to back-up and restore the council's IT network and systems in the event of disruption.**

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
3	Adult Social Care – Residential Care Placements	15		Fieldwork complete, in quality control	The review considered the following risk management objectives: **RMO1 - Arrangements exist to establish residential care and supported living placements.**
4	*Childrens Commissioning*	*N/A*	*N/A*	*Removed from Plan*	*Removal agreed at October 2022 Committee Meeting*
5	Business Continuity Planning	N/A	N/A	Changed to Consultancy	Following discussion with the service, they are in the process of conducting a review with a view to changing the process for Business Continuity Planning. As such, it is not the right time for an assurance review, but the team will instead conduct a consultancy piece of work to provide advice to ensure the new process has appropriate controls from the outset.
6	Financial Planning & Budget Setting (HRA)	15	12.8	Final Report Issued	The review considered the following risk management objective: **RMO1 – There are arrangements for HRA financial planning & budget setting.** The review found there are arrangements to ensure the council's HRA financial plan & budget reflect the council's agreed priorities, resources available and meet legal requirements. There are appropriately skilled staff, with adequate resilience in place to complete the financial planning & budget setting, and external advice is sought when necessary. This advice is currently being commissioned annually and if to be ongoing, a formal arrangement should be made. There is a timetable in place enabling the HRA budget to be set and agreed in a timely manner. The HRA revenue and capital budgets for 2022-23 were approved in line with the requirements of the council's Constitution. There are arrangements in place for recharges and salary apportionments to be considered as part of the budget setting process to ensure that the allocation and apportionment of budgets between the HRA and the General Fund are transparent and appropriate. However, the methodologies for the recharges are overdue for review. It is understood that this is due to Covid-19 it is anticipated that a full review will be undertaken alongside preparation of the 2023-24 budget. **Opinion: Amber.** **Overall Opinion: Amber. Actions: One high, one medium and one low priority. Actions relate to formalising the use of external advisors and reviewing the apportionment of salaries and other internal service recharges to the HRA.**
7	Emergency Planning	15		Fieldwork complete, in quality control	The review considered the following risk management objective: **RMO1 – The council has effective Emergency Planning procedures in place.**

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
8	Procurement Compliance	15		Fieldwork Underway	The review will consider the following risk management objective: **RMO1 - Processes are in place to ensure the council complies with the requirements of the Public Contracts Regulations 2015 and the council's own Contracts Procedure Rules.**
9	Childrens Services Improvement Plan	15		Fieldwork Underway	The review will consider the following risk management objective: **RMO1 - The council has an effective plan in place to meet the requirements of the statutory direction issued by the Department for Education (DfE) to improve Children's Services following the Inspection of Children's Social Care Services (ILACS) by Ofsted in July 2019 and to address the requirements set by Ofsted, in order to be ready for a re-inspection.**
10	Risk Management Framework	15		Fieldwork complete, in quality control	The review considered the following risk management objective: **RMO1 – Effective arrangements are in place for risk to be managed in accordance with the council's Risk Strategy.**
11	Housing Allocations	15		Draft report with client for consideration	The review considered the following risk management objective: **RMO1 – Arrangements are in place to manage housing allocations for social housing.**
12	Service Charges for Leasehold Properties (No longer includes HRA)	15		Fieldwork complete, in quality control	The review considered the following risk management objective: **RMO1 – There are arrangements are in place for the administration of service charges for leasehold properties.**
13	*Childrens Social Care – Self Directed Support (Direct Payments)*	*N/A*	*N/A*	*Removed from Plan*	*Removal agreed at October 2022 Committee Meeting*
14	Medway Integrated Community Health Equipment Service (MICES)	15		Fieldwork Underway	The review will consider the following risk management objective: **RMO1 - There are processes in place to ensure the Medway Integrated Community Health Equipment Service is being delivered in accordance with the contract and is giving the council value for money.**
15	Deprivation of Liberty			Terms of Reference being prepared	
16	*Surveillance (RIPA)*	*N/A*	*N/A*	*Removed from Plan*	*Removal agreed at October 2022 Committee Meeting*
17	Medway Register Office			Terms of Reference being prepared	

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
18	Environmental Enforcement (Inc Fly Tipping)	15		Fieldwork complete, in quality control	The review considered the following risk management objective: **RMO1 – There are appropriate arrangements in place for the effective prevention, detection and enforcement of offences that harm the environment.**
19	Staff Travel & Subsistence			Terms of Reference being prepared	
20	Planning Enforcement	15	N/A	Draft report with client for consideration	The review considered the following risk management objective: **RMO1 – Measures are in place to ensure Planning Enforcement is carried out appropriately.**
21	VAT	12		Draft report with client for consideration	The review considered the following risk management objective: **RMO1 – Effective arrangements are in place to account for the council's VAT transactions.**
22	IT Security & Access Controls			Not yet started	
23	HRA Development Projects			Not yet started	
24	HMO Licensing			Terms of Reference being prepared	
25	Legal Case Management			Terms of Reference being prepared	
26	SEND education			Not yet started	
27	Flexicare (Extra Care)			Terms of Reference being prepared	
28	Fostering - Assessments & Reviews			Removal from plan proposed	Since attempting to start the review we have been advised of an external review to be undertaken by Essex County Council. Any work undertaken by Internal Audit would have a significant overlap with the scope of the Essex review and would therefore be a waste of resource. As such it is proposed that the review is removed from the audit plan and the external review used as a source of alternative assurance.
29	Petty Cash			Not yet started	

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
30	Cimate Change Action Plan			Not yet started	
31	Highways - Maintenance & Repair			Not yet started	
32	Car Parking - Smart Parking			Not yet started	
33	Debtors (previously Corporate Debt Recovery)			Terms of Reference being prepared	
34	Children in need & child protection service			Terms of Reference being prepared	
35	STG Building Control			Removal from plan proposed	Assurance reviews of the STG Building Control Partnership are undertaken by the partner authorities on a rotational basis and Medway were thought to be responsible for 2022-23; however, a review has only just been completed by Swale Borough Council. This has prompted the rota to be reset to align with the authority responsibility for chairing the Partnership Board and is no longer required this year.
36	Attendance Advisory Service to Schools & Academies			Not yet started	
37	Remote Sites Financial Management - Including Schools				Three schools were selected as part of a risk assessment looking at budgets and the date of the last internal audit review. The objective of each review is to provide assurance that the school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues. Key areas for review include: • Governance • Payroll • Purchasing and payments • Income & Cash Handling

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					• Asset Management
	Greenvale Primary School	20		Fieldwork Underway	
	Hempstead Schools Federation	20		Fieldwork complete, in quality control	
	St Thomas of Canterbury RC Primary School	20		Fieldwork Underway	

Other assurance activity

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
	Finalisation of 2021-22 Planned Work	30	67.1	Complete	All reviews from 2021-22 have now been finalised.
	North Kent Marshes Internal Drainage Board	*10*	*4.4*	*Final Report Issued*	*Findings reported at October 2022 Committee Meeting*
	Grant Validations				The team has completed assurance work relating to the Local Transport Capital Block Funding (Integrated Transport And Highway Maintenance Blocks) and Disabled Facilities Capital Grant, 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
Contract Approval	A review was commissioned to look at two specific contracts to ensure that all contracts had been through the appropriate approval processes outlined in the constitution and in line with procurement requirements. Suggested actions for improvement were identified in respect of one of the two contracts and these were provided to management for consideration.

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
Non LA Specific Performance Measurements			
IA1	Proportion of staff with professional qualification relevant to internal audit	65%	30%
IA2	Proportion of non-qualified staff undertaking professional qualification training	25%	29%
IA3	Time spent on professional qualification training:	N/A	8.7 days
IA4	Time spent on CPD/non-professional qualification training, learning & development	40 days	11.9 days
IA5	Compliance with PSIAS	100%	Our updated self-assessment has been delayed slightly due to our staffing issues but will take place prior to an External Quality Assessment.
LA Specific Performance Measurements			
IA6	Average cost per agreed assurance review	<£5,000	Annual outturn
IA7	Proportion of available resources spent on chargeable work	N/A	84%
IA8	Proportion of chargeable time spent on: a) Assurance work b) Consultancy work	N/A	 98% 2%
IA9	Proportion of agreed assurance reviews: a) Delivered b) Underway	95%	 31% 17%
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

Ref	Indicator	Target	Outturn for period
IA11	Proportion of actions agreed by client management to address control weaknesses	90%	100%
IA12	Number of agreed actions that are: a) Not yet due b) Implemented c) Outstanding	N/A	 20 70 16
IA13	Proportion of actions implemented by agreed date	N/A	81.4%
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 114 days from forecasted audit resources for 2022-23. Amendments to the original Q1-Q2 plan have accounted for 45 of those days and while every effort was made to try and account for lost resources in the Q3-Q4 plan, the volume of lost resource means that amendments are necessary. However, the amendments are focused on areas where new information has come to light as detailed in the table in section 5.

7.4 It is proposed that the following reviews are removed from the plan to account for a further 30 of the 114 resource days lost (75 total).

- Fostering – Assessments & Reviews
- STG Building Control Partnership

7.5 This does not account for the entire lost resource, but we are hoping that some of the remainder will be covered by efficiencies in other reviews or areas of work where allowances have been made and not yet used. 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
Children in Need – Section 17 Financial Assistance	**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.	Two actions due, one implemented. Revised implementation date for remaining action, so not due in reporting period.
Adoption & Fostering Allowances & expenses	**Opinion: Red** Nine actions agreed: Six **high**, two **medium** and one **low** 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 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.	Nine actions due, nine completed.
Tree Service	**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.	Eight actions due, six completed. Two **high** priority outstanding relating to updating the Tree Policy, and a review of the trees covered by Tree Preservation Orders.
Disabled Facilities Grants	**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,	Two actions due, one completed. One **high** priority outstanding relating to the draft DFG policy being finalised and going through correct

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
	and the draft DFG policy being finalised and going through correct governance processes to be formally adopted and made available for public inspection.	governance processes to be formally adopted and made available for public inspection.
Business Parking Permits	**Opinion Amber** Seven actions agreed: one **high**, five **medium** and one **low** 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.	Six actions due, six completed.
Looked After Children – Bank Account Provision	**Opinion: Red** Six actions agreed: four **high**, one **medium** and two **low** priority. Actions relate to reviewing policy 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.	Six actions due, two completed. Three high and one low priority outstanding relating to reviewing policy and updating procedure notes, regular monitoring of records to ensure all eligible LAC have Child Trust Fund or Junior ISA
Accessibility Regulations	**Opinion: Amber** Two **high** priority actions agreed. Actions relate to reviewing processes in place to request an online presence and introducing a compliance process.	Two actions due, one completed. One high priority outstanding relating to introducing a compliance process
HR – sickness absence reporting & monitoring	Opinion: **Amber**. Five **medium** 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.	Two actions due, two completed.
Insurances	Opinion: **Amber**. Two **medium** 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 30 November 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
Adult social care – self-directed support (direct payments)	Opinion: **Amber**. Three **high** 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, three completed.
Payroll	Opinion: **Red**. Six actions agreed: Three **high**, two **medium** and one **low** 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.	Six actions due, two completed. Two high and two medium priority actions outstanding relating to amendments to mandatory fields in the staff leaver form, reviewing arrangements for the storage and retention of payroll forms, and, supervisor checks being undertaken in a timely manner.
Luton Primary School	Opinion: **Amber**. Eleven actions agreed: Three **high**, seven **medium** and one **low** 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 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.	One Action completed before report finalised. Ten remaining actions due, ten completed.
NNDR Reliefs	Opinion: **Green**. Two actions agreed: One **medium** and one **low** 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 30 November 2022.
Medway Test	Opinion: **Green**. Three actions agreed: Three **low** 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.	Three actions due, three 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
Horsted School	Opinion: **Amber**. 13 actions agreed: 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.	Two actions completed before report finalised. Nine remaining actions due, seven completed. One high and one medium priority outstanding relating to a review of credit card processes and petty cash arrangements.
Market Income Collection	Opinion: **Green**. One action agreed: One **medium** priority. Action relates to Pitch charges being regularly reviewed and authorised.	No actions due before 30 November 2022.
Kyndi – Governance & Accounting	Opinion: **Amber**. Two actions agreed: 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. There is a further action relating to updating legal agreements in place between the council and Kyndi Ltd.	One action due, none completed.
District Enforcement	Opinion: **Green**. Two actions agreed: One **medium** and one **low** 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. One remaining action due, one completed.
Adult Social Care – Assessments & Reviews of Financial Support	Opinion: **Amber**. Two actions agreed: Two **medium** 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 remaining actions due before 30 November 2022.
Tenancy Enforcement	Opinion**: Amber.** Eight actions agreed: Two **high**, five **medium** and one **low** priority. Actions relate to arrangements being made to 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	Five actions completed before report finalised. Two remaining actions due, one completed. One medium priority outstanding relating to arrangements being made to review and update procedure documents and service web pages.

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
	reminded of the details that should be recorded; and, supervisory checks being implemented to ensure the correct action is being taken and records maintained.	
Financial Planning & Budget Setting	Opinion: **Amber**. Two actions agreed: One **high**, one **medium** and one **low** priority. Actions relate to formalising the use of external advisors and reviewing the apportionment of salaries and other internal service recharges to the HRA.	No actions due before 30 November 2022.

Actions outstanding more than six months after scheduled implementation date

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
RCE	Tree Service	The Tree Policy should be updated to include the commitment by the council's commitment to tackling climate change, recognising Norse as the council's contractor and any other relevant changes.	High	31 March 2022	An independent tree consultant has been commissioned to assist with this review, which is in progress. A revised implementation date of 31 March 2023 is requested to allow this work to be completed.
RCE	Tree Service	A review of the trees covered by Tree Protection Orders should be carried out, in line with government guidance	High	31 March 2022	Although this action was agreed at the time of the review, it has been identified as a potentially resource intensive task, which may not be feasible given the councils current financial position. Costs are being explored and information will be presented to CMT to determine whether the work should go ahead or the level of risk tolerated and the action cancelled.
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 were sent out to 122 previous users of the service, when they received adaptations funded from the Disabled

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
					Facilities Grant budget, and 22 organisations, along with 300 copies for the Medway libraries. The consultation has now ended but further consultation may be necessary if there are amendments based on feedback and then the policy will have to go through the appropriate approval process. As such a revised implementation date of 30 June 2023 is requested.

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 agreed 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 agreed 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 agreed to introduce new controls, improve compliance with existing controls or improve the efficiency of operations.

Priority	Definition
High	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.
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.