

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

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# Internal Audit Update

Medway Council

For the period:

1 April – 31 August 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 The first five months of 2024-25 have led to the following audit reviews finalised: *(Items in italics had full details of the review included in the 2023-24 annual report)*
  - *Caldicott Guardian – Opinion: **Green** (2023-24 review finalised in 2024-25)*
  - *Council Tax Administration – Opinion: **Green** (2023-24 review finalised in 2024-25)*
  - *Grounds Maintenance & Greenspaces Contracts – Opinion: **Green** (2023-24 review finalised in 2024-25)*
  - *St Helen's CofE Primary School – Opinion: **Green** (2023-24 review finalised in 2024-25)*
  - *IR35 Assessments – Opinion: **Amber** (2023-24 review finalised in 2024-25)*
  - *Brokerage Services – Opinion: **Green** (2023-24 review finalised in 2024-25)*
  - *Fostering Payments – Opinion: **Amber** (2023-24 review finalised in 2024-25)*
  - *Balfour Infant School – Opinion: **Amber** (2023-24 review finalised in 2024-25)*
  - *St Marys Catholic Primary School – Opinion: **Amber** (2023-24 review finalised in 2024-25)*

In addition, seven of the nine remaining reviews from 23-24 have had fieldwork completed, two having draft reports with clients and a further three having been through the quality control process and are now having reports prepared. Six reviews from the current year have fieldwork underway and commencement of a number of others is being arranged with the clients. As a consequence of this work, plan delivery as of 31 August was 0% complete, with 17% underway. Full details of the individual reviews can be found in section 5 of this report.

- 2.2 Follow up of agreed actions has continued and performance as of 31 August stood at 60.9%, with 28 of 46 actions due in the period having been completed (based on responses received by report deadline). 18 remain outstanding, eight of which are six months or more overdue, or have failed to be implemented by revised implementation dates; these are being monitored in line with the agreed follow up process. Full details of the progress made in relation to recommendation follow up can be found at section 8.
- 2.3 There has been significant impact on projected resources with the most recent revisions suggesting a loss of approximately 96 days from the projected 685 available at the start of the year.

## 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 (4.59FTE) and one Trainee Internal Auditor.
- 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 2024-25 was prepared, was forecasted to provide a total of 1,070 days available for internal audit work (net of allowances for leave, training, management, administration etc.) with the share for Medway being 685 days, along with a further 73 days for management of internal audit activity.
- 4.3 Net chargeable days available for Medway for the period 1 April to 31 August 2024 amounted to 203.9 days. This represents 30% of the 685 days originally estimated to be available at the start of 2024-25. Of this chargeable time, 196.1 days (96%) was spent on audit assurance work and 8.1 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 96 days from the projected internal audit resource available at the start of the year. These losses have been driven by a number of sickness absences and the resignation of one internal auditor who left on 30 August. An investigator from the Counter Fraud team moved to internal audit in August to try and address some of the resource gap and will remain with the team until the end of the financial year while a longer-term solution is put in place.

## 5. Results of planned Internal Audit work

- 5.1 The Internal Audit Plan Q1-Q2 2024-25 for Medway was approved by the Audit Committee in March 2024. The Plan is intended to provide a clear picture of how the council will use the Internal Audit resource, reflecting all work to be carried out by the team for Medway during Q1 and Q2 of the financial year.
- 5.2 The tables below provide details of the work from 2023-24 that has been finalised in 2024-25 (excluding those detailed in the annual report for 2023-24), and the progress of work undertaken as part of the 2024-25 Q1-Q2 plan.

## 2023-24 Internal Audit assurance work finalised in 2024-25 (since the last Audit Committee meeting)

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

## 2024-25 Internal Audit assurance work

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
1	Out Of Hours Service	15		Terms of Reference being prepared	
2	Children in Care - Savings Provision	15		Fieldwork Underway	The review will consider the following risk management objective: <b>RMO1 - There are appropriate arrangements to manage Junior ISA and Child Trust Funds for Looked After Children.</b>
3	Adult Social Care Debt Recovery	15		Fieldwork Underway	The review will consider the following risk management objective: <b>RMO1 - There are arrangements in place to manage the recovery of adult social care debt.</b>
4	Homelessness	20		Fieldwork Underway	The review will consider the following risk management objective: <b>RMO1 - There are arrangements in place to manage approaches for homelessness assistance, including assessment of duty.</b>
5	Planning Obligations	15		Terms of Reference being prepared	
6	Virtual School	15		Fieldwork Underway	The review will consider the following risk management objective: <b>RMO1 - There are arrangements in place to manage the pupil premium funding provided to the council for children in their care.</b>
7	Establishment Management	15		Terms of Reference being prepared	
8	Medway Norse	15		Proposal to remove	The Norse contract has recently been renewed and the service level agreements are currently in the process of being reviewed and updated. There have also been recent changes to governance processes with the introduction of a shareholder board. Consequently, it is felt more appropriate to defer this review to 2025-26

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					while new processes are finalised, and assurance provided over whether these are working in practice at a later date.
9	Integrated Care Boards	15		Proposal to remove	Risks relating to this area of work were flagged by previous Director of Public Health during Planning Consultations. Following a meeting with the Director of People as part of the planning process, it was identified that the risks were not linked to internal control and fell outside of the area that internal audit could realistically provide value to, and the service are already in discussions with Health colleagues to address some of the concerns. As such, it is proposed that this review be removed to help address some of the resource gap.
10	Pentagon Centre	15		Terms of Reference being prepared	At the request of the service, this review has been delayed until Q4.
11	Medway Development Company (MDC)	15		Proposal to remove	There have been a number of changes to the governance arrangements following the introduction of a shareholder board, some of which are still in the process of being finalised. Consequently, it is felt more appropriate to defer this review to 2025-26.
12	Information Governance - Data Breaches	15			
13	Approved Contractor Frameworks	15		Terms of Reference being prepared	
14	Private Housing Enforcement	15		Fieldwork Underway	The review will consider the following risk management objective: <b>RMO1 - There are appropriate arrangements in place to enforce private housing standards.</b>
15	Housing Benefit & CTR Administration	15		Fieldwork Underway	The review will consider the following risk management objective: <b>RMO1 - Arrangements are in place to process and ensure the accuracy of Housing Benefit &amp; Council Tax Reduction claims.</b>
16	Special Guardianship Orders	15		Terms of Reference being prepared	

## Other assurance activity

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
	Finalisation of 2023-24 Planned Work	50		Underway	Work to finalise the last of the reviews from 2023-24 is ongoing with nine reviews still outstanding.
	Grant Validations	7.5		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>Family Hubs and Start for Life Programme P2 Revenue &amp; Capital (2023-24)</li> <li>Multiply ring-fenced grant 2023 – 2024.</li> </ul>
	Supporting Families Assessment Validation	12.5			The team have provided independent verification of claims for funding in April, May, and July, and issued the appropriate assurance certificates to be included with the returns.
	Responsive Assurance Work	7.5		Underway	See table on page 6.

## Responsive assurance activity

Activity	Number of Days Allocated	Number of Days Used	Opinion, summary of findings & recommendations made
HRA Compliancy Validation	3 (from responsive assurance work budget)	2.7	As part of preparations for an inspection by the Social Housing regulator, the Housing Division conducted an in-house audit to assess compliance with the 'Big 6' areas, namely Asbestos, Landlord Gas Safety Record (LGSR), Water, Fire Risk Assessment (FRA) (Review & Survey), Periodic Inspection Report (Communal & Domestic) and Passenger Lifts.  Internal Audit were asked to provide an independent view over the findings and provide validation of the conclusions and whether they were reflective of the true situation, as well as determine whether there were any improvements to be made to the overall process of ensuring compliance within HRA.  This review concluded that the findings of the in-house audit were accurate and also provided additional verification through further sample checking to support the original results. Some recommendations were also made to help streamline the process to evidence compliance in the future.
Adult Social Care Self-Assessment Validation	12.2 (from responsive)	4.8	From April 2023, the CQC has a new duty to assess local authorities' delivery of their adult social care duties under Part 1 of the Care Act 2014 through the new Assurance Framework. Completion of a self-assessment will form part of the preparation of evidence to support the CQC assessment. Internal audit

Activity	Number of Days Allocated	Number of Days Used	Opinion, summary of findings & recommendations made
	assurance work budget)		will have reviewed the self-assessment and the evidence available to provide an independent view over the conclusions reached by the Adult Social Care teams prior to the CQC inspection. This work has been completed, and a summary report outlining the conclusions has been provided to the service.
F.I.T Plan Validation	5 (from responsive assurance work budget)		Officers from internal audit have met with business change to identify how audit can provide assurance. It has been agreed that internal audit will provide assurance over non-financial key actions by validating the evidence prior to these actions being signed off. Financial savings targets are being monitored by finance and there are appropriate controls in place.

#### Other consultancy services including advice & information

Activity	Number of Days Allocated	Number of Days Used	Opinion, summary of findings & recommendations made
Attendance at Corporate Working Groups	2.5		The Head of Internal Audit & Counter Fraud has attended meetings for the Security & Information Governance Group and the Principal Internal Auditor has provided advice/assistance on relation to the Terms of Reference for the Security & Information Governance Operational Group.
Innovation Park Medway	7.6 (from responsive consultancy work budget)		A consultancy review to look at Project Management for Innovation Park Medway has been completed and is currently going through the quality control process.
Abbey Court School	2 (from responsive consultancy work budget)	1.2	Following a session for school bursar's where the internal audit process was explained and information provided about the common control areas identified in school reviews, Abbey Court school requested that internal audit take a look at some of their current processes following a change in staffing, to provide some general advice for potential improvements. The Principal Internal Auditor attended the school and offered advice on ways to streamline processes while ensuring that there was sufficient internal control to manage risks, highlighting best practice previously identified.

## 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 2024.
- 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	0%
IA3	Time spent on professional qualification training	N/A	97.7
IA4	Time spent on CPD/non-professional qualification training, learning & development (including corporate training)	40 days	13.8
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	30%
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%	0% 17%
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	23 28 18
IA12	Proportion of actions implemented by agreed date	N/A	60.9%
IA13	Client, Management and Member satisfaction with internal audit services	90%	Annual outturn only



## 7. Review of Internal Audit Plan

- 7.1 Monitoring of the delivery of planned work is built into the team's processes with individual officer time recording data feeding into an automated performance monitoring workbook; this tracks the performance of the team against the internal audit work plans and enables the Internal Audit Manager to plan and support officers to deliver their individual work plans.
- 7.2 Projection of the resources that will be available to the year-end are calculated at least quarterly and compared to the original forecasts. This determines any impacts on projected resources that would impact on delivery of the internal audit plan.
- 7.3 As noted in paragraph 4.4, we are projecting a loss of approximately 96 days from the estimated resource. There are several reviews within the Q1-Q2 plan that are no longer suitable to go ahead and amendments to the plan will help to address a portion of this loss, although the remainder has been addressed as part of the planning process for Q3-Q4. The Committee is requested to agree the following amendments:
- Medway Norse – Defer to 2025-26. The Norse contract has recently been renewed and the service level agreements are currently in the process of being reviewed and updated. There have also been recent changes to governance processes with the introduction of a shareholder board, so it is felt that internal audit would add more value by conducting an assurance review once these new processes have been finalised and operating in practice.
  - Integrated Care Boards – Remove from plan. Risks relating to this area of work were flagged by previous Director of Public Health during Planning Consultations. Following a meeting with the Director of People as part of the planning process, it was identified that the risks were not linked to internal control and fell outside of the area that internal audit could realistically provide value to, and the service are already in discussions with Health colleagues to address some of the concerns. As such, it is proposed that this review be removed to help address some of the resource gap.
  - Medway Development Company – Defer to 2025-26. As with Medway Norse, there have been a number of changes to the governance arrangements following the introduction of a shareholder board, some of which are still in the process of being finalised. Internal audit would provide more value conducting an assurance review once these new processes have had an opportunity to operate for a period of time.

## 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
Tree Service	<b>Opinion: Red</b> Eight actions agreed: Seven <b>high</b> and one <b>medium</b> priority.	Eight actions due, six completed. Two <b>high</b> priority outstanding.
Insurances	<b>Opinion: Amber.</b> Two <b>medium</b> priority actions agreed.	All actions completed.
Financial Planning & Budget Setting	<b>Opinion: Amber.</b> Three actions agreed: One <b>high</b> , one <b>medium</b> and one <b>low</b> priority.	All actions completed.
VAT	<b>Opinion: Amber.</b> Four actions agreed: Two <b>high</b> and two <b>low</b> priority.	Four actions due, three completed. One <b>high</b> priority outstanding.
Emergency Planning	<b>Opinion: Green.</b> Four actions agreed: One <b>medium</b> and three <b>low</b> priority.	Four actions due, three completed. One <b>medium</b> priority outstanding.
Hempstead Schools Federation	<b>Opinion: Amber.</b> Five actions agreed: Two <b>high</b> and three <b>medium</b> priority.	All actions completed.
Procurement Compliance	<b>Opinion: Amber.</b> Four actions agreed: Two <b>high</b> , one <b>medium</b> and one <b>low</b> priority.	All actions completed.
Risk Management Framework	<b>Opinion: Amber.</b> One <b>medium</b> priority action agreed.	All actions completed.
IT Security & Access Controls	<b>Opinion: Green.</b> Three <b>medium</b> priority actions agreed.	Three actions due, two completed. One <b>medium</b> priority outstanding.
Medway Integrated Community Health Equipment Service	<b>Opinion: Green.</b> One <b>medium</b> priority action agreed.	All actions completed.
Climate Change Action Plan	<b>Opinion: Green.</b> One <b>low</b> priority action agreed.	One action due, none completed. One <b>low</b> priority outstanding.
Business Continuity – IT Recovery	<b>Opinion: Amber.</b> Six actions agreed: Two <b>high</b> , two <b>medium</b> and two <b>low</b> priority.	Five actions due, five completed.
Legal Case Management	<b>Opinion: Amber.</b> Five actions agreed: Two <b>medium</b> and three <b>low</b> priority.	No actions due in reporting period
HMO Licencing	<b>Opinion: Green.</b> Two actions agreed. One <b>medium</b> and one <b>low</b> priority.	All actions completed.
Petty Cash	<b>Opinion: Amber.</b> One <b>high</b> priority action agreed.	One action due, none completed. One <b>high</b> priority outstanding.

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
Adult Social Care Supported Living	Opinion: <b>Amber</b> . Five actions agreed: Four <b>high</b> and one <b>medium</b> priority.	Four actions due, four completed.
Staff Travel & Subsistence	Opinion: <b>Red</b> . Two actions agreed: One <b>high</b> and one <b>low</b> priority.	Two actions due, none completed. One <b>high</b> and one <b>low</b> priority outstanding.
Deprivation of Liberty Safeguards in the Community	Opinion: <b>Red</b> . Six actions agreed: Two <b>high</b> and four <b>medium</b> priority.	Six actions due, five completed. One <b>medium</b> priority outstanding.
Children's Imprest Account	Opinion: <b>Red</b> . Four actions agreed: Three <b>high</b> and one <b>medium</b> priority.	Four actions due, three completed. One <b>high</b> priority outstanding.
Information Requests	Opinion: <b>Amber</b> . Nine actions agreed: One <b>high</b> , two <b>medium</b> and six <b>low</b> priority.	Eight actions due, seven completed. One <b>low</b> priority action outstanding.
Surveillance (RIPA)	Opinion: <b>Amber</b> . Three actions agreed: One <b>high</b> and two <b>low</b> priority.	Three actions due, one completed. One <b>high</b> and one <b>low</b> priority actions outstanding.
HRA Void Repairs Contract & Rechargeable Works	Opinion: <b>Green</b> . One <b>low</b> priority action agreed.	All actions completed.
Caldicott Guardian	Opinion: <b>Green</b> . Six actions agreed: One <b>high</b> and five <b>low</b> priority.	No actions due in reporting period.
Council Tax Administration	Opinion: <b>Green</b> . One <b>medium</b> priority action agreed.	All actions completed.
Grounds Maintenance & Greenspaces Contract	Opinion: <b>Green</b> . One <b>low</b> priority action agreed.	All actions completed.
IR35 Assessments	Opinion: <b>Amber</b> . Five <b>medium</b> priority actions agreed.	Four actions due, two completed. Two <b>medium</b> priority outstanding.
Brokerage Services	Opinion: <b>Green</b> . One <b>high</b> priority action agreed.	One action due, none completed. One <b>high</b> priority outstanding.
Fostering Payments	Opinion: <b>Amber</b> . Five actions agreed: One <b>high</b> , three <b>medium</b> and one <b>low</b> priority.	One action due, none completed. One <b>medium</b> priority outstanding
Balfour Infant School	Opinion: <b>Amber</b> . Five actions agreed: Two <b>high</b> and three <b>medium</b> priority.	No actions due in reporting period.
St Marys Catholic Primary School	Opinion: <b>Amber</b> . Nine actions agreed: Six <b>high</b> , two <b>medium</b> and one <b>low</b> priority.	No actions due in reporting period.

## Actions outstanding more than six months after scheduled implementation date

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
RCE	Tree Service	The Tree Policy should be updated to include the council's commitment to tackling climate change, recognising Norse as the council's contractor and any other relevant changes.	High	<del>31 March 2023</del> Revised 31 December 2023	This is currently being drafted and discussed with the Portfolio holder, with the aim for this to be presented to Cabinet by the end of the financial year. <b>As such a revised implementation date of 31 March 2025 is requested.</b>
RCE	Tree Service	A review of the trees covered by Tree Protection Orders should be carried out, in line with government guidance	High	<del>31 March 2022</del> Revised 31 March 2024	As reported previously, the service does not have resource capacity to undertake a full review of all tree protection orders, and the costs associated with buying in additional resource to undertake such a review would not provide value for money given the associated risks. Some limited work has been undertaken and reviews are being completed as changes to individual trees come to light. In view of these factors, it is considered more appropriate to cancel the action for a full review and tolerate the level of risk associated with non-completion.
BSD	VAT	Arrangements to be made for VAT training to be completed by all the necessary officers as mandatory, together with a refresher frequency being set.	High	30 September 2023	Due to resourcing issues and service pressures linked to the ongoing external audit of multiple years of financial accounts, this action has been delayed. <b>A revised implementation date of 31 January 2025 is requested.</b>
RCE	Emergency Planning	The review of the Major Emergency Plan will ensure that all linked plans under Annex A are also updated and regularly reviewed with all changes recorded.	Medium	31 August 2023	Unexpected operational demands within the service have led to a delay in completion of this action but the Plan should be fully reviewed by the end of September 2024.
BSD	IT Security & Access Controls	Arrangements to be made to review the ICT Security Policy and relevant appendices, ensuring all information is consistent, and	Medium	30 September 2023	The review of the ICT Security Policy has been delayed due to additions that needed to be added to cover the security of 'use of

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
		consideration to be given to publishing policies/procedures on one platform only.			AI'. Completion date for members of ICT Management Team is September 2024. This will then go to SIGG (Security Information Governance Group) for final approval and then made available to staff. <b>A revised planned implementation date of 30 November 2024 is requested.</b>
BSD	Staff Travel & Subsistence	Historic reclaimable VAT reports to be reviewed to determine the value of VAT previously claimed for electric vehicles and ensure appropriate action is taken accordingly, in liaison with the Finance team.	Low	31 December 2023	Due to pressures within the service linked to workforce data and transformation, this action has been delayed. <b>A revised implementation date of 31 December 2024 is requested.</b>
BSD	Staff Travel & Subsistence	A review to be undertaken to ensure that there is an appropriate framework to support authorising managers in ensuring that travel & subsistence claims are only paid in appropriate circumstances.	High	31 December 2023	Due to other urgent priorities, there has been a delay in the progress of this action, however a draft Expenses Policy has been developed and will need to be presented to Employment Matters Committee (scheduled for January 2025), arrangements will then be made to ensure this is shared via various communications channels such as Teams, HR Newsletter etc alongside specific guidance/instructions for Service Managers. <b>A revised implementation date of 28 February 2025 is requested</b>

## 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.