

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

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# Internal Audit Update

Medway Council

For the period:

1 December 2023 – 31 January 2024

# 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 This report covers a short period of only two months, but work has continued with five reviews finalised in the period:
  - Residential Parking Permits – Opinion: **Amber**
  - Childrens Imprest Account – Opinion: **Red**
  - Information Requests – Opinion: **Amber**
  - Surveillance (RIPA) – Opinion: **Amber**
  - Asset Management – Opinion: **Green**

In addition, ten reviews currently have fieldwork in progress, a further six are currently going through the quality control process and one has the draft report with clients for consideration. As a consequence of this work, plan delivery as of 31 January was 48% complete, with a further 37% underway. Full details of the individual reviews can be found in section 5 of this report.

- 2.2 Follow up of agreed actions has continued and performance as of 31 January 2024 stood at 71.1%, with 54 of 76 actions due in the period having been completed (based on responses received by report deadline). 22 remain outstanding, one of which is six months or more overdue and has 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 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 88 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 December 2023 to 31 January 2024 amounted to 98.7 days. This represents 14% of the 712 days originally estimated to be available at the start of 2023-24. Of this chargeable time, 96.8 days (98%) was spent on audit assurance work and 1.9 days (2%) was spent on consultancy work. The current status and results of all work carried out are detailed at section 5 of this report.
- 4.4 As Members will be aware from previous updates, we were projecting a loss of approximately 66 days from the projected internal audit resource available at the start of the year when we reported on activity up to 30 November 2023. Based on our most recent assessment, this projected loss has increased to approximately 88 days.

## 5. Results of planned Internal Audit work

- 5.1 The Internal Audit Plans Q1-Q2 and Q3-Q4 for 2023-24 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	Findings reported at January 2024 Committee meeting
15	Deprivation of Liberty	20	27.6	Final report issued	Findings reported at January 2024 Committee meeting
19	Staff Travel & Subsistence	16	18.6	Final report issued	Findings reported at January 2024 Committee meeting
24	HMO Licensing	15	19.7	Final report issued	Findings reported at January 2024 Committee meeting
25	Legal Case Management	15	18.6	Final report issued	Findings reported at January 2024 Committee meeting
27	Extra Care	15	17	Final report issued	Findings reported at January 2024 Committee meeting
29	Petty Cash	15	18.9	Final report issued	Findings reported at January 2024 Committee meeting
31	Highways - Maintenance & Repair	15	16.8	Final report issued	Findings reported at January 2024 Committee meeting
36	Attendance Advisory Service to Schools & Academies	15	21.2	Final report issued	Findings reported at January 2024 Committee meeting

## 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)	17		Draft report with client for consideration.	The review considered the following risk management objectives: <b>RMO1 - There are effective arrangements in place to assess requests for complex health funding for children &amp; young people.</b> <b>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.</b>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
2	Management of Casual Staff	15	23	Final report issued	Findings reported at January 2024 Committee meeting
3	Children's Imprest Accounts	15	14.6	Final report issued	<p>The review considered the following risk management objective:  <b>RMO1 - The use and management of the imprest account is in accordance with the council's guidelines.</b></p> <p>The review found there was guidance in place relating to the use of the imprest account; however, more clarity is required in relation to the financial limits of the account and the officers who can authorise transactions.</p> <p>The imprest account is primarily available for use to enable officers to reimburse or make payments of financial assistance to children in need of support to safeguard and promote their welfare; however, the audit testing identified significant volumes of transactions related to direct council expenditure and large volumes approved by officers without delegated authority.</p> <p>The processing of transactions is completed in a timely manner; however, evidence of the transaction was not always available to be reviewed on the young person's electronic file, as it was not being supplied to the administration team for scanning or not being recorded by the officer directly.</p> <p>The testing suggests that not all officers are following the guidance and that all officers that have dealings with the imprest account would benefit from more robust training.</p> <p>The imprest account is regularly replenished. Actions have been identified to improve security around this process. <b>Opinion: Red.</b></p> <p><b>Overall Opinion: Red. Actions: Three high and one medium priority. Actions relate to more robust guidance and training being made available to officers, ensuring appropriate delegated financial authority is in place, and ensuring better security of cash being transferred to the office.</b></p>
4	Brokerage Services	15		Fieldwork underway	<p>The review will consider the following risk management objective:  <b>RMO1 - The brokerage of adult social care services is appropriately managed and monitored.</b></p>
5	Code of Conduct	15		Proposal to defer to 2024-25	The HROC service are currently in the middle of the Medpay review, alongside which a number of policies are being updated. As such, it has been determined that it may be more prudent to defer the review to 2024-25.
6	Asset management	15	18.7	Final report issued	The review considered the following risk management objective:

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p><b>RMO1 - Arrangements are in place to manage and account for the council's land and property assets.</b></p> <p>The review found that work has started on a new Corporate Property Strategy, with high level information regarding the council's strategy included within the Capital Strategy 2024-25.</p> <p>The service has an effective method of recording land and property assets, including those purchased or disposed of. Regular reconciliations are undertaken to an asset register maintained by Finance. Details of the directorate and service responsible for each asset are held and it is they who are responsible for the overall management of that asset. A process is in place to identify, on an annual basis, the land and property assets to be valued each year. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Actions: One low priority.</b></p> <p><b>Action relates to ensuring data relating to land and building assets held by the council is published in line with transparency requirements.</b></p>
7	Information requests (FOI, SAR, EIR)	15	18.3	Final report issued	<p>The review considered the following risk management objective:</p> <p><b>RMO1 - Arrangements are in place for the council to assess and respond to information requests in accordance with legislation.</b></p> <p>The review found there is information about information requests on the council's website, which includes a link to an online request form, though information regarding timescales requires updating.</p> <p>Guidance documents are in place, although some need finalising and all documents need to be made available to officers. Likewise, training is available, but a survey indicated it may be beneficial for officers to be reminded of its availability.</p> <p>Since October 2022, all Freedom of Information (FOI) / Environmental Information Regulation (EIR) requests made online have been automatically recorded on JADU, which provides a workflow for assigning and managing cases and authorising responses, as well as automating a number of tasks, including reminders. Audit testing confirmed that FOI/EIR requests are processed appropriately and responded to within statutory deadlines in the majority of cases, though a need to review procedures for contacting requesters when requests are overdue and recording the reason for any delay, was identified. Although Subject Access Requests (SARs) can be made using the online form on the council's website, currently the details must be manually entered onto the</p>

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					<p>Legal Case Management system to enable performance reporting on timescales, with cases managed individually by services outside of the system. Although templates for SARs can be provided by the IG team, they are not readily available to officers. Performance reports indicate that the proportion of SARs responded to within the statutory deadline is significantly below the 90% target set by the Information Commissioners Office (ICO), though at the time of writing, we were advised that this has been increasing. An Improvement Plan has been put in place, which includes plans for a similar process to that used for FOI/EIR requests to be created on JADU.</p> <p>Arrangements exist for regular reporting on information request performance, though this includes limited information and analysis about why information requests are overdue which would enable senior management to take appropriate action. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Actions: One high, two medium, and six low priority. Actions relate to updating information request timescales on the council’s website; finalising and publishing guidance documents; putting arrangements in place for evidence to be recorded when EAs/PAs are requested to authorise responses on the system on behalf of authorising officers; reviewing the FOI/EIR templates available to officers and making SAR templates available; reviewing procedures for requesters to be contacted when requests are overdue and recording the reason so this can be used in reporting to senior management; escalating the proposed move to managing SARs on JADU; reminding officers of the training courses available; and, reviewing arrangements for reporting information request performance.</b></p>
8	Parking Permits - Residential	15	14.9	Final report issued	<p>The review considered the following risk management objective:  <b>RMO1 - Arrangements are in place to identify and mitigate risks associated with the administration of the resident parking permit scheme.</b></p> <p>The review found that comprehensive information about resident parking permits can be found on the council’s website, with both online and paper application forms available, and details provided in relation to the supporting documents required. There are a number of procedure documents available to support the processing of resident parking permit applications, with processes in place for eligibility to be checked, payments processed, and permits issued, which were confirmed to be working efficiently through audit testing. There is also</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>appropriate oversight of application processing, including monitoring against an internal target to process applications within ten days of payment and a monthly audit to verify that a sample of ten randomly chosen resident parking permit applications have been processed correctly. In addition, a monthly report is run to monitor permits issued and income received, however there is currently no check on Integra to ensure income has been coded to the correct cost centre, with audit testing identifying some evidence of miscoding. Arrangements exist for data to be held in accordance with the Data Protection Act, though the relevant procedure document does not include the process for destroying paper files and / or removing data from systems that has exceeded the retention date. Renewals are appropriately managed, with a reminder email sent to applicants who have previously applied online, as well as renewal reminder letters being produced. It was noted that the letter does not identify the type of proof of address that is acceptable, and audit testing identified an instance in which invalid proof of address had been accepted as part of a renewal. <b>Opinion: Amber.</b>  <b>Overall Opinion: Amber. Actions: One high and five low priority.</b>  <b>Actions relate to updating the postal application form and renewal reminder letter; reminding officers to only accept valid proof of address; undertaking a monthly income check on parking permit GL codes within Integra; and, producing a procedure document relating to the destruction of paperwork / system data.</b></p>
9	Surveillance (RIPA)	15	12.5	Final report issued	<p>The review considered the following risk management objective:  <b>RMO1 - There are appropriate arrangements in place to ensure the council is compliant with RIPA.</b></p> <p>The review found there is a Covert Surveillance Policy in place which was approved by Cabinet on 18 October 2022, however this has yet to be circulated to investigating and authorising officers. Supporting application, review, renewal, and cancellation forms are included as appendices within the policy but are not readily available as editable documents that staff can complete. There are five officers identified within the Covert Surveillance Policy as being able to issue authorisations for directed surveillance under RIPA, and 'RIPA Authorising Officer &amp; Management Training' was completed by all five of these officers in June 2023. Four RIPA awareness training sessions were also run in 2023 and were attended by 44 investigating officers. The procedures for applying for, reviewing, renewing,</p>



Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					and cancelling directed surveillance authorisation, and the availability of support and legal advice, are clearly set out within the Covert Surveillance Policy, and a paper-log of authorisations and accompanying paperwork is maintained by the Legal Team. We were advised that quarterly calendar reminders have been set by the Assistant Director – Legal & Governance, to review any authorisations and ensure the log is updated, and it is understood that there are intentions to report use of RIPA powers to council Members, however this has not yet taken place as there have been no recent authorisations. <b>Opinion: Amber.</b> <b>Overall Opinion: Amber. Actions: One high and two low priority.</b> <b>Actions relate to the Covert Surveillance Policy and editable versions of the forms provided as appendices being circulated / made available to staff, and ensuring records of directed surveillance authorisations are held securely and are centrally retrievable.</b>
10	Caldicott Guardian	15		Fieldwork underway	The review will consider the following risk management objective: <b>RMO1 - The council is compliant with its mandatory obligation to appoint a Caldicott Guardian and the Caldicott Guardian's responsibilities are met.</b>
11	HRA Void Repairs Contract & HRA Rechargeable Works	22		Fieldwork complete, in quality control	The review considered the following risk management objectives: <b>RMO1 - Arrangements are in place to manage the void repairs contract.</b> <b>RMO2 - Measures are in place to ensure rechargeable repairs are dealt with appropriately.</b>
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	18		Fieldwork complete, in quality control	The review considered the following risk management objective: <b>RMO1 - Arrangements are in place to ensure the effective governance of the ground maintenance and greenspaces contract held with Medway Norse.</b>
14	Health & Safety	15		Fieldwork complete, in quality control	The review considered the following risk management objective: <b>RMO1 - There are arrangements in place to ensure the council remains compliant with Health and Safety legislation.</b>
15	Mobile Home Licencing	15		Fieldwork complete, in quality control	The review considered the following risk management objective: <b>RMO1 - Arrangements are in place to manage the licensing of mobile home sites.</b>
16	Complaints	15		Fieldwork complete, in quality control	The review considered the following risk management objective: <b>RMO1 - There are arrangements in place to effectively record, respond to and monitor complaints.</b>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
17	Facilities Management	N/A	N/A	Removed from plan	Deferral to 2024-25 agreed at January 2024 Committee meeting
18	High Needs Block Recovery Plan			Terms of Reference being prepared	
19	Unregulated Placements	15		Fieldwork underway	The review will consider the following risk management objective: <b>RMO1 - Unregistered/unregulated placements are only used as a last resort and are managed in accordance with set procedures.</b>
20	Fostering Payments (Previously Assessments, Reviews, Allowances & Expenses)	15		Fieldwork underway	The review will consider the following risk management objective: <b>RMO1 - Appropriate arrangements are in place to ensure correct payment to foster carers.</b>
21	SEND Transport			Terms of Reference being prepared	
22	Therapeutic Outreach And Support Service	N/A	N/A	Removed from plan	Removal agreed at January 2024 Committee meeting
23	Council Tax Administration	15		Fieldwork underway	The review will consider the following risk management objective: <b>RMO1 - Arrangements are in place to administer council tax.</b>
24	Adult Social Care - Assessments & Reviews of Financial Support			Terms of Reference being prepared	
25	IR35 Assessments	15		Fieldwork underway	The review will consider the following risk management objective: <b>RMO1 - There are arrangements in place to ensure compliance with the off-payroll working rules.</b>
26	Innovation Park Medway	N/A	N/A	Converted to Consultancy	This will now be a consultancy review.
27	Homes for Independent Living Scheme	15		Fieldwork complete, in quality control	The review will consider the following risk management objective: <b>RMO1 - There are appropriate arrangements in place to manage the Homes for Independent Living Scheme.</b>
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

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					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"> <li>• Governance</li> <li>• Payroll</li> <li>• Purchasing and payments</li> <li>• Income &amp; Cash Handling</li> <li>• Asset Management</li> </ul>
	Balfour Infant school	20		Fieldwork underway	Fieldwork commenced.
	St Helens Church of England Primary School	20		Fieldwork underway	Fieldwork commenced.
	St William of Perth Roman Catholic primary School	20		Fieldwork underway	Fieldwork commenced.
	St Mary's Catholic Primary School	20		Fieldwork underway	Fieldwork commenced.

### Other assurance activity

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
	<i>Finalisation of 2022-23 Planned Work</i>	50	78.6	<i>Complete</i>	<i>All reviews from 2022-23 have been finalised.</i>
	Information Governance Action Plan Validation	15			A meeting has taken place with the Information Governance team to agree the method by which this validation work will be undertaken.
	Adult Social Care Data Validation	5			In agreement with Adult Social Care Management, it has been determined that there is no longer a need for this validation work to be undertaken.
	Adult Social Care Self-Assessment Validation	15			A Terms of Reference is currently being prepared for this validation work.
	Grant Validations	13	1.7 (in reporting period)	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"> <li>• Local Transport Fund (LTF).</li> <li>• Local Authority Bus Subsidy (Revenue) Grant: Specific Grant Determination 2022/23.</li> </ul>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
	Supporting Families Assessment Validation	25	2.5 (in reporting period)	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.
	Responsive Assurance Work	17.5	0 (in reporting period)	Underway	No responsive assurance work has taken place this this reporting period.

### Consultancy Work

Activity	Day budget	Days used	Opinion, summary of findings & recommendations made
Business Continuity planning	15 (from responsive consultancy work budget)		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 (from responsive consultancy work budget)	7.1	A consultancy review to look at the proposed new arrangements for the provision of SEND Education has been completed, with a final report shared with the client providing a summary of the findings, with suggested actions for their consideration.
Innovation Park Medway	10		A consultancy review to look at the governance arrangements surrounding the Innovation Park Medway project has commenced.
Attendance at Corporate Working Groups	4.5	0.3 (in reporting period)	The team have continued to be represented on the Strategic Information Governance Group.

## 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
<b>Non-LA Specific Performance Measurements</b>			
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	36.1 days
IA4	Time spent on CPD/non-professional qualification training, learning & development (including corporate training)	40 days	3.3 days
IA5	Compliance with PSIAS	100%	Annual outturn only
<b>LA Specific Performance Measurements</b>			
IA6	Average cost per agreed assurance review	<£5,000	Annual outturn only
IA7	Proportion of estimated resources delivered	N/A	14%
IA8	Proportion of chargeable time spent on: a) Assurance work b) Consultancy work	N/A	98% 2%
IA9	Proportion of agreed assurance reviews: a) Delivered b) Underway	95%	48% 37%
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	48 54 22
IA12	Proportion of actions implemented by agreed date	N/A	71.1%
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 88 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. While there have already been amendments to the agreed plans to try and account for much of this loss, a further amendment is required.
- 7.4 HR & Organisational Change are supporting a significant period of change linked to the review of Medpay and the demands on the service mean it is not an ideal time to conduct a review. As such, we are proposing to defer the review relating to the code of conduct to 2024-25.
- 7.5 This change will account for a further 15 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><b>Opinion: Red</b> Two <b>high</b> priority actions agreed. Actions relate to the distribution of new policies and procedures and identifying secure payment methods as an alternative to cash.</p>	All actions completed.
Tree Service	<p><b>Opinion: Red</b> Eight actions agreed: Seven <b>high</b> and one <b>medium</b> 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>Seven actions due, six completed. Revised implementation dates agreed for two <b>high</b> priority actions. One <b>high</b> priority outstanding relating to updating the Tree Policy.</p>
Insurances	<p><b>Opinion: Amber.</b> Two <b>medium</b> priority actions agreed. Actions relate to asset inventories being regularly updated and reconciled to ensure they are a true reflection of the assets held and There being no strategy or insurance policy in place for the insurance service to document the administration arrangements for insurance claims.</p>	<p>No actions due in report period. Revised implementation dates agreed for two <b>medium</b> priority actions.</p>
Market Income Collection	<p><b>Opinion: Green.</b> One action agreed: One <b>medium</b> priority. Action relates to Pitch charges being regularly reviewed and authorised.</p>	<p>No actions due in report period. Revised implementation date agreed for one <b>medium</b> priority action.</p>
Kyndi – Governance & Accounting	<p><b>Opinion: Amber.</b> Two actions agreed: One <b>high</b> and one <b>medium</b> 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.</p>	<p>One action due, one completed. Revised implementation date agreed for one <b>high</b> priority action, which was not due in the period.</p>
Financial Planning & Budget Setting	<p><b>Opinion: Amber.</b> Three actions agreed: One <b>high</b>, one <b>medium</b> and one <b>low</b> priority. Actions relate to formalising the use of external advisors and reviewing the apportionment of salaries and other internal service recharges to the HRA.</p>	<p>Two actions due, none completed. Revised implementation date agreed for one <b>low</b> priority action, which was not due in the period. One <b>high</b> and one <b>medium</b> priority outstanding</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
		relating to formalising the use of external advisors and reviewing the apportionment of salaries and other internal service recharges to the HRA.
VAT	Opinion: <b>Amber</b> . Four actions agreed: Two <b>high</b> and two <b>low</b> 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 <b>high</b> priority outstanding relating to VAT training being provided to relevant officers.
Emergency Planning	Opinion: <b>Green</b> . Four actions agreed: One <b>medium</b> and three <b>low</b> 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 <b>medium</b> and two <b>low</b> 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: <b>Amber</b> . Three <b>medium</b> priority actions agreed. Actions relate to updating policies and procedures, improving case notes, and moving away from paper files.	All actions completed.
Hempstead Schools Federation	Opinion: <b>Amber</b> . Five actions agreed: Two <b>high</b> and three <b>medium</b> 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 <b>medium</b> priority actions outstanding relating to a more comprehensive asset register, with a regular independent asset check.
Procurement Compliance	Opinion: <b>Amber</b> . Four actions agreed: Two <b>high</b> , one <b>medium</b> and one <b>low</b> 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.	Four actions due, three completed. One <b>low</b> priority outstanding relating to updating documents available on the internet and staff intranet.
Risk Management Framework	Opinion: <b>Amber</b> . One <b>medium</b> priority action agreed.	No actions due in report period.



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
	Action relates to arrangements being put in place for appropriate guidance and training on risk management to be made available.	
HRA Development Projects	Opinion: <b>Green</b> . One <b>low</b> priority action agreed. Action relates to a review of the HRA Development Strategy.	All actions completed.
IT Security & Access Controls	Opinion: <b>Green</b> . Three <b>medium</b> 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, two completed. One <b>medium</b> priority outstanding relating to reviewing the ICT Security Policy.
Medway Integrated Community Health Equipment Service	Opinion: <b>Green</b> . One <b>medium</b> priority action agreed. Action relates an appropriately approved DPIA being put in place.	One action due, none completed. One <b>medium</b> priority action outstanding relating to an appropriately approved DPIA being put in place
St Thomas of Canterbury Catholic School	Opinion: <b>Red</b> . Five <b>High</b> 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.	Five actions due, four completed. One <b>high</b> priority outstanding relating to Declarations of Interest being completed by all staff involved in purchasing goods or services
Sundry Debtors	Opinion: <b>Green</b> . Five actions agreed: Two <b>medium</b> and three <b>low</b> 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. Four actions due, none completed. One <b>medium</b> and three <b>low</b> priority outstanding relating to reviewing procedure notes/guidance, agreeing responsibility for and scheduling debtor maintenance, and making arrangements to ensure agreement to repay the debt is attached to all invoices.
Climate Change Action Plan	Opinion: <b>Green</b> . One <b>low</b> priority action agreed. Action relates to the development of a Climate Change Action Plan Risk Register.	No actions due in report period.
Business Continuity – IT Recovery	Opinion: <b>Amber</b> . Three actions agreed: Two <b>medium</b> and one <b>low</b> priority.	Five actions due, two completed. Two <b>medium</b> and one <b>low</b> priority outstanding relating to updating the arrangements

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 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.	documented in the plan relating to testing, reviewing the ICT Business Continuity Plan annually, and training relating to business continuity for the ICT teams.
Legal Case Management	Opinion: <b>Amber</b> . Six actions agreed: Two <b>high</b> , two <b>medium</b> and two <b>low</b> 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: <b>Green</b> . Two actions agreed. One <b>medium</b> and one <b>low</b> 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, one completed.
Petty Cash	Opinion: <b>Amber</b> . One <b>high</b> priority action agreed. 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.	No actions due in report period.
Adult Social Care Supported Living	Opinion: <b>Amber</b> . Five actions agreed: Four <b>high</b> and one <b>medium</b> priority. 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.	Four actions completed before report finalised. No other actions due in report period.
Management of Casual Staff	Opinion: <b>Red</b> . Six actions agreed: Three <b>high</b> and three <b>medium</b> priority. Actions relate to more accurate record keeping and ensuring all council data is held securely.	Two actions completed before report finalised. One action due, one completed.
Staff Travel & Subsistence	Opinion: <b>Red</b> .	Two actions due, none 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
	<p>Two actions agreed: One <b>high</b> and one <b>low</b> 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>	<p>One high and one low priority outstanding relating 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>
Deprivation of Liberty Safeguards in the Community	<p>Opinion: <b>Red</b>.</p> <p>Six actions agreed: Two <b>high</b> and four <b>medium</b> 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>	<p>Two actions due, one completed.</p> <p>One <b>medium</b> priority outstanding relating to the number of renewals waiting to be processed being included in reporting figures</p>
Residential Parking Permits	<p>Opinion: <b>Amber</b></p> <p>Six actions agreed: One <b>high</b> and five <b>low</b> priority.</p> <p>Actions relate to updating the postal application form and renewal reminder letter; reminding officers to only accept valid proof of address; undertaking a monthly income check on parking permit GL codes within Integra; and, producing a procedure document relating to the destruction of paperwork / system data.</p>	<p>No actions due in report period.</p>
Childrens Imprest Account	<p>Opinion: <b>Red</b></p> <p>Four actions agreed: Three <b>high</b> and one <b>medium</b> priority.</p> <p>Actions relate to more robust guidance and training being made available to officers, ensuring appropriate delegated financial authority is in place, and ensuring better security of cash being transferred to the office.</p>	<p>One action completed before report finalised.</p> <p>No actions due in report period.</p>
Information Requests (FOI, SAR, EIR)	<p>Opinion: <b>Amber</b></p> <p>Nine actions agreed: One <b>high</b>, two <b>medium</b>, and six <b>low</b> priority.</p> <p>Actions relate to updating information request timescales on the council's website; finalising and publishing guidance documents; putting arrangements in place for evidence to be recorded when EAs/PAs are requested to authorise responses on the system on behalf of authorising officers; reviewing the FOI/EIR templates available to officers and making SAR templates available; reviewing procedures for requesters to be contacted when requests are overdue and recording the reason so this can be used in</p>	<p>No actions due in report 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
	reporting to senior management; escalating the proposed move to managing SARs on JADU; reminding officers of the training courses available; and, reviewing arrangements for reporting information request performance.	
Surveillance (RIPA)	Opinion: <b>Amber</b> Three actions agreed: One <b>high</b> and two <b>low</b> priority. Actions relate to the Covert Surveillance Policy and editable versions of the forms provided as appendices being circulated / made available to staff, and ensuring records of directed surveillance authorisations are held securely and are centrally retrievable.	No actions due in report period.
Asset Management	Opinion: <b>Green</b> One <b>low</b> priority action agreed. Action relates to ensuring data relating to land and building assets held by the council is published in line with transparency requirements.	Action completed before report finalised.

### 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.	<b>High</b>	<del>31 March 2023</del> 31 December 2023	The Tree policy has now been drafted and was intended to be presented to Cabinet in March. However, following consultation with the Portfolio Holder, we are looking at amendments to the policy and it will therefore go to Cabinet in June before going on to full council for ratification.

## Definitions of audit opinions & action priorities

Opinion	Definition
<b>Green</b> – 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.
<b>Amber</b> – 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.
<b>Red</b> – 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
<b>High</b>	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.
<b>Medium</b>	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.
<b>Low</b>	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.