

Internal Audit Update

Medway Council

For the period:

1 April – 31 August 2023

1. Introduction

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

2. Executive Summary

- 2.1 The first five months of 2023-24 have been productive with the following audit reviews finalised: *(Items in italics had full details of the review included in the 2022-23 annual report)*

- *Childrens Services Improvement Plan – Opinion: **Green** (2022-23 review finalised in 2023-24)*
- *Environmental Enforcement – Opinion: **Green** (2022-23 review finalised in 2023-24)*
- *Risk Management Framework – Opinion: **Amber** (2022-23 review finalised in 2023-24)*
- *Procurement Compliance – Opinion: **Amber** (2022-23 review finalised in 2023-24)*
- *Greenvale Primary School – Opinion: **Amber** (2022-23 review finalised in 2023-24)*
- *St Thomas of Canterbury RC Primary School – Opinion: **Red** (2022-23 review finalised in 2023-24)*
- *HRA Development Projects – Opinion: **Green** (2022-23 review finalised in 2023-24)*
- *IT security & Access Controls – Opinion: **Green** (2022-23 review finalised in 2023-24)*
- *Medway Integrated Community Health Equipment Service – Opinion: **Green** (2022-23 review finalised in 2023-24)*
- *Climate Change Action Plan – Opinion: **Green** (2022-23 review finalised in 2023-24)*
- *Medway Register office – Opinion: **Green** (2022-23 review finalised in 2023-24)*
- *Children In Need & Child Protection Service – Opinion: **Green** (2022-23 review finalised in 2023-24)*
- *Business Continuity – IT Recovery – Opinion: **Amber** (2022-23 review finalised in 2023-24)*

In addition, four of the remaining reviews from 22-23 now have draft reports with clients and five have all been through the quality control process and are now having reports prepared. Six reviews from the current year have had fieldwork completed and are now going through the quality control process, seven reviews are currently underway and commencement of a number of others is being arranged with the clients. As a consequence of this work, plan delivery as of 31 August was 17% complete, with a further 20% underway. Full details of the individual reviews can be found in section 5 of this report.

- 2.2 Follow up of agreed actions has continued and performance as of 31 August stood at 52.9%, with 18 of 34 actions due in the period having been completed (based on responses received by report deadline). 16 remain outstanding, eight of which are six months or more overdue, or have failed to be implemented by revised implementation dates; these are being monitored in line with the agreed follow up process. Full details of the progress made in relation to recommendation follow up can be found at section 8.
- 2.3 There has been some impact on projected resources with the most recent revisions suggesting a loss of approximately 40 days from the projected 712 available at the start of the year, which is linked to one internal auditor reducing their working hours.

3. Independence

- 3.1 The Internal Audit Charter was approved by the Audit Committee in January 2023 and sets out the purpose, authority, and responsibility of the Internal Audit team. The Charter sets out the arrangements to ensure the team's independence and objectivity through direct reporting lines to senior management and Members, and through safeguards to ensure officers remain free from operational responsibility and do not engage in any other activity that may impair their judgement. The work of the team during the period covered by this report has been free from any inappropriate restriction or influence from senior officers and/or Members.
- 3.2 Given the Head of Internal Audit & Counter Fraud's responsibilities for counter-fraud activities, the Internal Audit team cannot provide independent assurance over the counter-fraud activities of either council. Instead, independent assurance over the effectiveness of these arrangements will be sought from an external supplier of audit services on a periodic basis. The most recent of these reviews was undertaken by Tonbridge & Malling Borough Council in 2018-19.

4. Resources

- 4.1 The Internal Audit & Counter Fraud Shared Service reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The Internal Audit team consists of; the Head of Internal Audit & Counter Fraud (0.65FTE), one Internal Audit Manager, one Senior Internal Auditor, five Internal Auditors (4.78FTE) and one Internal Audit apprentice.
- 4.2 The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 64% for Medway, with the remaining 36% for Gravesham. The establishment at the time the Internal Audit plan for 2023-24 was prepared, was forecasted to provide a total of 1,112 days available for internal audit work (net of allowances for leave, training, management, administration etc.) with the share for Medway being 712 days, along with a further 79 days for management of internal audit activity.
- 4.3 Net chargeable days available for Medway for the period 1 April to 31 August 2023 amounted to 254.4 days. This represents 35.7% of the 712 days originally estimated to be available at the start of 2023-24. Of this chargeable time, 241.2 days (95%) was spent on audit assurance work and 13.2 days (5%) was spent on consultancy work. The current status and results of all work carried out are detailed at section 5 of this report.
- 4.4 Based on our most recent assessment, we are currently projecting a loss of approximately 40 days from the projected internal audit resource available at the start of the year and this has been addressed as part of the planning process for Q3-Q4.

5. Results of planned Internal Audit work

- 5.1 The Internal Audit Plan Q1-Q2 2023-24 for Medway was approved by the Audit Committee in March 2023. The Plan is intended to provide a clear picture of how the council will use the Internal Audit resource, reflecting all work to be carried out by the team for Medway during Q1 and Q2 of the financial year.
- 5.2 The tables below provide details of the work from 2022-23 that has been finalised in 2023-24 (excluding those detailed in the annual report for 2022-23), and the progress of work undertaken as part of the 2023-24 Q1-Q2 plan.

2022-23 Internal Audit assurance work finalised in 2023-24 (since the last Audit Committee meeting)

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					All reviews meeting this criteria are included in the annual report that is also on the Committee Agenda.

2023-24 Internal Audit assurance work

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
1	Complex Health Funding Panel (formerly Joint Access Panel)	15		Fieldwork complete, in quality control	The review considered the following risk management objectives: RMO1 - There are effective arrangements in place to assess requests for complex health funding for children & young people. RMO2 - There are arrangements in place to ensure all health funding agreed by the panel is recovered from the Integrated Care Board (ICB) where applicable.
2	Management of Casual Staff	15		Fieldwork complete, in quality control	The review considered the following risk management objective: RMO1 - There are arrangements in place to manage & monitor the use of casual staff within Culture & Libraries.
3	Children's Imprest Accounts	15		Fieldwork underway	The review will consider the following risk management objective: RMO1 - The use and management of the imprest account is in accordance with the council's guidelines.
4	Brokerage Services	15		Terms of reference being prepared	
5	Code of Conduct	15		Terms of reference being prepared	
6	Asset management	15		Fieldwork complete, in quality control	The review will consider the following risk management objective: RMO1 - Arrangements are in place to manage and account for the council's land and property assets.
7	Information requests (FOI, SAR, EIR)	15		Fieldwork underway	The review will consider the following risk management objective: RMO1 - Arrangements are in place for the council to assess and respond to information requests in accordance with legislation.
8	Parking Permits - Residential	15		Fieldwork complete, in quality control	The review considered the following risk management objective: RMO1 - Arrangements are in place to identify and mitigate risks associated with the administration of the resident parking permit scheme.

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
9	Surveillance (RIPA)	15		Fieldwork complete, in quality control	The review considered the following risk management objective: RMO1 - There are appropriate arrangements in place to ensure the council is compliant with RIPA.
10	Caldicott Guardian	15		Fieldwork underway	The review will consider the following risk management objective: RMO1 - The council is compliant with its mandatory obligation to appoint a Caldicott Guardian and the Caldicott Guardian's responsibilities are met.
11	HRA Void Repairs Contract & HRA Rechargeable Works	28		Fieldwork underway	The review will consider the following risk management objectives: RMO1 - Arrangements are in place to manage the void repairs contract. RMO2 - Measures are in place to ensure rechargeable repairs are dealt with appropriately.
12	HRA Rechargeable Works	N/A	N/A	N/A	Now merged with item 11 – HRA Void Repairs Contract
13	Grounds Maintenance & Greenspaces Contracts	15		Fieldwork underway	The review will consider the following risk management objective: RMO1 - Arrangements are in place to ensure the effective governance of the ground maintenance and greenspaces contract held with Medway Norse.
14	Health & Safety	15		Fieldwork underway	The review will consider the following risk management objective: RMO1 - There are arrangements in place to ensure the council remains compliant with Health and Safety legislation.
15	Mobile Home Licencing	15		Fieldwork complete, in quality control	The review considered the following risk management objective: RMO1 - Arrangements are in place to manage the licensing of mobile home sites.
16	Complaints	15		Fieldwork underway	The review will consider the following risk management objective: RMO1 - There are arrangements in place to effectively record, respond to and monitor complaints.

Other assurance activity

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
	Finalisation of 2022-23 Planned Work			Underway	Work to finalise the last of the reviews from 2022-23 is ongoing with nine reviews still outstanding, although four already have draft reports with clients.
	Grant Validations			Underway	Validation work has been completed in relation to the following grant funding streams to enable sign off by appropriate officers: <ul style="list-style-type: none"> Grant & Contacts: Kent & Medway Teaching Partnership Family Hubs and Start for Life programme P1 Revenue & Capital (2022-23)

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<ul style="list-style-type: none"> • Multiply ring-fenced grant 2022 – 2023 • SuDS (Sustainable Urban Drainage Systems) in Schools Project
	Supporting Families Assessment Validation				The team have provided independent verification of all monthly claims for funding and issued the appropriate assurance certificates to be included with the returns.
	Responsive Assurance Work				No responsive activity during the period.

Responsive assurance activity

Activity	Opinion, summary of findings & recommendations made
N/A	

Other consultancy services including advice & information

Activity	Opinion, summary of findings & recommendations made
Business Continuity planning	A consultancy review to look at that council's approach to Business Continuity Planning has commenced but is yet to be concluded.
SEND Education	A consultancy review to look at the proposed new arrangements for the provision of SEND Education has commenced but is yet to be concluded.
Housing Finance Interface	<p>The Housing Service identified potential discrepancies in rental income data transferring from the new housing system to the finance system. Automated reports were suspended, and independent checks were undertaken by internal audit, which identified discrepancies and missing data that could impact on financial forecasting and reporting; although the interface was suspended before this impacted on overall financial reporting.</p> <p>The work completed has allowed data cleansing to be undertaken and also meant that the exact problems are now known. Amendments to the reporting interface can only be undertaken by the software provider, which is as cost to the council, so this will ensure that the costs are kept to a minimum with changes targeted to the appropriate issues only.</p>

6. Quality Assurance & Improvement Programme

- 6.1 The Standards require that: *The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement.* The Internal Audit QAIP was agreed by the Audit Committee in March 2023.
- 6.2 The arrangements set out in the QAIP have been implemented with the collection and monitoring of performance data largely automated through the team's time recording and quality management processes. It should be noted that the results recorded below have not been subjected to independent data quality verification.
- 6.3 In line with the QAIP, the team monitor performance against a suite of 13 performance indicators. The table below sets out the performance targets, which are grouped into measures for the service and those that are specific to the individual authority. Targets have been set for six of the 13 indicators; however, it should be noted that these are for full year outturns; as such outturns at present are not to target levels but are provided for Members information.

Ref	Indicator	Target	Outturn for period
Non LA Specific Performance Measurements			
IA1	Proportion of staff with professional qualification relevant to internal audit	N/A	Annual outturn only
IA2	Proportion of non-qualified staff undertaking professional qualification training	N/A	50%
IA3	Time spent on professional qualification training:	N/A	43.4
IA4	Time spent on CPD/non-professional qualification training, learning & development (including corporate training)	40 days	11.2
IA5	Compliance with PSIAS	100%	Our January 2023 self-assessment showed full compliance with 97.5% of the standards, partial compliance with a further 2% and work required to address the remaining 0.5%. Our 2023 external quality assessment received a Green opinion.
LA Specific Performance Measurements			
IA6	Average cost per agreed assurance review	<£5,000	Annual outturn only
IA7	Proportion of available resources spent on chargeable work	N/A	36%
IA8	Proportion of chargeable time spent on: a) Assurance work b) Consultancy work	N/A	95% 5%
IA9	Proportion of agreed assurance reviews: a) Delivered b) Underway	95%	17% 20%
IA10	Proportion of completed assurance reviews subject to a second stage (senior management) quality	10%	0

Ref	Indicator	Target	Outturn for period
	control check in addition to the primary quality control review		
IA11	Number of agreed actions that are: a) Not yet due b) Implemented c) Outstanding	N/A	29 18 16
IA12	Proportion of actions implemented by agreed date	N/A	52.9%
IA13	Client, Management and Member satisfaction with internal audit services	90%	A satisfaction survey will be issued at the end of 2023-24.

7. Review of Internal Audit Plan

- 7.1 Monitoring of the delivery of planned work is built into the team's processes with individual officer time recording data feeding into an automated performance monitoring workbook; this tracks the performance of the team against the internal audit work plans and enables the Internal Audit Manager to plan and support officers to deliver their individual work plans.
- 7.2 Projection of the resources that will be available to the year-end are calculated at least quarterly and compared to the original forecasts. This determines any impacts on projected resources that would impact on delivery of the internal audit plan.
- 7.3 As noted in paragraph 4.4, we are projecting a loss of approximately 40 days from the estimated resource. However, this has been addressed as part of the planning process for Q3-Q4 and there are no changes to the Q1-Q2 plan being proposed. We will continue to monitor available resources as the year progresses and update the Committee on any changes that become necessary.

8. Follow up of agreed actions

- 8.1 Where the work of the team finds opportunities to strengthen the council's risk management, governance and/or control arrangements, the team agree actions for improvement with Service Managers. The Standards require that a follow-up process is established: *to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action*. As with all audit work, resources should be prioritised based on risk.
- 8.2 Service Managers are asked to provide an update on action taken towards implementing all actions due on a monthly basis and are also asked to supply evidence in respect of all completed High priority actions, which is verified by the Internal Audit Team.
- 8.3 The first of the two tables below details the current position in relation to the follow up process and the second details actions that are now more than six months over their planned implementation date; along with an update from the relevant Service Manager/Assistant Director/Director. Some may also contain details of request for revised implementation dates.

Status of agreed actions

Audit & 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
Children in Need – Section 17 Financial Assistance	<p>Opinion: Red Two high priority actions agreed. Actions relate to the distribution of new policies and procedures and identifying secure payment methods as an alternative to cash.</p>	<p>One action due, one completed. Revised implementation date for remaining action, so not due in reporting period.</p>
Tree Service	<p>Opinion: Red Eight actions agreed: Seven high and one medium priority. Actions relate to updating the Tree Policy, making the Tree Preservation Order Register available on line and giving Medway Norse Tree Officers further access, exploring the reasons for the high level of tree works applications and putting remedies in place, ensuring Medway Norse conform to the s211 notice requirements and that these notices were actioned in the six week time period, ensure Tree Preservation Orders have adequate sign off, that the Senior Tree Officer carries out enforcement action where appropriate, and a review of the trees covered by Tree Preservation Orders.</p>	<p>Eight actions due, six completed. Two high priority outstanding relating to updating the Tree Policy, and a review of the trees covered by Tree Preservation Orders.</p>
Disabled Facilities Grants	<p>Opinion: Amber Two actions agreed: One high and one low priority. Actions relate to regular reconciliation checks to ensure that data held in the Uniform System matches the records held on spreadsheets for monitoring purposes, and the draft DFG policy being finalised and going through correct governance processes to be formally adopted and made available for public inspection.</p>	<p>All actions completed.</p>
Looked After Children – Bank Account Provision	<p>Opinion: Red Six actions agreed: four high, one medium and two low priority. Actions relate to reviewing and updating procedure notes, regular monitoring of records to ensure all eligible LAC have Child Trust Fund or Junior ISA and keeping a record of correspondence between LAC and The Share Foundation on Mosaic records.</p>	<p>All actions completed.</p>
Insurances	<p>Opinion: Amber. Two medium priority actions agreed. Actions relate to asset inventories being regularly updated and reconciled to ensure they are a true reflection of the assets held and There being no strategy or insurance policy in place for the insurance service to document the administration arrangements for insurance claims.</p>	<p>Two actions due, none completed. Two medium priority actions outstanding relating to asset inventories and a strategy or insurance policy being put in place.</p>
Payroll	<p>Opinion: Red. Six actions agreed: Three high, two medium and one low priority.</p>	<p>Six actions due, five completed. One high priority outstanding relating to reviewing the authorised signatory process.</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
	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.	
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 High priority outstanding relating to updating legal agreements in place between the council and Kyndi Ltd.
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.	One action due, none completed. One low priority outstanding relating to internal service recharges to the HRA.
VAT	Opinion: Amber . Four actions agreed: Two high and two low priority. Actions relate to VAT training being provided to relevant officers, streamlining the automated return process, dealing with old unreconciled transactions, and raising awareness of the importance of partial exemption.	Three actions due, one completed. Two low priority outstanding relating to streamlining the automated return process, dealing with old unreconciled transactions.
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.	Four actions due, one completed. One medium and two low priority outstanding relating 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, and ensuring Emergency Planning forms part of the induction for new starters.
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.	One action due, one 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
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.	Three actions due, three completed.
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.	Two actions due, one completed. One low priority outstanding relating to confirmation of insurance costs being obtained from finance.
Environmental Enforcement – Fly Tipping	Opinion: Green . One medium priority action agreed. Action relates to officer training.	All actions completed.
Procurement Compliance	Opinion: Amber . Four actions agreed: 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.	Two actions due, none completed. Two high priority outstanding relating to advising authorised signatories and Integra users of the Contract Procedure Rules as set out in the Constitution, and liaising with Finance to identify new controls to reduce the risk of non-compliant spending.
Risk Management Framework	Opinion: Amber . One medium priority action agreed. Action relates to arrangements being put in place for appropriate guidance and training on risk management to be made available.	No actions due in report period.
Greenvale Primary School	Opinion: Amber . Four actions agreed: 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.	Two actions completed before report finalised. No other actions due in report period.
HRA Development Projects	Opinion: Green . One low priority action agreed. Action relates to a review of the HRA Development Strategy.	No actions due in report period.
IT Security & Access Controls	Opinion: Green . Three medium priority actions agreed.	One action due, none completed. One medium priority outstanding relating to reviewing the process for deleting the accounts of staff leavers.

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
	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.	
Medway Integrated Community Health Equipment Service	Opinion: Green . One medium priority action agreed. Action relates an appropriately approved DPIA being put in place.	No actions due in report period.
St Thomas of Canterbury Catholic School	Opinion: Red . Five High priority actions agreed. 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.	No actions due in report period.
Sundry Debtors	Opinion: Green . Five actions agreed: Two medium and three low priority. 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.	One action completed before report finalised. No other actions due in report period.
Climate Change Action Plan	Opinion: Green . One low priority action agreed. Action relates to the development of a Climate Change Action Plan Risk Register.	No actions due in report period.
Children In Need & Child Protection Service	Opinion: Green . One low priority action agreed. Action relates to staff being reminded to ensure all appropriate contact information is recorded and chronologies completed.	No actions due in report period.
Business Continuity – IT Recovery	Opinion: Amber . Six actions agreed: 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.	No actions due in report period.

Actions outstanding more than six months after scheduled implementation date

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
RCE	Tree Service	The Tree Policy should be updated to include the commitment by the council's commitment to tackling climate change, recognising Norse as the council's contractor and any other relevant changes.	High	31 March 2022 Revised 31 March 2023	Policy update delayed due to cost. Consultant now requested to continue work and first draft awaited shortly and then policy will need to go through the appropriate governance arrangements. A revised planned implementation date of 31 December 2023 is requested.
RCE	Tree Service	A review of the trees covered by Tree Protection Orders should be carried out, in line with government guidance	High	31 March 2022	Some progress has been made in terms of possible plans for this work, with discussions around how to identify trees within Medway, additionally with further discussions about how this review would be resourced. To allow for more time to identify the resources required and plan for this review, a revised planned implementation date of 31 March 2024 is requested.
Business Support	Kyndi - Governance & Accounting	Legal agreements will be reviewed to ensure that they are still relevant for both parties and a regular review date introduced going forward.	High	30 September 2022	The articles of association have been reviewed by external lawyers, however stakeholders need to be consulted prior to requesting the company make necessary changes. Accordingly, a revised implementation date of 31 March 2024 is requested to allow this to be completed.
Business Support	Payroll	Arrangements to be made for authorised signatory lists to be updated (including identifying responsibility for approval of salary uplifts and additional payments) and stored centrally so they are accessible to all Pay Clerks, enabling checks to take place at the point of processing to ensure all New Staff/Offer of Appointment, Staff Leaver, Staff	High	30 November 2022	

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
		Change and Change of Post forms are appropriately authorised in the short term.			
RCE	Market Income Collection	The pitch charges will be regularly reviewed and approved.	Medium	28 February 2023	
Business Support	VAT	Finance Systems Team to be consulted regarding streamlining the 'Make Tax Digital' process so that it is more efficient.	Low	28 February 2023	
Business Support	VAT	Details of outstanding reconciliation items to be investigated and the appropriate action to be taken.	Low	28 February 2023	

Definitions of audit opinions & action priorities

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

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