

Internal Audit Annual Report 2022-23

Medway Council

1. Introduction

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

The Chartered Institute of Internal Auditors (CIIA) defines internal auditing as: an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

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

2. Independence

The Internal Audit Charter was approved by Medway's Audit Committee in March 2022 and sets out the purpose, authority, and responsibility of the team. The Charter sets out the arrangements to ensure the team's independence and objectivity through direct reporting lines to senior management and Members, and through safeguards to ensure officers remain free from operational responsibility and do not engage in any other activity that may impair their judgement.

The work of the team during the period covered by this report has been completed with full independence as set out in the Charter and Standard 1100. The work completed has also been free from any inappropriate restriction or influence from senior officers and/or Members.

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

3. Resources

The Internal Audit & Counter Fraud Shared Service reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. At the start of the year, the internal audit team had an establishment of eight officers (13.64FTE), made up of the Head of Internal Audit & Counter Fraud (0.65FTE), one internal audit manager, one senior internal auditor, and six Internal Auditors (5.78FTE).

The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 64% for Medway with the remaining 36% for Gravesham. At the time the Internal Audit Plans for 2022-23 were prepared, this establishment was forecasted to provide a total of 1,219 days available for internal audit work (net of allowances for leave, training, management, administration etc.). The Internal Audit Plan for Medway was prepared with a resource budget of 780 days.

Following the resignation of an internal auditor, an internal audit apprentice was recruited, although this took three attempts creating a significant period of vacancy.

As of 31 March 2023, the net staff days available for Medway for 2022-23 amounted to 827 days and 700 days (85%) were spent on chargeable internal audit and counter fraud work. Of this chargeable time, 681

days (97%) was spent on audit assurance work and 19 days (3%) was spent on consultancy work. The current status and results of all work carried out are detailed at section five of this report.

Learning and development needs and objectives were agreed through the Performance Development Review (appraisal) process and delivered through a mixture of formal qualification training (including apprenticeships), formal skills training, job-shadowing/mentoring and 'on the job' training. Team meetings have taken place throughout the year, and all team members have had regular one to one meetings with their line manager to monitor progress with work-plans.

4. Opinion of the Chief Audit Executive

The Accounts & Audit Regulations 2015 require local authorities to ensure that they have: *a sound system of internal control which— (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk.*

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

The overall scope of Internal Audit work is defined in the Internal Audit Charter and the specific scope of work for the year 2022-23 was detailed in the Internal Audit Plans, which were approved by the Audit Committee. The Plans cannot address all risks across the council, but available resources are focused on the highest areas of risk to the authority and those linked to its corporate objectives. The opinion that follows is based on a limited scope due to resourcing issues experienced in year and the knock-on effect of overrunning assurance work from 2021-22, which resulted in a reduced level of assurance work completed as part of the 2022-23 plan and only 31 assurance reviews completed in comparison to an estimated 38 at the start of the year.

The Internal Audit Team operates in accordance with the working practices set out in the Internal Audit Manual and work is subject to supervision and quality review. This means we can be satisfied that the team has carried out all internal audit work in line with the Public Sector Internal Audit Standards and in accordance with our Quality Assurance & Improvement Programme.

In forming my opinion, I have considered the following:

- The outcomes of work completed by internal audit during the year,
- The findings of previous years' audit work carried out,
- The risk management processes of the council,
- The monitoring of progress to implement agreed actions identified in earlier reviews to ensure that control weaknesses identified by internal audit have been mitigated,
- The outcomes of consultancy work completed by internal audit, and
- The outcomes of counter fraud and investigation work completed by the counter fraud team.

There were no matters identified through the counter fraud work carried out which have a material impact upon the corporate governance, risk, and internal control framework of the Council. While placing no specific reliance on sources of external assurance, these have been considered alongside the work completed by the Internal Audit Team.

The council has a duty to manage its resources in a proper, economic, efficient, and effective manner to achieve its objectives. It applies internal controls to manage risks to an acceptable level as it is not possible to remove risks to achieving these objectives completely. Internal Audit can only provide reasonable and not complete assurance of effectiveness. The work completed as part of the Internal

Audit Plans for 2022-23 is summarised in this report, assessing the effectiveness of managing the risks identified by the council, and forms the basis of evidence for my overall opinion.

While not all risks have been examined within our work programme, I am satisfied that those not directly examined have a sufficient assurance approach in place to provide reasonable assurance of effective management.

While it has been identified that the authority has mainly established adequate internal controls within the areas subject to review since my last opinion was issued in June 2022, there are areas where compliance with existing controls should be enhanced or strengthened or where additional controls should be introduced to reduce the council's exposure to risk. Where such findings have been identified, actions have been agreed by management to improve the controls within the systems and processes they operate. Management have accepted responsibility for the implementation of these actions and follow up arrangements are in place to ensure that appropriate action is taken.

I am therefore satisfied that there is sufficient evidence to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's risk management, system of internal control and governance processes.

Annual Opinion 2022-23

Corporate Governance

Corporate Governance is defined as being the structure of rules, practices, and processes. that direct and control the Council. The reviews of Constitution Maintenance and Performance management Framework undertaken in 2021-22 and the review of Procurement Compliance and Risk Management Framework undertaken in 2022-23 all fall within this area and lead me to be satisfied that the council complies with corporate governance guidance.

Risk Management

The council has a risk management strategy that is approved by Cabinet and maintains a corporate risk register that is regularly reviewed. A review of risk management compliance was conducted in 2022-23, resulting in an Amber opinion and plans to implement the one action arising have been put in place.

I am satisfied that we can place sufficient assurance on the council's risk management arrangements for 2022-23.

Internal control

Fieldwork was completed in relation to 31 assurance reviews during 2022-23, 22 of which have been finalised with client services, along with a further ten reviews from 2021-22 that were finalised in 2022-23. Of these finalised reviews, 31 resulted in Amber or Green opinions, indicating that all key risks were being managed effectively.

Where actions for improvement were agreed, these were subject to a follow up process to ensure that they had been implemented appropriately. This follow up process identified that 88% of all actions due to be implemented in 2022-23 (88 of 100 actions) have been completed.

I am satisfied that the council can place assurance on the aspects of the system of control tested and in operation during 2022-23.

Overall Opinion

It is my opinion that during the year ended 31 March 2023, Medway Council's framework of governance, risk management, and system of internal control, were sufficient and effective, and contributed to the proper, economic, efficient, and effective use of resources in achieving the council's objectives.

James Larkin

5. Results of planned Internal Audit work

The six-monthly Internal Audit Plans for 2022-23 for Medway were approved by the Audit Committee in March 2022 and September 2022. The Plans were intended to provide a clear picture of how the council would use the Internal Audit resources, reflecting all work planned for the team for Medway during the financial year in the highest areas of risk to the council.

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

During the course of the year the plan was amended to take into account factors that were unknown at the time the plan was agreed, including external inspections in areas of planned review, and changes in resource levels created by staff vacancies. Members agreed revisions to the original plans for 2022-23 to remove planned reviews of:

- Childrens Commissioning
- Childrens Social Care - Self Directed Support (Direct Payments)
- Surveillance (RIPA)
- Fostering – Assessments & Reviews
- STG Building Control
- Car Parking – Smart Parking

The tables below provide details of the work from 2021-22 that was finalised in 2022-23 and the progress of work undertaken as part of the 2022-23 plans.

2021-22 Internal Audit Assurance work finalised in 2022-23 (items in italics have been detailed in previous update reports)

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
7	<i>NNDR reliefs</i>	20	12	<i>Final Report Issued</i>	<p>The review considered the following Risk Management Objective: <i>RMO1 - Arrangements are in place for the application of discretionary and mandatory NNDR relief as appropriate.</i></p> <p><i>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.</i></p> <p><i>The budgeting around NNDR reliefs is made annually using the NNDR 1 & 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.</i></p> <p><i>The council's website has a webpage devoted to NNDR reliefs and hyperlinks to the most common reliefs are included.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>The majority of reliefs, which are mandatory, are input and agreed by the officer dealing with the relief application.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>The Covid reliefs have allowed this to be done and the accounts have all been updated where needed.</i></p>

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<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. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: One medium and two low priority.</p> <p>Actions relate to ensuring procedure notes are updated, ensuring details of validated evidence is provided, and initiating monitoring of decisions.</p>
11	Horsted School	20	27	Final Report Issued	<p>The review considered the following Risk Management Objective: RMO1 – The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.</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.</p> <p>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> <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</p>

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>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. Opinion: Amber.</p> <p>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.</p>
11	Luton Primary School	20	20.3	Final Report Issued	<p>The review considered the following Risk Management Objective: RMO1 – The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.</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> <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</p>

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p><i>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.</i></p> <p><u><i>Procurement, Purchasing & Payments</i></u></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><u><i>Income & Cash Management</i></u></p> <p><i>The charging and remissions policy that is available on the school's website requires updating.</i></p> <p><i>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.</i></p>

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p><i>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.</i></p> <p><u>Asset Management</u></p> <p><i>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. Opinion: Amber.</i></p> <p>Overall Opinion: Amber. Actions: Three high, seven medium and one low priority.</p> <p>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.</p>
12	Adult social care - assessments & reviews of financial support	20	18.5	Final Report Issued	<p><i>The review considered the following Risk Management Objective:</i></p> <p>RMO1 – Effective arrangements are in place to carry out adult social care financial assessments and reviews.</p> <p><i>The review found that there is an appropriate policy in place which is in line with the Council Strategy & 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.</i></p> <p><i>There is appropriate information available on the council’s website regarding adult social care charging and financial assessment.</i></p> <p><i>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,</i></p>

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p><i>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. Appropriate arrangements exist to notify the service user or their representative of the outcome of all financial assessments.</i></p> <p><i>An adequate appeals procedure is in place which is initially carried out by the team and if necessary, can be escalated.</i></p> <p><i>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.</i></p> <p><i>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.</i></p> <p><i>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. Opinion: Amber.</i></p> <p>Overall Opinion: Amber. Actions: 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>
13	Market income collection	15	16.2	Final Report Issued	<p><i>The review considered the following Risk Management Objective:</i></p> <p>RMO1 – Arrangements are in place for the collection and banking of market income.</p> <p><i>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.</i></p>

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<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. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: One medium priority.</p> <p>Action relates to Pitch charges being regularly reviewed and authorised.</p>
16	Tenancy Enforcement	15	20.1	Final Report Issued	<p>The review considered the following Risk Management Objective: RMO1 – There are arrangements in place for tenancy enforcement.</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 & 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</p>

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p><i>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.</i></p> <p><i>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.</i></p> <p><i>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 & Intelligence Hub. Opinion: Amber.</i></p> <p>Overall Opinion: Amber. Actions: Two high, five medium, and one low 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	The review considered the following Risk Management Objectives:

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p><i>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.</i></p> <p><i>The review found the service has a HRA Statutory Maintenance & 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 & 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 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. Opinion: Green.</i></p> <p><i>RMO2 - The council has arrangements in place to respond to new legislation or changes to current legislation.</i></p>

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<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. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: One low priority.</p> <p>Action relates to including gas safety checks on the new monitoring spreadsheet. Action was completed before report was finalised.</p>
25	Care leavers – supported housing	15	25.7	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p>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.</p> <p>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 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</p>

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>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.</p> <p>Overall Opinion: Green. Actions: None.</p>
27	Kyndi (formerly Medway Commercial Group) – governance & accounting	15	18.1	Final Report Issued	<p>The review considered the following Risk Management Objective: RMO1 – Governance arrangements in place are effective to ensure the delivery of quality services and value for money through Kyndi Ltd.</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 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. Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: 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; and updating legal agreements in place between the council and Kyndi Ltd.</p>
31	District enforcement	15	9.1	Final Report Issued	<p>The review considered the following Risk Management Objectives: RMO1 – There are arrangements in place for District Enforcement to supply enforcement services.</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</p>

Ref	Activity	Number of Days allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p><i>standard operating procedures, which are dated 2020 but these should also be reviewed to consider whether temporary changes made during the pandemic require update.</i></p> <p><i>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.</i></p> <p><i>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. Opinion: Green.</i></p> <p><i>RMO2 – There are arrangements in place to monitor the contract with District Enforcement and operation of services provided.</i></p> <p><i>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. Opinion: Green.</i></p> <p><i>Overall Opinion: Green. Actions: One medium and one low priority.</i></p> <p><i>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.</i></p>

2022-23 Internal Audit Assurance work (items in italics have been detailed in previous update reports)

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
1	HIF Project Management	15	19.2	Final Report issued	<p>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.</p> <p>The review found that the project has a Programme Guide in place to identify and manage governance around the project and meeting structures that support this. It has been acknowledged that the meetings will need to evolve as the programme develops, including expanding the range of attendees to ensure relevant input is captured.</p> <p>There are measures in place to ensure that all strands of the project have had the opportunity to provide input relating to identified issues and potential wider implications before any decisions are made at Check & Challenge meetings. A survey of the HIF officers confirmed that the vast majority believed that communication within the project was open, and they felt confident to raise issues and concerns.</p> <p>There is a programme wide risk register, dealing with high level, strategic risks and these are partially populated by the thematic risk registers held by each strand of the project.</p> <p>The individual project strands also have dashboards which feed into a larger overarching dashboard to allow for ease of monitoring.</p> <p>The project has a dedicated accountant, who meets regularly with senior officers involved in the project and has full oversight of all budget monitoring for each of the project strands. The budget monitoring data is used to compile the claims to Homes England. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: None.</p>
2	Business Continuity – IT Recovery	15		Final Report Issued	<p>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.</p> <p>The review found there is an ICT Business Continuity Plan in place for Medway Council. The plan states that it will be reviewed and if necessary updated annually, with evidence of amendments having been made in June 2022, however it was noted there are several parts which appear to be outdated, suggesting the need for a more detailed review. The plan is available to ICT managers and staff, and it is understood that there are measures in place for ICT teams to be briefed in relation to the contents and delivery of the ICT Business Continuity Plan and alerted to</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>changes that affect risks or continuity plans, as well as completing induction and refresher training, though training completed is not documented. The ICT Business Continuity Plan details potential scenarios which may require the plan to be implemented, with comprehensive details of mitigation in place for each scenario and the actions to be taken and by who. There are arrangements set out within the plan for an ICT Recovery Team to be formed if any of these scenarios occur, to determine if the plan needs to be invoked and if so, review and implement the plan for the relevant scenario. The plan documents the need for incident logs to be initiated and maintained throughout an incident, with templates provided, however we were advised that although ICT have successfully reacted to incidents in the past, incident logs have not been maintained, therefore it has not been possible to confirm that the procedures set out within the ICT Business Continuity Plan are followed in practice. The ICT Business Continuity Plan identifies that the plan should be tested on an annual basis; we were advised that when incidents occur, the ICT team react to the situation and automatically implement parts of the plan, which could be classed as testing, and there have been several recent incidents where elements of the plan have been implemented, therefore a change to the plan has been proposed whereby annual tests will be carried out only where there has not been sufficient live testing of the plan. Opinion: Amber.</p> <p>RMO2 - There are appropriate arrangements in place to back-up and restore the council's IT network and systems in the event of disruption.</p> <p>The ICT Business Continuity Plan includes three approaches to recover disrupted ICT services, which include restoring ICT operations at an alternative location, recovering ICT operations using alternative equipment and performing some or all of the affected business processes using alternative means. The ICT Business Continuity Plan sets out a number of pre-conditions for the plan to be effective, which include the availability of adequate system back-ups. The review found that there are arrangements for three types of back-up to be completed at varying intervals and for reports following each back-up to be checked by the ICT team, though these checks are not currently logged. Another of the pre-conditions identified within the ICT Business Continuity Plan is that services are responsible for ensuring they have developed a set of business continuity procedures to ensure continued operation without ICT services. Appendices within the plan identify critical systems across the council to be recovered as a priority and critical service recovery timescales, which have been prepared to the best of the ICT</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>team's knowledge, however greater input from individual services would be beneficial and ICT have been trying to secure engagement from services. Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: Two high, two medium and two low priority. Actions relate to reviewing the ICT Business Continuity Plan annually, ensuring ICT teams have received training relating to the plan and that this is documented, completing incident logs for all incidents in which the plan is invoked and reviewing these to identify changes required to the plan, updating the arrangements documented in the plan relating to testing, creating an internal log for back-up checks and developing arrangements for identifying critical systems and services for recovery.</p>
3	Adult Social Care – Residential Care Placements	15		Fieldwork complete, in quality control	The review considered the following risk management objective: 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	<p>The review considered the following risk management objective: RMO1 – There are arrangements for HRA financial planning & budget setting.</p> <p>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.</p> <p>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</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>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.</p> <p>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.</p>
7	Emergency Planning	15	15.7	Final Report Issued	<p>The review considered the following risk management objective:</p> <p>RMO1 – The council has effective Emergency Planning procedures in place.</p> <p>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.</p> <p>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.</p> <p>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.</p> <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.</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<i>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.</i>
8	Procurement Compliance	15	17.6	Final Report Issued	<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 Contract Procedure Rules.</p> <p>The review found that there are appropriate strategies and policies in place which are regularly reviewed for changes in legislation and events as and when required. There is procurement training available, and it is advised as mandatory for all managers, however it is not only managers that should be undertaking this training but all officers who are involved in the procurement process. It was also noted that a limited number of people had undertaken the training.</p> <p>Audit testing confirmed that all high risk, high value spending was being approved appropriately. However, there was spending identified within the £25,000 to £100,000 range that had not been through the required process.</p> <p>The Council do have a contract register that is available to the public, however it is not possible to give full assurance that it is complete, as not all spending is routed through the Category Management team who maintain this register. Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: Two high, one medium and one low priority. Actions relate to ensuring all relevant officers are made aware of the procurement process and undertake training and investigating the possible enhancement of council’s financial management system to have more robust controls over goods and services that have been procured without following the correct procedures.</p>
9	Childrens Services Improvement Plan	15	14.1	Final Report Issued	<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>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>The review found that a Children’s Services Improvement Plan was put in place following the inspection of Medway’s Children’s Social Care Services by Ofsted in July 2019 leading to the DfE issuing a Statutory Direction in relation to Children’s Services under Section 497A(4B) of the Education Act 1996. The plan is based around the findings contained in the ILACS report and the subsequent Ofsted monitoring visits and is refreshed annually in consultation with service management teams. The plan is monitored on an ongoing basis via the Children and Young People’s Improvement Board and the Quality Assurance and Performance Improvement Board, both of which keep action logs recording actions arising from board meetings. The terms of reference for each of the boards were examined as part of the review and included details of board membership and the objectives of the boards, including quarterly update reporting. Governance also includes monthly leadership meetings with the Leader, the Lead Member, the Chief Executive and the DfE adviser, along with reporting to the Children and Adults Directorate Management Team, the Corporate Management Team and the Children and Young People’s Overview and Scrutiny Committee. We understand that service delivery plans sit under the Improvement Plan to ensure the required actions are undertaken and evidence of this was provided for one of the service areas. Monthly performance dashboard reporting is in place along with three-weekly performance clinics that look at performance data on three-weekly cycles for each service.</p> <p>There are 12 performance indicators related to the Improvement Plan included in the 2022-23 Council Plan under the resilient families outcome which are reported quarterly to the council’s Cabinet Committee. Q2 reporting to Cabinet indicated there were six green, one amber and five red performance indicators. As indicated in the Council Plan performance indicators, there are still challenges to be addressed, but the review found there is an Improvement Plan and governance process in place to address the requirements set by Ofsted. Opinion: Green. Overall Opinion: Green. Actions: None.</p>
10	Risk Management Framework	15	21.1	Final Report Issued	<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> <p>The review found there is a Risk Strategy in place that is reviewed annually and signed off by Cabinet. At the outset of the audit, the Strategic Risk Management Group (SRMG) was responsible for overseeing risk management across the council,</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>however this group was decommissioned during the audit, with this responsibility now falling to the Corporate Management Team (CMT) and Directorate Management Teams (DMTs). The changes have been reflected in the Risk Strategy for 2023-24, which has also been updated to cover project/programme risks (as well as operational and strategic risks), to include an updated risk matrix, and to provide expanded roles and responsibilities. It is also more explicit on the arrangements for escalating / de-escalating risks, the requirement to produce project/programme, service and directorate risk registers, and includes more guidance to assist managers in consistently applying the processes described, which should help with historic inconsistencies identified in the management of operational risks across the council. It was noted that beyond the Risk Strategy, no additional guidance or training is currently available, and a survey of Service Managers identified that a number felt they had not received sufficient information, guidance and training on operational risk management. The council has a Strategic Risk Register in place which is reviewed on a quarterly basis, following a set governance process, with evidence that this process is followed in practice. Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: One medium priority.</p> <p>Action relates to arrangements being put in place for appropriate guidance and training on risk management to be made available.</p>
11	Housing Allocations	15	14	Final Report Issued	<p><i>The review considered the following risk management objective:</i></p> <p><i>RMO1 – Arrangements are in place to manage housing allocations for social housing.</i></p> <p><i>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</i></p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>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	16.5	Final Report Issued	<p>The review considered the following risk management objective: RMO1 - There are arrangements in place for the administration of service charges for leasehold properties.</p> <p>The review found there are arrangements in place for the administration of service charges but at the time of the audit there was no independent check of the summary statements prepared before they are issued, this has now been introduced.</p> <p>Queries from leaseholders are being dealt with but at the time of the audit there was a lack of detail recorded about them and no written procedure notes for officers. Also due to staffing issues the Income Manager was supporting the team to deal with queries, so there was no independent oversight of the queries. This has however changed since the review, and monitoring has been reintroduced.</p> <p>Opinion: Green.</p> <p>Overall Opinion: Green. Actions: Two low priority.</p> <p>Actions relate to confirmation of insurance costs being obtained from finance and procedure notes for dealing with lease charge queries being created.</p>
13	Childrens Social Care – Self Directed Support (Direct Payments)	N/A	N/A	Removed from Plan	<p>Removal agreed at October 2022 Committee Meeting</p> <p>An independent external review was completed, covering all aspects of commissioning, resulting in a number of recommendations. Accordingly, it was felt to 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.</p>
14	Medway Integrated Community Health	15	18.3	Final Report Issued	<p>The review considered the following risk management objective:</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
	Equipment Service (MICES)				<p>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> <p>The review found that roles and responsibilities for the delivery of the service are indicated in both the contract and service specification between the council and the Provider.</p> <p>There is a process in place to allocate prescriber spend levels on the Provider's purchasing system, including appropriate authorisation levels, with all users set-up by the council.</p> <p>Although there are controls in place to manage the ordering and approval process, at the time of the review, data was not available to test that these were working in practice, so we are unable to provide assurance over this process.</p> <p>Appropriate processes are in place for Equipment Panels to review requirements for specialist or more expensive equipment to be ordered.</p> <p>There are appropriate monitoring arrangements in place with regular operational and contract monitoring meetings with the Provider, which are all recorded, and actions agreed. The Provider also reports against KPI's on a monthly basis, including results of customer viewpoint surveys, with remedial action taken where necessary.</p> <p>Budget monitoring takes place monthly as part of invoice sign off processes and there is oversight from Finance, tracking the spend and forecasts for the Better Care Fund, which is overseen by the Joint Commissioning Management Group (JCMG). Evidence was seen that regular meetings take place with the JCMG.</p> <p>The contract contains requirements for protection of information in accordance with the Data Protection Act 2018, however, it was noted that there is no signed Data Protection Impact Assessment. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: One medium priority.</p> <p>Action relates to an appropriately approved DPIA being put in place.</p>
15	Deprivation of Liberty	20		Fieldwork complete, in quality control	<p>The review considered the following risk management objective:</p> <p>RMO1 - Arrangements are in place to ensure Deprivation of Liberty Safeguards (DoLS) for adults living in the community is managed in accordance with legislation.</p>
16	Surveillance (RIPA)	N/A	N/A	Removed from Plan	<p>Removal agreed at October 2022 Committee Meeting</p> <p>The Office of Surveillance Commissioners conducted an independent review in 2021, making recommendations for a complete overhaul of the council policy and</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<i>requirements for training of staff likely to request authorisation for surveillance and those approving requests. A new draft policy had been drawn up and was due to go through approval processes and training was also planned. Consequently, it was felt that the review would add more value if it was delayed until 2023-24.</i>
17	Medway Register Office	15	17.7	Final Report Issued	<p>The review considered the following risk management objective: RMO1 - Appropriate arrangements are in place for the setting and collection of registration fees and charges.</p> <p>The review identified that there are several fees/charges, both statutory and non-statutory, and all non-statutory fees are approved by Cabinet as part of the council's annual fees and charges setting process.</p> <p>Up to date fees and charges information is available to the public on the council's website and in paper format if required.</p> <p>A process is in place to ensure that the correct fees and charges are applied for services provided, and daily reconciliations of income and stock take place. Testing confirmed that this was all working in practice.</p> <p>Payment is required at the 'point of purchase' for all fees and charges and cash collected during the day is held securely and reconciled at the end of the working day. Cash is transferred to Gun Wharf for banking on a weekly basis, although at the time of the review there was four weeks of cash in the safe, which was explained as an exception.</p> <p>During the Covid pandemic, the only available option for money to be transported to the Exchequer Team at Gun Wharf was for the Superintendent Registrar to transport it personally. This practice has continued, although consideration will be given to using the council's contractor for cash and coin collections going forward.</p> <p>Opinion: Green. Overall Opinion: Green. Actions: None</p>
18	Environmental Enforcement (Inc Fly Tipping)	15	20	Final Report Issued	<p>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.</p> <p>The review found that policies and procedures are in place for dealing with fly-tipping, although it is not clear whether all policies have been through appropriate governance processes.</p> <p>All officers have appropriate and up to date authorisation to carry out their duties, however, it was evident from training records that not all officers had completed some mandatory corporate training.</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>Appropriate mechanisms are in place for the public to report environmental concerns to the team and reports of fly-tipping are triaged in a timely manner to determine the need for further investigation before being allocated to available officers to action.</p> <p>Enforcement action is considered to be in-line with policies and procedures. All cases are recorded and monitored to ensure that any timescales to achieve outcomes are met. Appropriate measures are also in place to ensure that all financial penalties are collected and accounted for appropriately.</p> <p>To deter offenders, procedures are in place to advise the public what action can be taken by Medway Council for fly-tipping offences and successful outcomes are reported on social media and in local newspapers. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: One medium priority.</p> <p>Action relates to officer training.</p>
19	Staff Travel & Subsistence	16		Draft report with client for consideration	<p>The review considered the following risk management objective: 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.</p>
20	Planning Enforcement	15	21.8	Final Report Issued	<p>The review considered the following risk management objective: RMO1 – Measures are in place to ensure Planning Enforcement is carried out appropriately.</p> <p>The review found that there is a Planning Enforcement Policy in place; while the policy and procedures require updating, steps are in place to review these. The council's website provides information for those wishing to report an alleged breach and a link to the Planning Portal provides more in-depth information around planning requirements. Arrangements exist for referrals to be recorded, checked, and allocated. It was noted that the service uses both system and paper files and should look to improve note taking. Action taken in respect of alleged breaches depends on the individual circumstances of the case; during audit testing evidence was seen of cases being progressed in line with the Planning Enforcement Policy, however there were some instances of delays in initially visiting cases, though this can be linked to the restrictions and subsequent backlogs caused by the pandemic. There is regular monitoring and oversight of cases to ensure that they are progressed effectively, however testing identified a bottleneck at the closure of the cases, with action ending but the case remaining</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					open due to resourcing issues. Appeals are the responsibility of the Planning Inspectorate. Opinion: Amber. Overall Opinion: Amber. Actions: three medium priority. Actions relate to updating policies and procedures, improving case notes, and moving away from paper files.
21	VAT	12	11.5	Final Report Issued	<p>The review considered the following risk management objective: RMO1 – Effective arrangements are in place to account for the council’s VAT transactions.</p> <p>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.</p> <p>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.</p> <p>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.</p>
22	IT Security & Access Controls	15	15	Final Report Issued	<p>The review considered the following risk management objective: RMO1 - There are arrangements in place to ensure that access to the council’s network is secure.</p> <p>The review found there are appropriate policies and procedures in place for gaining access to the council’s network and network drives although there are some areas of the ICT Security Policy that require updating. There is a compliance process in place to monitor that staff have read and agreed to the ICT Security Policy, however investigation into some of the responses is required. Arrangements are in place to ensure that users are allocated the correct level of</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>access to the council’s network and access to the network is removed when it is no longer required, however some investigation into account deletion is required. There are appropriate procedures in place to grant access to network drives. Users are made aware of their responsibilities including acceptable usage and password security and passwords are set-up and changed in accordance with industry standards. Network access can be reviewed, and after a set period of inactivity, accounts are disabled. Arrangements are in place to monitor usage when required to identify potential security breaches, which are appropriately investigated.</p> <p>Opinion: Green.</p> <p>Overall Opinion: Green. Actions: Three medium priority.</p> <p>Actions relate to reviewing the ICT Security Policy, investigating “non-completion” and “exemption requested” responses to the ICT Security Policy and reviewing the process for deleting the accounts of staff leavers.</p>
23	HRA Development Projects	15	14.6	Final Report Issued	<p>The review considered the following risk management objective: RMO1 - Arrangements are in place to ensure that HRA development projects relating to new council housing are effectively managed and resourced to allow delivery of the projects to take place.</p> <p>The review found there is a HRA Development Strategy in place, setting out the council’s ambitions and targets, although it was noted that this did not include input from the Portfolio Holder.</p> <p>The service has developed a cashflow modelling tool that is used to determine whether a scheme is financially viable, and evidence was seen that this is used in practice.</p> <p>The strategy contains a process flow chart that has a number of stages from site identification to scheme review and learning and also includes the various governance stages. The service provided documentation relating to each of the stages for the recently completed Phase 4 development.</p> <p>Project plans are maintained at a high-level as there is more than one project running at a time. Evidence was seen to confirm that updates are received from consultants / contractors as a means of progress monitoring, which are documented and reported to the Portfolio Holder monthly and quarterly budget monitoring is undertaken with the Management Accountant, who advised that Phase 4 remains within budget.</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>Post occupation surveys are completed which help advise on future developments along with a post completion debrief meeting held with the delivery team so that lessons learned can be captured for future projects. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: One low priority.</p> <p>Action relates to a review of the HRA Development Strategy.</p>
24	HMO Licensing	15		Draft report with client for consideration	<p>The review considered 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.</p>
25	Legal Case Management	15		Draft report with client for consideration	<p>The review considered the following risk management objective: RMO1 - There are appropriate arrangements in place to monitor the case management process for legal work.</p>
26	SEND education	N/A	N/A	Changed to Consultancy	<p>The SEND Education Service is going through a restructure and redefining the relationship between the council and the schools that provide SEND education. As a consequence, this review was changed to consultancy to provide advice the service in relation to the new arrangements for SEND provision, including cost effectiveness and future proofing.</p>
27	Extra Care	15		Fieldwork complete, in quality control	<p>The review considered the following risk management objective: RMO1 - An effective commissioning process is in place in respect of Extra Care provision.</p>
28	Fostering - Assessments & Reviews	N/A	N/A	Removed from Plan	<p><i>Removal agreed at January 2023 Committee Meeting</i></p> <p><i>An external review was to be undertaken by Essex County Council. Any work undertaken by Internal Audit would have had a significant overlap with the scope of the Essex review and would therefore have been a waste of resource. As such it was proposed that the review be removed from the audit plan and the external review used as a source of alternative assurance.</i></p>
29	Petty Cash	15		Draft report with client for consideration	<p>The review considered the following risk management objective: RMO1 - Arrangements exist for petty cash accounts to be operated in line with the Councils Financial Procedure Rules.</p>
30	Climate Change Action Plan	15	15.1	Final Report Issued	<p>The review considered the following risk management objective: RMO1 - An effective Climate Change Action Plan and associated governance arrangements are in place to support the council's commitments for addressing climate change.</p> <p>The review found that there is an appropriate Climate Change Action Plan in place that is in line with the council's priorities and values, which was presented to</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>Cabinet in June 2021. The Climate Change Action Plan Refresh was presented to Cabinet in July 2022.</p> <p>Climate Change is a risk included in council's Risk Register with the Climate Change Action Plan included as a current control. Risks that could affect the delivery of the Climate Change Action Plan are continually monitored however it was agreed that a Climate Change Action Plan Risk Register that considers the current and emerging risks that could affect the delivery of the Climate Change Action Plan would provide an opportunity for improved oversight of these risks. Roles and responsibilities and timescales for delivery of the Climate Change Action Plan have been appropriately allocated and relevant parties are made aware of their roles and responsibilities. There are arrangements in place to identify and monitor budgets for delivery of the Climate Change Action Plan, including assessing opportunities for external funding.</p> <p>The performance and progress towards delivery Climate Change Action Plan is appropriately monitored and reported in line with the monitoring and reporting requirements set out in the Climate Change Action Plan. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: One low priority.</p> <p>Action relates to the development of a Climate Change Action Plan Risk Register.</p>
31	Highways - Maintenance & Repair	15		Fieldwork complete, in quality control	<p>The review considered the following risk management objective: RMO1 - There are processes in place to ensure that highways maintenance and repairs are being delivered in accordance with the contract and the contract is giving the value for money.</p>
32	Car Parking - Smart Parking	N/A	N/A	Removed from Plan	<p><i>Removal agreed at March 2023 Committee Meeting.</i></p> <p><i>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 identified that there were very limited controls required due to the process being largely automated and as such, there was very little to review. It was therefore felt that the audit resource would be better deployed elsewhere.</i></p>
33	Sundry Debtors (previously Corporate Debt Recovery)	15	17	Final Report Issued	<p>The review considered the following risk management objective: RMO1 - There are arrangements in place to manage the recovery of sundry debt.</p> <p>The review found that there is a Corporate Debt Policy for Medway Council, which sets out the council's policy with regard to the billing, collection, and recovery of monies due to the council, including sundry debt. Arrangements exist for debtor accounts to be created, with each debtor allocated a unique reference number and</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>debtor maintenance undertaken, though not scheduled. Arrangements exist for invoices to be raised within the sundry debtors module of the council's finance system, Integra. It is mandatory to attach evidence of the agreement to repay the debt or explain why there is no agreement when raising an invoice, however testing identified that agreement is not saved against all invoices. Similarly, although there are procedures in place for invoices to be authorised, testing identified several instances in which the appropriate authorisation could not be evidenced. Arrangements exist for sundry debtor payments received to be loaded onto Integra and manually allocated to the relevant invoice on a daily basis; payments that cannot be allocated go to a debtor suspense account which is regularly monitored. There are also regular reconciliations between the sundry debtors and general ledger modules of Integra. There is appropriate segregation of duties within the sundry debtors function, with access to the system restricted to appropriate officers.</p> <p>Recovery action relating to sundry debt is service specific, with a monthly report detailing outstanding invoices produced and actioned by the Debt Recovery Team. Arrangements exist for write-off to be recommended where recovery action has been exhausted and for all proposed write-offs to be reviewed and approved. There is regular reporting on outstanding sundry debt invoices and recovery action. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: Two medium and three low priority.</p> <p>Actions relate to reviewing procedure notes/guidance; agreeing responsibility for and scheduling debtor maintenance; making arrangements to ensure agreement to repay the debt is attached to all invoices; and making arrangements to ensure all invoices are appropriately approved.</p>
34	Children in need & child protection service	15	14.7	Final Report Issued	<p>The review considered the following risk management objective: RMO1 - There are arrangements in place to manage reports of concerns about a child.</p> <p>The review found that both the Medway Council Plan and the Medway Council Strategy are linked to the safeguarding, and promoting the welfare of children, with details available of the Council Website.</p> <p>Reports received from both the public and professionals via the reporting portal are assessed and allocated within the agreed timeframe and are given a case RAG rating.</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>There are arrangements in place to meet the statutory requirement to carry out a Section 47 Enquiry in specific circumstances. Audit testing confirmed that children are visited within 24 hours, and a 'Decision and Action' summary completed as per set procedures. There are also arrangements in place to direct families to other services where S.47 enquiries conclude there is no immediate harm, and audit testing confirmed that Child and Family Assessment Plans were completed. Some gaps in the information contained in child case records were identified.</p> <p>Opinion: Green.</p> <p>Overall Opinion: Green. Actions: One low priority.</p> <p>Action relates to staff being reminded to ensure all appropriate contact information is recorded and chronologies completed.</p>
35	STG Building Control	N/A	N/A	Removed from Plan	<p>Removal agreed at January 2023 Committee Meeting.</p> <p>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 had only just been completed by Swale Borough Council. This prompted the rota to be reset to align with the authority responsibility for chairing the Partnership Board and was no longer required in 2022-23.</p>
36	Attendance Advisory Service to Schools & Academies	15		Fieldwork complete, in quality control	<p>The review considered the following risk management objective:</p> <p>RMO1 - Arrangements exist to manage the Attendance Advisory Service to Schools and Academies (AASSA).</p> <p>RMO2 - Arrangements exist to manage and address pupil non-attendance.</p>
37	Remote Sites Financial Management - Including Schools				<p>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:</p> <ul style="list-style-type: none"> • Governance • Payroll • Purchasing and payments • Income & Cash Handling • Asset Management
	Greenvale Primary School	20	27.4	Final Report Issued	<p>The review considered the following risk management objective:</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>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.</p> <p>The review found the school's governing body is in line with the School Governance (Constitution) (England) Regulations 2012; however, the term of the Local Authority Governor has since ended, and the school is in the process of recruiting a replacement. All governors sign declarations of interest annually, and the declarations for all ten governors were supplied during the review. The minutes for the governing body meetings were reviewed and each meeting included the opportunity to declare interests or register business interests. The school staff list was provided and compared against the school website and the school's payroll data; several anomalies were identified and discussed with the Head Teacher, with the staff list and website updated during the audit. The review found that there are appropriate arrangements in place for payroll reports to be reviewed and signed off by the Head Teacher. Overtime is approved in advance by the Head Teacher, with staff required to complete a timesheet detailing the hours worked and reason for overtime, which is signed off by the Head Teacher; audit testing confirmed these arrangements to be followed in practice. Appropriate arrangements exist for managing staff performance.</p> <p>The school has a Finance Policy which is reviewed annually. The Finance Policy includes the financial spend limits for the governing body and Head Teacher. During a meeting early in the audit, it was suggested to the Head Teacher that changes were made to the school's signatory arrangements to reflect the requirements of Medway Council's School Finance Manual; it has been confirmed that this was implemented during the audit, however the bank mandate still requires updating to make this a mandatory requirement. Transaction data from 1 April 2021 to 1 August 2022 was supplied and it was confirmed that the goods and services listed on the transaction reports appear to all be for the benefit of the school. It was identified that 30.71% of transactions had a purchase order raised. It was discussed that purchase orders are not always raised due to office cover within the school; it was explained that the current process is that the internal Non-Purchase Order form is completed for the Head Teacher's approval, and is signed before orders are processed, however the purchase order is not always raised to commit to the spend before the goods/service are ordered.</p> <p>On reviewing the school transaction data, it was confirmed that staff reimbursements and petty cash transactions are minimal. The petty cash is</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>securely stored and reconciled. In discussion during the audit, it was advised that the debit card is kept in the school safe. It was explained that the debit card should be kept on the person of the cardholder and not shared with anyone else, and it has been confirmed that this is a procedure that is now followed. Arrangements exist for contracts to be reviewed annually.</p> <p>The school has a Charging & Remissions Policy that is available on the school's website. Most of the school's income comes from the school's breakfast club. It was identified that payments are made by cash and taken to the office and secured in the office safe. Cash procedures were reviewed during the audit to ensure that record keeping, and movement of cash is suitably accounted for. Monthly bank reconciliations are carried out, which was evidenced via audit testing.</p> <p>An asset register is held, and responsibility for maintaining this has been allocated, however the purchase cost and expected useful life of items is not currently recorded and a minimum threshold for including items on the register has not been set. During the visit to the school a random sample of five assets were checked to ensure they could be found in their intended location. Although there are fields within the asset register to record inspections, independent checks of the asset register are not currently carried out. Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: One high and three medium priority. Actions relate to arranging for the bank mandate to be updated, reviewing processes for purchasing goods/services, review the content of the asset register, and arranging for annual independent checks to be carried out on all assets recorded on the asset register.</p>
	Hempstead Schools Federation	20	15.7	Final Report Issued	<p>The review considered the following risk management objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.</p> <p>The review found there are appropriate governance arrangements at the school and no significant issues were identified with the school's payroll processes. Authorities and limits for purchases, limits for quotes and tenders and delegated authorities have been established in the school Finance Policy, which is up to date, and there are appropriate ordering / payment processes in place. All transactions reviewed could be seen as beneficial to school activities, though several minor anomalies were identified and brought to the school's attention. In addition, the school bank mandate was found to be out of date, having not been updated since</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>the schools had become a federation, though the Finance Policy had been updated to reflect new signatories. It was noted that the school debit card was not being used in accordance with the terms & conditions and the risks surrounding having a debit card rather than a credit card were highlighted. The Finance Officer completes a monthly bank reconciliation to ensure all transactions are accurate. Appropriate income collection processes are in place at the school, but the introduction of a bad debt policy would add some consistency to processes. Although the school has an asset register for high value items, this was found to contain limited information and there are no arrangements for an annual check.</p> <p>Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: Two high and three medium priority. Actions relate to the bank mandate being updated, the debit card being replaced with a credit card, creation of a bad debt policy and a more comprehensive asset register, with a regular independent asset check.</p>
	St Thomas of Canterbury RC Primary School	20	26.3	Final Report Issued	<p>The review considered the following risk management objective: RMO1 - The school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues.</p> <p>The review found there are appropriate governance arrangements at the school, however, declarations of interest are not completed by all relevant staff. Payroll services are delivered via a contract with the council and processes are in accordance with the council's requirements. Segregation of duty is maintained, with the Executive Head Teacher (EHT) taking overall responsibility for the monthly payroll. A more consistent approach to staff time recording will provide more accuracy and transparency for overtime claims.</p> <p>The School Finance Policy is up to date and shows the current spending limits and delegated authorities. All transactions reviewed as part of the audit were seen as beneficial to the school, however, it was identified that purchase orders were not completed for a high percentage of purchases.</p> <p>The school has various contracts but does not keep a comprehensive contracts register for regular review to ensure that they continue to deliver value for money. The school is cashless, using a payment collection system, and run reports to reconcile the payments made for trips etc. Testing identified some anomalies in the identification and reconciliation of these payments, although it was explained that some information was held on an old, and now inaccessible, system.</p>

Ref	Activity	Number of Days Allocated	Number of Days Used	Current status	Opinion, summary of findings & actions agreed
					<p>There are asset registers for iPads and laptops, but the information on these registers is too limited and they do not include other high value items held across the school. Opinion: Red.</p> <p>Overall Opinion: Red. Actions: Five high Priority.</p> <p>Actions relate to Declarations of Interest being completed by all staff involved in purchasing goods or services, the overtime process being reviewed, a register of all contracts held by the school to be produced and regularly reviewed, arrangements to be made for all income from school trips to be clearly identified and reconciled, and a comprehensive asset register being created.</p>

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 finalised.</i>
	<i>North Kent Marshes Internal Drainage Board</i>	10	4.4	<i>Final Report Issued</i>	<p><i>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.</i></p> <p><i>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.</i></p>
	Grant Validations			Complete	<p>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.</p> <p>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.</p>
	Supporting Families Assessment Validation	25	17.7	Complete	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 Activity

Activity	Opinion, summary of findings & actions made
No responsive activity to report	

Other consultancy services including advice & information

Client service area	Services provided
Contract Approval	<p>A review was commissioned to look at two specific contracts to ensure that all 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.</p>
Project Governance	<p>Following a recommendation from the Business Support Overview and Scrutiny Committee, Cabinet requested a report from the Assistant Director of Legal & Governance in relation to governance of projects, the current systems and process and potential changes that could be made to improve the governance arrangements.</p> <p>The Internal Audit team provided support by independently establishing what information was available for the management of council projects, conducting a survey amongst managers, and analysing the results to understand the project management arrangements being followed across the council, including arrangements to monitor the project outcomes.</p> <p>The review identified that approaches to Project Management were inconsistent across the council. Opportunities to enhance the arrangements were identified during the review and suggested actions were provided to the Assistant Director of Legal & Governance for consideration.</p>
Policy Development & Management	<p>The Finance and Business Improvement Divisional Plan 2022-2023 includes the action <i>“Formulate a corporate approach to policy development, including guidelines on creating and reviewing policies that will be owned by officers and Members”</i>.</p> <p>The Chief Operating Officer commissioned a review to establish what information is currently available regarding arrangements for developing and managing policy, and what policy development and management arrangements were being followed across the council.</p> <p>The review identified that policy development and management was inconsistent across the council. Opportunities to enhance the arrangements were identified during the review and suggested actions were provided to the Chief Operating Officer.</p>

6. Quality Assurance & Improvement Programme

The Standards require that: *The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.* A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement. The Internal Audit QAIP for 2022-23 was agreed by Medway's Audit Committee in March 2022.

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

In line with the QAIP, the team monitor performance against a suite of 13 performance indicators. Performance targets have been set for nine of the 13 indicators and outturns presented are those as of 31 March 2023.

Ref	Indicator	Target	Outturn for report 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	30.1
IA4	Time spent on CPD/non-professional qualification training, learning & development	40 days	59.9
IA5	Compliance with PSIAS	100%	
LA Specific Performance Measurements			
IA6	Average cost per agreed assurance review	<£5,000	
IA7	Proportion of available resources spent on chargeable work	N/A	85%
IA8	Proportion of chargeable time spent on: Assurance work Consultancy work	N/A	97% 3%
IA9	Proportion of agreed assurance reviews: Delivered Underway	95%	84% 9%
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%	0% This figure is based on finalised reviews.
IA11	Proportion of actions agreed by client management to address control weaknesses	90%	100%
IA12	Number of agreed actions that are: Not yet due Implemented Outstanding	N/A	20 88 12
IA13	Proportion of actions implemented by agreed date	N/A	88%

7. Follow up of agreed actions

Where the work of the Internal Audit team finds opportunities to strengthen the council's risk management, governance and/or control arrangements, the team make and 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.

Service managers are asked to provide an update on steps taken towards implementing all agreed actions due on a monthly basis and are also asked to supply evidence to confirm that High priority actions have been implemented, which is verified by the Internal Audit Team.

The first of the two tables below sets out the position of all agreed actions which have formed part of the follow-up process during the 2022-23 financial year.

The second table details agreed actions that were more than six months over their planned implementation date as of 31 March 2023 (this includes any that have not been implemented by their revised implementation dates); along with an update from the relevant Service Manager/Assistant Director/Director.

Status of Agreed Actions (as of 31 March 2023)

Appendix 1

Audit & Counter Fraud Review title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
Whistleblowing	<p>Opinion: Amber Seven actions agreed: two high and five medium 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>	All actions completed.
Children in Need – Section 17 Financial Assistance	<p>Opinion: Red Two high priority actions agreed. Actions relate to the distribution of new policies and procedures and identifying secure payment methods as an alternative to cash.</p>	One action due, one implemented. Revised implementation date for remaining action, so not due in reporting period.
Write-offs	<p>Opinion: Amber Eight actions agreed: Six high and two medium priority. Actions relate to reviewing and circulating the Corporate Debt Strategy and Policy, putting in place procedure and process documents for all areas to ensure a consistent and timely approach to writing-off debt from the Council financial systems, ensuring records kept of any sub-delegated authority to write off debt, ensuring that exhaustive checks are made in a timely manner before writing-off debts, ensuring there is a segregation of duties and that write-offs are actioned on Integra, and ensuring that Management Teams and Cabinet receive reports on debt recovery performance and debt write-off.</p>	All actions completed.
Staff Performance Management Framework	<p>Opinion: Amber Four actions agreed: Three high and one medium priority. Actions relate to updating training requirements in the Corporate Induction Programme; ensuring all staff undertake training in relation to the MedPay 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>	All actions completed.
Adoption & Fostering Allowances & expenses	<p>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</p>	All actions completed.

Audit & Counter Fraud Review title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
	Framework 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.	
Fostering – Virtual Panels	Opinion: Green One medium priority action agreed. Action relates to approval of the Data Protection Impact Assessment for paperless panel meetings.	All actions 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.	Seven actions due, six completed. One high priority outstanding relating to a review of the trees covered by Tree Preservation Orders, although there is discussion about the cost effectiveness of this action. Revised implementation date agreed for remaining action, so not due in reporting period.
Fraud Focused Review of Special Guardianship Orders	Opinion: Red Six actions agreed: Four high , one medium and one low priority. Actions relate to a review of the financial assessment form and calculator (including the declaration), supporting evidence for assessments being retained and stored in one place, assessments being authorised by senior officers prior to payment, annual declarations of interest being completed by staff, SGO's being paid two weeks in arrears in line with foster care payments, and procedures being put in place to support recovery of overpaid awards.	All actions completed.
Cyber Security	Opinion: Green Two medium priority actions agreed. Actions relate to review of the arrangements that are in place to allow staff to confirm that ICT Security policies have been read and to confirm that mandatory ICT Cyber Security training has been completed by staff.	All actions completed.
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, and the draft DFG policy being finalised and going through correct	One action due, one completed. Revised implementation date agreed for remaining action.

Audit & Counter Fraud Review title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
	governance processes to be formally adopted and made available for public inspection.	
Section 17 – No Recourse to Public Funds	<p>Opinion: Amber</p> <p>Four actions agreed: One high and three medium 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>	All actions completed.
Medway Norse – waste & recycling contract	<p>Opinion: Amber</p> <p>Four actions agreed: One high, two medium and one low 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>	All actions completed.
Information requests	<p>Opinion: Amber</p> <p>Five actions agreed: One high, two medium and two low 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>	All actions completed.
Business Parking Permits	<p>Opinion Amber</p> <p>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</p>	All actions completed.

Audit & Counter Fraud Review title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
	out to ensure all permit payments and refunds are accurately coded on the general ledger.	
Looked After Children – Bank Account Provision	<p>Opinion: Red</p> <p>Six actions agreed: four high, one medium and two low priority.</p> <p>Actions relate to reviewing and updating procedure notes, regular monitoring of records to ensure all eligible LAC have Child Trust Fund or Junior ISA and keeping a record of correspondence between LAC and The Share Foundation on Mosaic records.</p>	<p>Six actions due, two completed.</p> <p>Three high and one low priority outstanding relating to updating procedure notes, regular monitoring of records to ensure all eligible LAC have Child Trust Fund or Junior ISA.</p>
Child Protection – Virtual Conferences	<p>Opinion: Green</p> <p>One medium priority action agreed.</p> <p>Action relates to ensuring that data processing documents are in place relating to GDPR.</p>	All actions completed.
Accessibility Regulations	<p>Opinion: Amber</p> <p>Two high priority actions agreed.</p> <p>Actions relate to reviewing processes in place to request an online presence and introducing a compliance process.</p>	All actions completed.
Performance management framework & reporting	<p>Opinion: Green.</p> <p>One medium priority action agreed.</p> <p>Action relates to the process for inputting and activating performance data being reviewed to ensure a consistent approach is used throughout the council.</p>	All actions completed.
HR – sickness absence reporting & monitoring	<p>Opinion: Amber.</p> <p>Five medium priority actions agreed.</p> <p>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>	All actions completed.
IT Asset Management	<p>Opinion: Amber.</p> <p>One high priority action agreed.</p> <p>Action relates to the recording and reconciling of non-trackable assets.</p>	All actions completed.
Advocacy	<p>Opinion: Green.</p> <p>One low priority action agreed.</p> <p>Action relates to random spot checks of invoices to ensure accuracy of charges.</p>	All actions completed.
Insurances	<p>Opinion: Amber.</p> <p>Two medium priority actions agreed.</p> <p>Actions relate to asset inventories being regularly updated and reconciled to ensure they are a true reflection of the assets held and</p>	<p>Two actions due, none completed.</p> <p>Two medium priority actions outstanding relating to asset inventories and a strategy or insurance policy being put in place.</p>

Audit & Counter Fraud Review title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
	There being no strategy or insurance policy in place for the insurance service to document the administration arrangements for insurance claims.	
Housing Benefit & Council Tax Reduction appeals	Opinion: Green . One low priority action agreed. Action relates to more transparency on the public website regarding the stages of any appeal.	All actions completed.
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.	All actions 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, three completed. One high and two medium priority outstanding relating to amendments to the staff leaver form, reviewing arrangements for the storage and retention of payroll forms, and reviewing the authorised signatory process.
HRA Building Compliance	Opinion: Green . One low priority action agreed. Action relates to including gas safety checks on the new monitoring spreadsheet.	All actions completed.
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.	All actions completed.
NNDR Reliefs	Opinion: Green . Three actions agreed: One medium and two low priority. Actions relate to ensuring procedure notes are updated, ensuring details of validated evidence is provided, and initiating monitoring of decisions.	All actions completed.

Audit & Counter Fraud Review title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
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.	All actions completed.
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.	All actions completed.
Market Income Collection	Opinion: Green . One action agreed: One medium priority. Action relates to Pitch charges being regularly reviewed and authorised.	One action due, none completed. One medium priority outstanding relating to Pitch charges being regularly reviewed and authorised.
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. One medium priority outstanding relating to updating legal agreements in place between the council and Kyndi Ltd.
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.	All actions 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	All actions completed.
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	All actions completed.

Audit & Counter Fraud Review title	Overall opinion and number of actions of each priority agreed with management	Proportion of actions due for implementation where a positive management response has been received
	recorded 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.	
Financial Planning & Budget Setting	Opinion: Amber . Three 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 31 March 2023.
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.	Three actions due, none completed. One high and two low priority outstanding relating to streamlining the automated return process, dealing with old unreconciled transactions, and raising awareness of the importance of partial exemption.
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 March 2023.
Planning Enforcement	Opinion: Amber . Three medium priority actions agreed. Actions relate to updating policies and procedures, improving case notes, and moving away from paper files.	No actions due before 31 March 2023.
Hempstead Schools Federation	Opinion: Amber . Five actions agreed: Two high and three medium priority. Actions relate to the bank mandate being updated, the debit card being replaced with a credit card, creation of a bad debt policy and a more comprehensive asset register, with a regular independent asset check.	No actions due before 31 March 2023.
Service Charges for Leasehold properties	Opinion: Green . Two low priority actions agreed. Actions relate to confirmation of insurance costs being obtained from finance and procedure notes for dealing with lease charge queries being created.	No actions due before 31 March 2023.

Definitions of audit opinions & Action Priorities

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

Priority	Definition
<p>High</p>	<p>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.</p>
<p>Medium</p>	<p>The findings indicate a weakness in control, or lack of compliance with existing controls, that leaves the system open to risk, although it is not critical to the achievement of objectives. Management should address the action within a reasonable timeframe.</p>
<p>Low</p>	<p>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.</p>