

Internal Audit Update

Medway Council

For the period:

1 December 2022 – 31 January 2023

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 and 16 planned assurance reviews for 2022-23 having had fieldwork completed as of 31 January 2023, ten of which are currently going through the quality control process. A further two have draft reports with clients for consideration and three have been finalised since the last update.

- Housing Allocations - Opinion: **Green**
- VAT - Opinion: **Amber**
- Emergency Planning – Opinion: **Green**

In addition, a further ten reviews are currently underway and terms of reference for six others are being prepared in consultation with the clients. As a consequence of this work, plan delivery as of 31 January was 48% complete, with a further 27% underway. Full details of the individual reviews can be found in section 5 of this report.

- 2.2 Follow up of agreed actions has continued and performance as of 31 January stood at 84.6% with 77 of 91 actions due in the period having been completed (based on responses received by report deadline). 14 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 impact on planned resources as mentioned in previous updates, 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 70 days from the projected 780 available at the start of the year, which has been addressed by earlier amendments to the plans agreed by the Committee.

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 December 2022 to 31 January 2023 amounted to 168 days and 151 days (90%) were spent on chargeable internal audit work. Of this chargeable time, 145 days (96%) was spent on audit assurance work and 6 days (4%) 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 The latest estimates suggest a net loss of approximately 85 days from the internal audit resource originally projected to be available at the start of the year. Along with the reduction in resources of 37 days that are the consequence of an underestimate of time to clear work overrunning from 2021-22, this means a total loss of approximately 122 days.

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 September 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	<i>NNDR reliefs</i>	20	12	<i>Final Report Issued</i>	<i>Findings reported at October 2022 Committee Meeting</i>
11	<i>Horsted School</i>	20	27	<i>Final Report Issued</i>	<i>Findings reported at October 2022 Committee Meeting</i>
11	<i>Luton Primary School</i>	20	20.3	<i>Final Report Issued</i>	<i>Findings reported at October 2022 Committee Meeting</i>
12	<i>Adult social care - assessments & reviews of financial support</i>	20	18.5	<i>Final Report Issued</i>	<i>Findings reported at October 2022 Committee Meeting</i>
13	<i>Market income collection</i>	15	16.2	<i>Final Report Issued</i>	<i>Findings reported at October 2022 Committee Meeting</i>
16	<i>Tenancy Enforcement</i>	15	20.1	<i>Final Report Issued</i>	<i>Findings reported at October 2022 Committee Meeting</i>
20	<i>HRA building compliance</i>	15	14.9	<i>Final Report Issued</i>	<i>Findings reported at October 2022 Committee Meeting</i>
25	<i>Care leavers – supported housing</i>	15	25.7	<i>Final Report Issued</i>	<i>Findings reported at January 2023 Committee Meeting</i>
27	<i>Kyndi (formerly Medway Commercial Group) – governance & accounting</i>	15	18.1	<i>Final Report Issued</i>	<i>Findings reported at October 2022 Committee Meeting</i>
31	<i>District enforcement</i>	15	9.1	<i>Final Report Issued</i>	<i>Findings reported at October 2022 Committee Meeting</i>

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 complete, in quality control	The review considered 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.

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
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.
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	<i>Childrens Commissioning</i>	<i>N/A</i>	<i>N/A</i>	<i>Removed from Plan</i>	<i>Removal agreed at October 2022 Committee Meeting</i>
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	<i>Financial Planning & Budget Setting (HRA)</i>	<i>15</i>	<i>12.8</i>	<i>Final Report Issued</i>	<i>Findings reported at January 2023 Committee Meeting</i>
7	Emergency Planning	15	15.7	Final Report Issued	The review considered the following risk management objective: RMO1 – The council has effective Emergency Planning procedures in place. The review found that the council holds a Major Emergency Plan, which is currently under review having been active for the entire period of the pandemic. A new tranche of volunteers has been recruited to assist during an incident/emergency, although there are currently no arrangements in place for services to provide staffing if there are insufficient numbers of volunteers or if there is a need for specialist staff. Training is regularly undertaken, and a new programme is underway via the Kent Resilience Forum after a hiatus during the pandemic. This training also includes scenarios designed to test the council’s emergency plan, alongside those of its partner organisations. As the plan has been active during the entirety of the pandemic, those periods where the lockdown restrictions were eased were used to review lessons learned. These reviews included officers who were involved in tactical and operational roles and identified both good and bad issues.

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>While Emergency Planning have been contacted regarding some major development projects, this is not standard practice, and their advice does not have to be considered or even noted when Planning make their decision. Should an incident/emergency occur around that new development, appropriate measures may not be in place to appropriately respond.</p> <p>Induction materials around emergency planning have been written, but this has not yet become part of the corporate induction package.</p> <p>The council's website contains comprehensive information around dealing with an emergency/incident and provides a number of links to utility, transport, and weather information sites as well as to the council's own services such as schools and libraries. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: One medium and three low priority. Actions relate to ensuring the Major Emergency Plan is updated and review dates are recorded, ensuring where volunteers are not available the relevant service provides any necessary resources, ensuring Emergency Planning forms part of the induction for new starters, and putting arrangements in place for Emergency Planning to be consulted in major development projects.</p>
8	Procurement Compliance	15		Fieldwork complete, in quality control	<p>The review considered 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.</p>
9	Childrens Services Improvement Plan	15		Fieldwork complete, in quality control	<p>The review considered 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.</p>
10	Risk Management Framework	15		Fieldwork complete, in quality control	<p>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.</p>
11	Housing Allocations	15	14	Final Report Issued	<p>The review considered the following risk management objective: RMO1 – Arrangements are in place to manage housing allocations for social housing.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>The review found the council has an approved Housing Allocations Policy in place and there are also several guidance documents to support administration of the policy. Information regarding housing allocations is easily accessible by members of the public on the council's website, with direct links to the Kent HomeChoice website where applicants can complete a pre-assessment to determine eligibility and apply to join the housing register, including uploading supporting documents. All applications are allocated a unique reference number. New applications are assessed in accordance with the Housing Allocations Policy, which also includes banding guidelines. There is management oversight of decisions, ensuring that there is a consistent approach across the team. Arrangements exist for applicants to be notified of the decision reached and audit testing confirmed that these arrangements are working effectively in practice. Applicants are informed of the requirement to notify the council of any changes in circumstances at each stage of the process and on the council and Kent HomeChoice websites. Arrangements exist for properties to be let in accordance with a shortlist generated for each property identifying the most eligible bidding applicant; audit testing confirmed that the sample of properties reviewed had been offered in accordance with the shortlist generated. Procedures are also in place for direct lets to be made in accordance with the Housing Allocations Policy. Applicants have the right to request a review of their banding decision and audit testing confirmed that appears are dealt with in accordance with the Housing Allocations Policy. Applicants on the housing register are reviewed on an annual basis. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: None.</p>
12	Service Charges for Leasehold Properties (No longer includes HRA)	15		Fieldwork complete, in quality control	<p>The review considered the following risk management objective: RMO1 – There are arrangements are in place for the administration of service charges for leasehold properties.</p>
13	<i>Childrens Social Care – Self Directed Support (Direct Payments)</i>	N/A	N/A	<i>Removed from Plan</i>	<i>Removal agreed at October 2022 Committee Meeting</i>
14	Medway Integrated Community Health Equipment Service (MICES)	15		Fieldwork Underway	<p>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.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
15	Deprivation of Liberty	20		Fieldwork Underway	The review will consider the following risk management objective: RMO1 - Arrangements are in place to ensure Deprivation of Liberty Safeguards (DoLS) for adults living in the community is managed in accordance with legislation.
16	<i>Surveillance (RIPA)</i>	<i>N/A</i>	<i>N/A</i>	<i>Removed from Plan</i>	<i>Removal agreed at October 2022 Committee Meeting</i>
17	Medway Register Office	15		Fieldwork Underway	The review will consider the following risk management objective: RMO1 - Appropriate arrangements are in place for the setting and collection of registration fees and charges.
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	16		Fieldwork Underway	The review will consider the following risk management objectives: RMO1 - There are policies and procedures in place for the reimbursement of staff travel and subsistence claims. RMO2 - There are procedures in place to verify, process and pay staff travel and subsistence claims.
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	11.5	Final Report Issued	The review considered the following risk management objective: RMO1 – Effective arrangements are in place to account for the council’s VAT transactions. The review found that officers dealing with financial transactions have not received sufficient guidance or training on dealing with VAT. Ensuring VAT coding is correct is important, as it ensures the council is making accurate returns to HMRC. Procedures are in place to ensure that VAT returns to HMRC are accurate and timely and there was evidence available to support this, though improvements could be made to the process to make it more automated. There are also procedures in place to ensure VAT paid to or reclaimed from HMRC is correctly recorded in the council’s accounts. However, a number of unreconciled transactions were identified that are more than four years old and should be investigated and be appropriately dealt with.

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					Risks to the council's partial exemption status have been identified and there are some arrangements in place to manage these, with the Principal Accountant preparing VAT guidance for distribution to relevant officers to increase their awareness of the topic. Opinion: Amber. Overall Opinion: Amber. Actions: Two high and two low priority. Actions relate to VAT training being provided to relevant officers, streamlining the automated return process, dealing with old unreconciled transactions, and raising awareness of the importance of partial exemption.
22	IT Security & Access Controls	15		Fieldwork Underway	The review will consider the following risk management objective: RMO1 - There are arrangements in place to ensure that access to the council's network is secure.
23	HRA Development Projects			Not yet started	
24	HMO Licensing	15		Fieldwork Underway	The review will consider the following risk management objective: RMO1 - Arrangements are in place to ensure Houses of Multiple Occupation (HMOs) are licensed and enforcement action is undertaken where appropriate.
25	Legal Case Management	15		Fieldwork Underway	The review will consider the following risk management objective: RMO1 - There are appropriate arrangements in place to monitor the case management process for legal work.
26	SEND education			Terms of Reference being prepared	
27	Flexicare (Extra Care)			Terms of Reference being prepared	
28	<i>Fostering - Assessments & Reviews</i>	<i>N/A</i>	<i>N/A</i>	<i>Removed from Plan</i>	<i>Removal agreed at January 2023 Committee Meeting</i>
29	Petty Cash			Terms of Reference being prepared	
30	Climate Change Action Plan			Terms of Reference being prepared	

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
31	Highways - Maintenance & Repair			Terms of Reference being prepared	
32	Car Parking - Smart Parking			Terms of Reference being prepared	
33	Debtors (previously Corporate Debt Recovery)	15		Fieldwork Underway	The review will consider the following risk management objective: RMO1 - There are arrangements in place to manage the recovery of sundry debt.
34	Children in need & child protection service	15		Fieldwork complete, in quality control	The review considered the following risk management objective: RMO1 - There are arrangements in place to manage reports of concerns about a child.
35	<i>STG Building Control</i>	<i>N/A</i>	<i>N/A</i>	<i>Removed from Plan</i>	<i>Removal agreed at January 2023 Committee Meeting</i>
36	Attendance Advisory Service to Schools & Academies	15		Fieldwork Underway	The review will consider the following risk management objectives: RMO1 - Arrangements exist to manage the Attendance Advisory Service to Schools and Academies (AASSA). RMO2 - Arrangements exist to manage and address pupil non-attendance.
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: <ul style="list-style-type: none"> • Governance • Payroll • Purchasing and payments • Income & Cash Handling • Asset Management
	Greenvale Primary School	20		Fieldwork complete, in quality control	
	Hempstead Schools Federation	20		Draft report with client for consideration	

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
	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
	<i>Finalisation of 2021-22 Planned Work</i>	30	67.1	Complete	<i>All reviews from 2021-22 have now been finalised.</i>
	<i>North Kent Marshes Internal Drainage Board</i>	10	4.4	<i>Final Report Issued</i>	<i>Findings reported at October 2022 Committee Meeting</i>
	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

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%	43%
IA3	Time spent on professional qualification training:	N/A	0.2 days
IA4	Time spent on CPD/non-professional qualification training, learning & development	40 days	7.7 days
IA5	Compliance with PSIAS	100%	There are 211 elements in PSIAS, and the latest self-assessment indicates that the service is fully compliant with 205 elements (97.2%), partially compliant with a further five (2.3%) and non-compliant with one element (0.5%). Our External Quality Assessment was undertaken during January and the draft findings are positive, with some minor recommendations for improvements. A full report on the EQA will be hared with the Committee once finalised with the assessor.
LA Specific Performance Measurements			
IA6	Average cost per agreed assurance review	<£5,000	Annual outturn
IA7	Proportion of available resources spent on	N/A	90%

Ref	Indicator	Target	Outturn for period
	chargeable work		
IA8	Proportion of chargeable time spent on: a) Assurance work b) Consultancy work	N/A	96% 4%
IA9	Proportion of agreed assurance reviews: a) Delivered b) Underway	95%	48% 27%
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 to address control weaknesses	90%	100%
IA12	Number of agreed actions that are: a) Not yet due b) Implemented c) Outstanding	N/A	23 77 14
IA13	Proportion of actions implemented by agreed date	N/A	84.6%
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 85 days from forecasted audit resources for 2022-23, along with an overrun of 37 days for work from 2021-22. Amendments to the Q1-Q2 and Q3-Q4 plan have accounted for 75 of those days but the volume of lost resource means that one further amendment is necessary.
- 7.4 It is proposed that the following review is removed from the plan to account for a further 15 of the 122 resource days lost (90 total).
- Car Parking – Smart Parking
- 7.5 This review was originally selected under the risk assessment due to the new processes that would be in place and the potential for control weaknesses. However, the initial research has identified that there are very limited controls required due to the process being largely automated and as such, there is very little to review. It is therefore felt that the audit resource would be better deployed elsewhere.

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	<p>Opinion: Red Two high priority actions agreed.</p> <p>Actions relate to the distribution of new policies and procedures and identifying secure payment methods as an alternative to cash.</p>	<p>Two actions due, one completed.</p> <p>One high priority outstanding relating to identifying secure payment methods as an alternative to cash. A revised implementation date has been requested by the service.</p>
Tree Service	<p>Opinion: Red Eight actions agreed: Seven high and one medium priority.</p> <p>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>Seven actions due, six completed.</p> <p>One high priority outstanding relating to a review of the trees covered by Tree Preservation Orders.</p>
Disabled Facilities Grants	<p>Opinion: Amber Two actions agreed: One high and one low 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>One action due, one completed.</p>
Business Parking Permits	<p>Opinion Amber Seven actions agreed: one high, five medium and one low priority.</p> <p>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>	<p>Six actions due, six 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
Looked After Children – Bank Account Provision	<p>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.</p>	<p>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</p>
Accessibility Regulations	<p>Opinion: Amber Two high priority actions agreed. Actions relate to reviewing processes in place to request an online presence and introducing a compliance process.</p>	<p>All actions completed.</p>
HR – sickness absence reporting & monitoring	<p>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.</p>	<p>Three actions due, two completed. One medium priority action outstanding relating to streamlining the process of sickness absence reporting</p>
Insurances	<p>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.</p>	<p>No actions due before 31 January 2023.</p>
Payroll	<p>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.</p>	<p>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.</p>
NNDR Reliefs	<p>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.</p>	<p>No actions due before 31 January 2023.</p>
Horsted School	<p>Opinion: Amber.</p>	<p>All actions 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
	<p>13 actions agreed: Six high, six medium and one low priority.</p> <p>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.</p>	
Market Income Collection	<p>Opinion: Green.</p> <p>One action agreed: One medium priority.</p> <p>Action relates to Pitch charges being regularly reviewed and authorised.</p>	No actions due before 31 January 2023.
Kyndi – Governance & Accounting	<p>Opinion: Amber.</p> <p>Two actions agreed: One high and one medium priority.</p> <p>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.</p>	<p>One action due, none completed.</p> <p>One high priority outstanding relating to updating legal agreements in place between the council and Kyndi Ltd</p>
Adult Social Care – Assessments & Reviews of Financial Support	<p>Opinion: Amber.</p> <p>Two actions agreed: Two medium priority.</p> <p>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</p>	<p>One action completed before report finalised.</p> <p>One medium priority action outstanding relating to ensuring an independent check is carried out on a sample of financial assessments.</p>
Tenancy Enforcement	<p>Opinion: Amber.</p> <p>Eight actions agreed: Two high, five medium and one low priority.</p> <p>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 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>	<p>Five actions completed before report finalised.</p> <p>Three remaining actions due, two completed.</p> <p>One medium priority outstanding relating to arrangements being made to review and update procedure documents and service web pages.</p>
Financial Planning & Budget Setting	<p>Opinion: Amber.</p> <p>Two actions agreed: One high, one medium and one low priority.</p>	No actions due before 31 January 2023.

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
	Actions relate to formalising the use of external advisors and reviewing the apportionment of salaries and other internal service recharges to the HRA.	
VAT	Opinion: Amber . Four actions agreed: Two high and two low priority. Actions relate to VAT training being provided to relevant officers, streamlining the automated return process, dealing with old unreconciled transactions, and raising awareness of the importance of partial exemption.	No actions due before 31 January 2023.
Emergency Planning	Opinion: Green . Four actions agreed: One medium and three low priority. Actions relate to ensuring the Major Emergency Plan is updated and review dates are recorded, ensuring where volunteers are not available the relevant service provides any necessary resources, ensuring Emergency Planning forms part of the induction for new starters, and putting arrangements in place for Emergency Planning to be consulted in major development projects.	No actions due before 31 January 2023.

Actions outstanding more than six months after scheduled implementation date

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
C&A	Children in Need - Section 17 Financial Assistance	Alternative secure methods of payment should be identified with an implementation plan to minimise the need for cash payments.	High	31 December 2020 Revised 31 March 2022 Revised 31 January 2023	This action is now part of a wider council scheme for the implementation of prepayment cards. The council's current contract for the prepayment cards is with a company called Allpay and the contract is due to end on 31st March 2023. The council are currently in a procurement process with Allpay and further progress cannot be made until that contract has been renewed. This is out of the hands of Children's Services and is being led by the Business Change Team. On this basis, a

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
					further six months revised implementation date is requested.
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.
C&A	Looked After Children – Bank Account Provision	A review should be carried out in relation to how savings monies are paid to LAC to identify the most suitable method and a new policy introduced covering all forms of LAC placements, not just those with Medway Foster Carers.	High	31 July 2022	The updated policy will be finalised by March 2023. This is on track – The service will be making payments commencing from the week of the 20 February 2023. We request a revised implementation date of 30 April 2023 to fully complete this action.
C&A	Looked After Children – Bank Account Provision	The responsibility for monitoring savings should be allocated to those best placed to conduct reviews, and arrangements put in place to ensure that account balances are accurate based on the length of time in care, that all monies have moved placement with the LAC, and potentially missing savings are reported. Such reviews should be recorded in Mosaic.	High	31 July 2022	Children’s Services Business Admin Team are in the process of ensuring that savings are recorded on children’s Mosaic account. This is a new process that means the ‘savings accounts will no longer move from placement to placement’. Children’s Services will be able to identify payments paid to whom and when. We request a revised implementation date of 30 April 2023 to fully complete this action.

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
C&A	Looked After Children – Bank Account Provision	Evidence of the level of savings paid to LAC when they leave care should be recorded in Mosaic.	High	31 July 2022	All Account balances/payments made to ex-CIC will be recorded on Mosaic by the Children’s Services Business Support Team. Backdated payments will be made in the first payment run in February 2023 and there will be records for review from this date onwards. We request a revised implementation date of 30 April 2023 to fully complete this action.
C&A	Looked After Children – Bank Account Provision	Procedure notes should be reviewed to ensure they accurately reflect current legislative requirements.	Low	31 July 2022	The Policy is being updated for the changes and will reflect that responsibility for JISA/CTF/Other Trust payments will no longer be the responsibility of the carers. The policy and a new procedure will be rewritten by end of March. We request a revised implementation date of 30 April 2023 to fully complete this action.

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.