

Internal Audit Update

Medway Council

For the period:

1 September – 30 November 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 Work has continued at pace since the last update, with the remaining ten reviews from 2022-23 now finalised. In addition, 12 planned assurance reviews for 2023-24 have had fieldwork completed, nine of which are currently going through the quality control process. A further two have draft reports with clients for consideration and one has been finalised:

(Items in italics had full details of the review included in the 2022-23 annual report)

- *Business Continuity – IT Recovery – Opinion: **Amber** (2022-23 review finalised in 2023-24)*
- Legal Case Management – Opinion: **Amber** (2022-23 review finalised in 2023-24)
- HMO Licencing – Opinion: **Green** (2022-23 review finalised in 2023-24)
- Highways Maintenance & Repair – Opinion: **Amber** (2022-23 review finalised in 2023-24)
- Extra Care – Opinion: **Green** (2022-23 review finalised in 2023-24)
- Adult Social Care – Residential Care Placements & Supported Living – Opinion: **Amber** (2022-23 review finalised in 2023-24)
- Petty Cash – Opinion: **Amber** (2022-23 review finalised in 2023-24)
- Attendance Advisory Service to Schools & Academies – Opinion: **Green** (2022-23 review finalised in 2023-24)
- Staff Travel & subsistence – Opinion: **Red** (2022-23 review finalised in 2023-24)
- Deprivation of Liberty – Opinion: **Red** (2022-23 review finalised in 2023-24)
- Management of Casual Staff – Opinion: **Red**

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 30 November was 40% 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 30 November stood at 65.5%, with 36 of 55 actions due in the period having been completed (based on responses received by report deadline). 19 remain outstanding, five 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 66 days from the projected 712 available at the start of the year. Due to this, and unforeseen changes for other services, amendments to the agreed plans are necessary.

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 Principal Internal Auditor, five Internal Auditors (4.78FTE) (4.58FTE from 01 October 2023) 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 September to 30 November 2023 amounted to 190.9 days. This represents 27% of the 712 days originally estimated to be available at the start of 2023-24. Of this chargeable time, 182.3 days (96%) was spent on audit assurance work and 8.5 days (4%) was spent on consultancy work. The current status and results of all work carried out are detailed at section 5 of this report.
- 4.4 Based on our most recent assessment, we are currently projecting a loss of approximately 66 days from the projected internal audit resource available at the start of the year.

5. Results of planned Internal Audit work

- 5.1 The Internal Audit Plans Q1-Q2 and Q3-Q4 for 2022-23 for Medway were approved by the Audit Committee in March 2023 and September 2023, respectively. The Plans are intended to provide a clear picture of how the council will use the Internal Audit resource, reflecting all work to be carried out by the team for Medway during the financial year.
- 5.2 The tables below provide details of the work from 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 plans.

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
3	Adult Social Care – Residential Care Placements	15	18.1	Final report issued	<p>The review considered the following risk management objective: RMO1 - Arrangements exist to establish residential care and supported living placements.</p> <p>The review found there is a Medway Council Adult Care Strategy 2021-2025 in place with information available on the Medway Council Website.</p> <p>An assessment is required to be completed by a Social Worker for anyone seeking residential care or supported living, and testing confirmed that all placements in the sample had an assessment completed. There are processes in place to obtain a cost breakdown from Providers, agreement to be obtained via Panel, purchase orders to be raised and contracts to be issued to the provider, which should be signed and returned. Audit testing identified that 39 contracts were missing from the 186 active cases. Since the audit was undertaken a member of staff has been chasing outstanding contracts.</p> <p>A financial assessment is required to decide whether the client will need to pay a contribution to their care costs and testing identified that some cases did not have a Financial Referral and Financial Assessment completed. Audit testing of clients that had Third Party Top-Up in 2022, also identified that a number of cases did not have all the required documentation within Mosaic.</p> <p>Under the Deferred Payments Scheme, a client may be able to use the value of a property to pay for their care and support costs, and in such cases, a 12-week disregard may be applied. Audit testing confirmed that this was dealt with correctly in eight of the nine cases identified.</p> <p>Under the Care Act 2014, Section 27, a local authority must review the care plan. These reviews should take place after 28 days and then annually. Audit testing identified that a large number had not been reviewed within the initial 28 days and no cases in the sample had an annual review recorded in Mosaic.</p> <p>Audit testing confirmed that both Supported Living and Older People had the service ended appropriately when placements ended. Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: Four high and one medium priority.</p> <p>Actions relate to ensuring that staff are reminded about the return of sign provider contracts, ensuring that all clients receive a financial assessment, ensuring that all documents are completed and uploaded for Third Party Top-Up and Medway Top-Up, arrangements being put in place to ensure that 12-</p>

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					<p>week disregards are followed up and recorded within the agreed timeframe, arrangements being put in place to ensure that placement reviews are completed within required timescales.</p>
15	Deprivation of Liberty	20	27.6	Final report issued	<p>The review considered the following risk management objective: RMO1 - Arrangements are in place to ensure Deprivation of Liberty Safeguards (DoLS) for adults living in the community is managed in accordance with legislation.</p> <p>The review found training for social workers in the DOLS in the community procedure is available from both i-share and the Adult Social Care (ASC) Lawyer involved in the application process to the Court of Protection (COP). However, due to the high turnover in social workers, there is a continual need for training that is not always available via i-share due to the number of attendees that are needed to make running courses feasible.</p> <p>Under Article 5, of the European Convention on Human Rights (ECHR), the council is legally obliged to assess anyone who lacks the capacity to give consent to whatever arrangements are in place for them and it is the responsibility of the council to identify clients who may be in need of DOLS authorisation in the community and then raise an application that is passed to the ASC Lawyers for review and onward submission to the COP.</p> <p>Currently there is no way of tracking the Community DOLS process on the social care system Mosaic and details are only retained within case notes which are not reviewed unless an assessment / review is undertaken. This can lead to the procedure not progressing as it should, and annual renewals not being processed. It is also not possible to identify clients in the community who have DOLS authorisation in place which has led to limitations on audit assurance due to the inability to identify cases for audit testing purposes.</p> <p>Relevant teams update a weekly spreadsheet with the number of DOLS in the community applications that are waiting to be processed and this information is provided to the Head of Service (ASC). Opinion: Red.</p> <p>Overall Opinion: Red. Actions: Two high and four medium priority. Actions relate to exploring training options available in relation to both identifying and processing Community DOLS and identifying social care staff that should attend the training; the potential for adding relevant questions connected to Community DOLS to review / assessment forms; creating</p>

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					workflows within Mosaic relating to the Community DOLS process, with an interim process put in place for renewal reminders, and the number of renewals waiting to be processed included in reporting figures.
19	Staff Travel & Subsistence	16	18.6	Final report issued	<p>The review considered the following risk management objectives:</p> <p>RMO1 - There are policies and procedures in place for the reimbursement of staff travel and subsistence claims.</p> <p>The review found that there are policies and procedures in place and available to employees, though these have not been reviewed for some time. In addition, with information available in different locations there is some differing, unclear, and incomplete information about what can be claimed and at what rate. Employees making travel & expenses claims are made aware of their roles and responsibilities when making claims, however there is no information provided to authorising managers about their roles and responsibilities when authorising these claims. Opinion: Amber.</p> <p>RMO2 - There are procedures in place to verify, process and pay staff travel and subsistence claims.</p> <p>The review found there are procedures in place to make reimbursements for travel and expenses, at the correct rate, and a process is in place to report the VAT element of mileage claims. There are also procedures in place for all travel & expenses claims to be authorised and for the Payroll Team to process authorised claims in a timely manner. However, a combination of non-mandatory system requirements relating to descriptions and the attachment of receipts, and a lack of training / guidance, mean that not all claims may be receiving the appropriate scrutiny to confirm accuracy and legitimacy. Opinion: Red.</p> <p>Overall Opinion: Red. Actions: One high and one low priority.</p> <p>Actions relate to reviewing policies / guidance, updating information presented and training provided to authorising managers around their roles and responsibilities, reviewing mileage and expense claim forms to ensure appropriate mandatory information is captured and reviewing historic VAT reports.</p>
24	HMO Licensing	15	19.7	Final report issued	<p>The review considered the following risk management objective:</p> <p>RMO1 - Arrangements are in place to ensure Houses of Multiple Occupation (HMOs) are licensed and enforcement action is undertaken where appropriate.</p>

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					<p>The review found that the service has a Housing Enforcement & Licensing Policy in place, though at the time of audit the policy still included fees and charges for 2019-20. Currently, HMO licence applications are made using a form that can be downloaded from the council's website, with applications processed once the appropriate supporting documentation and payment has been received. At the time of audit, the service was working through a backlog of applications. There is a requirement for a register of all licenced HMOs to be made available to the public and this is provided on the council's website, though audit testing identified significant differences between the public and master copies of the register. It was noted that the service is in the early stages of procuring a new system which will radically change the way the team works, including digitalising the processing of HMO licence applications and greater identification of unlicenced HMOs. Unlicenced HMOs, breaches of licence conditions or issues with the standard of HMOs can be notified by the public or by other internal teams and services. Arrangements exist for cases to be triaged and then investigated, where appropriate, with a number of enforcement tools available, with each case dealt with on a case-by-case basis. Opinion: Green. Overall Opinion: Green. Actions: One medium and one low priority. Actions relate to setting a review date for amending fees and charges in the Housing Enforcement and Licensing Policy, and making arrangements for the public HMO register to be updated and maintained regularly.</p>
25	Legal Case Management	15	18.6	Final report issued	<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> <p>The review found that there is a Legal Services Office Manual, however this requires reviewing and updating. There are arrangements in place for legal instructions to be received, reviewed, and allocated, with slightly different processes for People and Place instructions. Case files are opened on the case management system where necessary, with ongoing work to improve file structures. Client Care Memos are sent for all Place files, though testing identified several omissions. Arrangements exist for a risk level to be assigned for all cases, though testing identified several files where the risk level was not recorded. For high-risk cases and additional form must be completed and approved, and audit testing confirmed that these forms are being completed in</p>

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					<p>practice. Fee Earners time code work that is completed, which enables workloads to be monitored via monthly Management Information Reports; file reviews are also completed. This also enables charges to be calculated for specific case types, which are not recharged via Service Level Agreements. Audit testing confirmed that such cases are charged correctly. Arrangements exist for dormant files to be monitored and files closed where appropriate, though testing identified that not all cases are closed fully on the system in a timely manner. Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: Two medium and one low priority.</p> <p>Actions relate to reviewing and updating the Office Manual, ensuring that all files follow the appropriate file structure, ensuring Client Care Memos are sent to all relevant clients, ensuring the risk level is recorded on all files, and ensuring that files are fully closed in a timely manner.</p>
27	Extra Care	15	17	Final report issued	<p>The review considered the following risk management objective: RMO1 - An effective commissioning process is in place in respect of Extra Care provision.</p> <p>It was identified that the contract for the Support to Live at Home Service, which covers both Homecare and Extra Care was last commissioned in 2019 and the service were in the process of commencing a new tendering exercise. During the review it was found that the 2019 procurement followed all correct processes, and a framework of providers has been established for mini competition in the event that contracts need to be awarded for new sites. The service has clear visions and objectives, but these are not documented in any service plan, but as new contracts are procured it would be beneficial to capture these formally and measure progress.</p> <p>As part of the tender process, the service has been engaging with residents to seek views as well as using KPI data to inform tender specifications and establish KPI's for any new contracts. It was identified during the review that some of the actions were not SMART, and this was immediately addressed by the service with a further review of the KPI's.</p> <p>The specification document issued during the course of the review was found to have nothing relating to emergency planning or business continuity, but lessons learnt from the pandemic identified potential risks to the council if providers are not prepared. The Quality Assurance team are now obtaining business continuity plans from all prospective providers as part of the process. Opinion: Green.</p>

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					Overall Opinion: Green. Actions: None.
29	Petty Cash	15	18.9	Final report issued	<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> <p>The review found that what would traditionally be known as petty cash claims have been replaced by staff reimbursements which are paid straight into employee's bank accounts, therefore cash advances are now the only type of request processed via the main 'petty cash' tin. The main 'petty cash' tin is securely stored, though several opportunities were identified for security to be enhanced.</p> <p>Information / guidance regarding staff reimbursements and cash advances is available to all staff, along with the relevant forms, but would benefit from review. Arrangements exist for cash advances to be paid only when accompanied by a completed and appropriately approved request form, however staff are responsible for how the cash is spent. Receipts evidencing expenditure as well as any unspent cash must be returned within 28 days, with arrangements for these to be chased, though audit testing identified several missing receipts. There are appropriate records of all cash entering and leaving the main 'petty cash' tin and arrangements exist for the tin to be reconciled, though this process would be improved through greater segregation of duties. Arrangements exist to administer replenishment of petty cash accounts held by other council services.</p> <p>Opinion: Amber. Overall Opinion: Amber. Actions: One high priority. Action relates to reviewing use of petty cash and if to remain, ensuring its security, updating staff guidance and the cash advance form, and reviewing procedures for chasing receipts and reconciling the petty cash tin.</p>
31	Highways - Maintenance & Repair	15	16.8	Final report issued	<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> <p>The review found that clear roles and responsibilities between the council and the contractor, Volker Highways, are defined in the Highways Infrastructure Contract (HIC).</p>

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					<p>Arrangements are in place for the council to liaise with Volker Highways to monitor the delivery of services and we were able to see that regular meetings take place between the council and the contractor, discussing all areas of the contract. However, the Highways Key Meetings Terms of Reference was found to be out of date.</p> <p>Contractual spend and the overall budget is closely monitored, with invoices submitted by the contractor scrutinised and duly authorised before payment. There are KPIs in place, which are used for service monitoring and extension of the contract. It was found that there were discrepancies in the scoring used for contract extensions and those listed in the contract.</p> <p>Procedures are in place to report, escalate and resolve any problems with the service. Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: One high and one medium priority. Actions relate to the Terms of Reference for key meetings being reviewed and updated, and KPIs being reviewed, agreed, and scoring amended where necessary.</p>
36	Attendance Advisory Service to Schools & Academies	15	21.2	Final report issued	<p>The review considered the following risk management objectives: RMO1 - Arrangements exist to manage the Attendance Advisory Service to Schools and Academies (AASSA).</p> <p>The review found that information regarding both school attendance and the AASSA can be found on the council's website, and information regarding the AASSA is also available on the Education Services Medway website and in an AASSA Service Description document. Schools and academies can purchase AASSA services through the Education Services Medway website, with full buy-in and non-buy back options available. Service Level Agreements (SLA) detail the services to be provided by the AASSA. Schools and academies that purchase the full buy-in service are allocated an Attendance Advisory Practitioner (AAP) who will provide tailored support and advice based on the school or academy's requirements and in line with the SLA. The hours that AAPs spend supporting a school or academy are logged and monitored in a timesheet against those purchased. Termly audits are completed to ensure all information is up to date and accurate. Overall school and academy attendance is monitored through the work of the AAPs. In addition, all schools and academies in Medway are written</p>

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					<p>to three times a year, following census releases, detailing their attendance levels compared to national levels. Opinion: Green.</p> <p>RMO2 - Arrangements exist to manage and address pupil non-attendance.</p> <p>The review found that there is an AASSA Code of Practice which provides procedure guides and templates for schools and academies to use when managing absence. Schools and academies are responsible for making referrals to the AASSA if they have a concern about a pupil's attendance, with a template in place for this purpose. Arrangements exist for referrals to be logged, and for cases to be progressed on a case-by-case basis depending on the individual circumstances, with consideration given to the issuing of a Penalty Notice (PN) as an alternative to a full case (and potential prosecution) in appropriate instances where a pupil has had 10 or more sessions of unauthorised absence during a six-week period. Schools and academies are also responsible for making referrals to the AASSA where a pupil has had at least 10 sessions (five days) of unauthorised absence for holiday, in order for a PN to be issued, with a similar referral process in place. Where the issue of a PN is considered appropriate, arrangements exist for a PN to be issued to each parent. PNs issued are recorded and monitored within a PN spreadsheet, with each PN allocated a unique, consecutive number. Procedures are in place for payments to be made and recorded against the relevant PN, however the use of an online payment system is being explored with a view to increasing the efficiency and accuracy of allocating payments. If payments are not received within 28 days, arrangements exist for final warning letters to be issued and cases passed for prosecution where appropriate. Final warning letters are not required by statutory guidance but have been introduced to reduce the number of cases proceeding to prosecution. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: None.</p>

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	<p>The review considered the following risk management objectives:</p> <p>RMO1 - There are effective arrangements in place to assess requests for complex health funding for children & young people.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					RMO2 - There are arrangements in place in ensure all health funding agreed by the panel is recovered from the Integrated Care Board (ICB) where applicable.
2	Management of Casual Staff	15	23	Final report issued	<p>The review considered the following risk management objective: RMO1 - There are arrangements in place manage & monitor the use of casual staff within Culture & Libraries.</p> <p>The review found varying standards of record keeping across the four services reviewed, which meant that overall, it was not possible to give assurance that hours worked by casual staff and the associated payments are always accurate, or that appropriate training has been completed. There was also no documented guidance in some services to indicate how the required level of staffing for events was calculated in order to comply with minimum requirements for health and safety.</p> <p>Within the Festivals & Events team it was identified that traffic management records for events are being stored externally, including personal data of casual employees, and therefore were not easily accessible for review and also not compliant with General Data Protection Regulations requirements. Opinion: Red.</p> <p>Overall Opinion: Red. Actions: Three high and three medium priority.</p> <p>Actions relate to more accurate record keeping and ensuring all council data is held securely.</p>
3	Children's Imprest Accounts	15		Draft report with client for consideration	<p>The review considered the following risk management objective: RMO1 - The use and management of the imprest account is in accordance with the council's guidelines.</p>
4	Brokerage Services	15		Fieldwork underway	<p>The review will consider the following risk management objective: RMO1 - The brokerage of adult social care services is appropriately managed and monitored.</p>
5	Code of Conduct	15		Not yet started	Currently deferred to Q4 at the request of the client service.
6	Asset management	15		Fieldwork complete, in quality control	<p>The review considered the following risk management objective: RMO1 - Arrangements are in place to manage and account for the council's land and property assets.</p>
7	Information requests (FOI, SAR, EIR)	15		Fieldwork complete, in quality control	<p>The review considered the following risk management objective: RMO1 - Arrangements are in place for the council to assess and respond to information requests in accordance with legislation.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
8	Parking Permits - Residential	15		Draft report with client for consideration	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.
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 complete, in quality control	The review considered 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	<i>HRA Rechargeable Works</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>Now merged with item 11 – HRA Void Repairs Contract</i>
13	Grounds Maintenance & Greenspaces Contracts	15		Fieldwork complete, in quality control	The review considered 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 complete, in quality control	The review considered 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 complete, in quality control	The review considered the following risk management objective: RMO1 - There are arrangements in place to effectively record, respond to and monitor complaints.
17	Facilities Management	N/A	N/A	Proposal to defer to 2024-25	Due to the emergency closure of Gun Wharf and the Property Services team's involvement in ongoing work relating to the RAAC issues identified in the building, it is not an appropriate time to conduct a review of Facilities Management. It is proposed that this is deferred to 2024-25.
18	High Needs Block Recovery Plan			Not yet started	

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
19	Unregulated Placements			Terms of Reference being prepared	
20	Fostering Payments (Previously Assessments, Reviews, Allowances & Expenses)	15		Fieldwork underway	The review will consider the following risk management objective: RMO1 - Appropriate arrangements are in place to ensure correct payment to foster carers.
21	SEND Transport			Terms of Reference being prepared	
22	Therapeutic Outreach And Support Service	N/A	N/A	Proposal to remove	The service was recently outsourced to an external provider and it is too early to conduct a review of the contract management processes. The change in service delivery will also alter the risk profile, and as such it is proposed to remove this from the 2023-24 plan and it will be reconsidered as part of the risk assessment for 2024-25.
23	Council Tax Administration	15		Fieldwork underway	The review will consider the following risk management objective: RMO1 - Arrangements are in place to administer council tax.
24	Assessments & Reviews of Financial Support			Not yet started	
25	IR35 Assessments	15		Fieldwork underway	The review will consider the following risk management objective: RMO1 - There are arrangements in place to ensure compliance with the off-payroll working rules.
26	Innovation Park Medway			Terms of Reference being prepared	
27	Homes for Independent Living Scheme	15		Fieldwork underway	The review will consider the following risk management objective: RMO1 - There are appropriate arrangements in place to manage the Homes for Independent Living Scheme.
28	Remote Sites Financial Management - Including Schools				Four schools were selected as part of a risk assessment looking at budgets and the date of the last internal audit review. The objective of each review is to provide assurance that the school has appropriate mechanisms in place to ensure it is in a sound financial position and that there are no material probity issues. Key areas for review include: <ul style="list-style-type: none"> • Governance

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<ul style="list-style-type: none"> Payroll Purchasing and payments Income & Cash Handling Asset Management
	Balfour Infant school	20		Terms of reference Issued	Fieldwork to commence in January 2024.
	St Helens Church of England Primary School	20		Terms of reference Issued	Fieldwork to commence in January 2024.
	St William of Perth Roman Catholic primary School	20		Terms of reference Issued	Fieldwork to commence in January 2024.
	St Mary's Catholic Primary School	20		Terms of reference Issued	Fieldwork to commence in December 2023.

Other assurance activity

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
	Finalisation of 2022-23 Planned Work	50	78.6	Complete	Work to finalise the last of the reviews from 2022-23 is now complete.
	Information Governance Action Plan Validation	15			We are currently liaising with the Information Governance team to schedule this validation work.
	Adult Social Care Data Validation	5			We are currently liaising with Adult Social Care Management to schedule this validation work.
	Adult Social Care Self-Assessment Validation	15			We are currently liaising with Adult Social Care Management to schedule this validation work.
	Grant Validations	13	5 (in reporting period)	Underway	<p>Validation work has been completed in relation to the following grant funding streams to enable sign off by appropriate officers:</p> <ul style="list-style-type: none"> Local Transport Capital Funding 2022-23. The Disabled Facilities Capital Grant (Dfg) Determination 2022-23. Family Hub and Start for Life programme P1 Capital Grant Determination 2023-24.
	Supporting Families Assessment Validation	25	6.2	Underway	The team have provided independent verification of all monthly claims for funding and issued the appropriate assurance certificates to be included with the returns.

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
			(in reporting period)		
	Responsive Assurance Work	17.5	0.4 (in reporting period)	Underway	The team have assisted with several ad-hoc requests for advice and information.

Responsive assurance activity

Activity	Day budget	Days used	Opinion, summary of findings & recommendations made
N/A			

Other consultancy services including advice & information.

Activity	Day budget	Days used	Opinion, summary of findings & recommendations made
Business Continuity planning	15	15.2	A consultancy review to look at that council's approach to Business Continuity Planning has been completed and is currently going through the quality control process.
SEND Education	12	7.1	A consultancy review to look at the proposed new arrangements for the provision of SEND Education has been completed and the draft report is currently with the client for consideration.

6. Quality Assurance & Improvement Programme

- 6.1 The Standards require that: *The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement.* The Internal Audit QAIP was agreed by the Audit Committee in March 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	45 days
IA4	Time spent on CPD/non-professional qualification training, learning & development (including corporate training)	40 days	8 days
IA5	Compliance with PSIAS	100%	Annual outturn only
LA Specific Performance Measurements			
IA6	Average cost per agreed assurance review	<£5,000	Annual outturn only
IA7	Proportion of estimated resources delivered	N/A	27%
IA8	Proportion of chargeable time spent on: a) Assurance work b) Consultancy work	N/A	96% 4%
IA9	Proportion of agreed assurance reviews: a) Delivered b) Underway	95%	40% 20%
IA10	Proportion of completed assurance reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	Annual outturn only
IA11	Number of agreed actions that are: a) Not yet due b) Implemented c) Outstanding	N/A	53 36 19
IA12	Proportion of actions implemented by agreed date	N/A	65.5%
IA13	Client, Management and Member satisfaction with	90%	Annual outturn only

Ref	Indicator	Target	Outturn for period
	internal audit services		

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 currently projecting a loss of approximately 66 days from the estimated resource; a large proportion of which is attributable to a reduction in working hours for one officer from 1 October 2023. There were efforts to address this resource loss as part of the planning for Q3-Q4 but unforeseen circumstances that now prevent certain reviews from taking place mean that changes to the agreed plans are necessary, and these changes will help to deal with any residual resource losses not addressed in the Q3-Q4 planning.
- 7.4 Following the emergency closure of Gun Wharf, the property services team have been heavily involved in ongoing work relating to the RAAC issues identified in the building. As such, the demands on the service mean it is not an appropriate time to conduct a review of Facilities Management and this will be deferred to 2024-25.
- 7.5 In addition, the Therapeutic Outreach And Support Service has recently been outsourced to an external provider. It is too early to conduct a review of the contract management processes but the change in service delivery will also alter the risk profile. As such it is proposed to remove this from the 2023-24 plan and it will be reconsidered as part of the risk assessment for 2024-25.
- 7.6 These changes to the agreed plans will account for 30 days of the lost resource, while not adversely impacting on our ability to deliver sufficient assurance activity.

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>Two actions due, one completed. One high priority action outstanding relating to identifying secure payment methods as an alternative to cash.</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>Six actions due, six completed. Revised implementation dates agreed for two high priority actions, which were not due in the report period.</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. Actions relate to amendments to mandatory fields in the staff leaver form, reviewing arrangements for the storage and retention of payroll forms, reviewing the authorised signatory process, ensuring pay run checklists are completed in full, and supervisor checks being undertaken in a timely manner.</p>	<p>All actions completed.</p>
Market Income Collection	<p>Opinion: Green. One action agreed: One medium priority. Action relates to Pitch charges being regularly reviewed and authorised.</p>	<p>One action due, none completed. One medium priority outstanding relating to Pitch charges being regularly reviewed and authorised.</p>
Kyndi – Governance & Accounting	<p>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</p>	<p>One action due, one completed. Revised implementation date agreed for one high priority action, which was not due in the period.</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
	further action 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.	Four actions due, three completed. One high priority outstanding relating to VAT training being provided to relevant officers.
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.
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.	Five actions due, three completed. Two medium priority actions outstanding relating to a more comprehensive asset register, with a regular independent asset check.
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.	All actions completed.
Procurement Compliance	Opinion: Amber . Four actions agreed: Two high , one medium and one low priority.	Four actions due, two completed. One high and one low priority outstanding relating to liaising with Finance to identify new controls to

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 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.	reduce the risk of non-compliant spending and updating documents available on the internet and staff intranet.
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. All other actions completed.
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. 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.	Three actions due, none completed. Three medium priority outstanding relating 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.	One action due, none completed. One medium priority action outstanding relating to an appropriately approved DPIA being put in place
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 .	One action completed before report finalised.

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
	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.	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.	All actions completed.
Business Continuity – IT Recovery	Opinion: Amber . Three actions agreed: Two medium and one 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.	Two actions due, one completed. One medium priority outstanding relating to updating the arrangements documented in the plan relating to testing.
Legal Case Management	Opinion: Amber . Six actions agreed: Two high , two medium and two low priority. Actions relate to reviewing and updating the Office Manual, ensuring that all files follow the appropriate file structure, ensuring Client Care Memos are sent to all relevant clients, ensuring the risk level is recorded on all files, and ensuring that files are fully closed in a timely manner.	No actions due in report period.
HMO Licencing	Opinion: Green . Two actions agreed. One medium and one low priority. Actions relate to setting a review date for amending fees and charges in the Housing Enforcement and Licensing Policy, and making arrangements for the public HMO register to be updated and maintained regularly.	One action due, none completed. One medium priority outstanding relating to making arrangements for the public HMO register to be updated and maintained regularly
Highways Maintenance & Repairs	Opinion: Amber . Two actions agreed: One high one medium priority. Actions relate to the Terms of Reference for key meetings being reviewed and updated, and KPIs being reviewed, agreed, and scoring amended where necessary.	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
Petty Cash	<p>Opinion: Amber.</p> <p>One high priority action agreed.</p> <p>Action relates to reviewing use of petty cash and if to remain, ensuring its security, updating staff guidance and the cash advance form, and reviewing procedures for chasing receipts and reconciling the petty cash tin.</p>	No actions due in report period.
Adult Social Care Supported Living	<p>Opinion: Amber.</p> <p>Five actions agreed: Four high and one medium priority.</p> <p>Actions relate to ensuring that staff are reminded about the return of sign provider contracts, ensuring that all clients receive a financial assessment, ensuring that all documents are completed and uploaded for Third Party Top-Up and Medway Top-Up, arrangements being put in place to ensure that 12-week disregards are followed up and recorded within the agreed timeframe, arrangements being put in place to ensure that placement reviews are completed within required timescales.</p>	Four actions completed before report finalised. No other actions due in report period.
Recruitment & Management of Casual Staff	<p>Opinion: Red.</p> <p>Six actions agreed: Three high and three medium priority.</p> <p>Actions relate to more accurate record keeping and ensuring all council data is held securely.</p>	Two actions completed before report finalised. No other actions due in report period.
Staff Travel & Subsistence	<p>Opinion: Red.</p> <p>Two actions agreed: One high and one low priority.</p> <p>Actions relate to reviewing policies / guidance, updating information presented and training provided to authorising managers around their roles and responsibilities, reviewing mileage and expense claim forms to ensure appropriate mandatory information is captured and reviewing historic VAT reports.</p>	No actions due in report period.
Deprivation of Liberty Safeguards in the Community	<p>Opinion: Red.</p> <p>Six actions agreed: Two high and four medium priority.</p> <p>Actions relate to exploring training options available in relation to both identifying and processing Community DOLS and identifying social care staff that should attend the training; the potential for adding relevant questions connected to Community DOLS to review / assessment forms; creating workflows within Mosaic relating to the Community DOLS process, with an interim process put in place for renewal reminders, and the number of renewals waiting to be processed included in reporting figures.</p>	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
C&A	Children in Need – Section 17 Financial Assistance	Alternative secure methods of payment should be identified with an implementation plan to minimise the need for cash payments.	High	31 December 2020 31 March 2022 31 January 2023 30 September 2023	The system and process for prepayments cards has been put into place (4 April 2023). A stock of cards was purchased but cannot be used until key staff have been trained. There has been a significant delay with the contractor making training available, but we now have a session in mid-January 2024 and thereafter implementation is planned for the end of January 2024.
Business Support	Insurance	All areas of the council to be regularly canvassed / reviewed to ensure that the register of insurable assets is up to date.	Medium	31 March 2023	The insurance team are in the process of obtaining a full list of all the Council's assets, which will be used to provide the basis for the canvassing exercise. This has been delayed to staff vacancies, high levels of insurance claims and an insurance contract tendering exercise. It is unlikely that this exercise will be complete before the next financial year but once the new insurance contracts have commenced (01/04/24), the insurance & Risk Team will look to complete this exercise. A revised implementation date of 30 April 2024 is requested.
Business Support	Insurance	The roles and responsibilities of the insurance section to be defined and formally documented.	Medium	31 March 2023	The roles and responsibilities exercise is in process and much of the documentation has been completed. Delegation levels within the team relating to insurance claims are being finalised and a revised implementation date of 30 April 2024 is requested.
RCE	Market Income Collection	The pitch charges will be regularly reviewed and approved.	Medium	28 February 2023	The market pitch fees are reviewed each year, however, have not previously

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
					formed part of the published fees and charges document. This is being incorporated into the fees and charges for 2024-25. A revised implementation date of 28 February 2024 is requested.
RCE	Financial Planning & Budget Setting	The annual arrangements for the provision of the HRA business plan to be formalised.	Low	30 April 2023	The service has not had capacity to move this action forward and are now in the process of recruiting a new Chief Housing Officer. It will be dealt with as part of the planning process for 2024-25 and a revised implementation date of 30 April 2024 is requested.

Definitions of audit opinions & action priorities

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

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