

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

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# Audit & Counter Fraud Annual Report 2018-19

Gravesham Borough Council

# 1. Introduction

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

The Chartered Institute of Internal Auditors (CIIA) defines internal auditing as: an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes. The Audit & Counter Fraud Shared Service combines this role with working alongside the councils to manage their fraud risk, including work to prevent, detect and investigate fraudulent activity committed against the councils. The team also acts as the Single Point of Contact between both authorities and the Department for Work & Pensions Fraud & Error Service for their investigation of Benefits Fraud.

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

## 2. Opinion of the Chief Audit Executive

The Accounts & Audit Regulations 2015 require local authorities to ensure that they have: *a sound system of internal control which— (a) facilitates the effective exercise of its functions and the achievement of its aims and objectives; (b) ensures that the financial and operational management of the authority is effective; and (c) includes effective arrangements for the management of risk.* The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The Audit & Counter Fraud Team has carried out all internal audit work in line with the Public Sector Internal Audit Standards and in accordance with our Quality Assurance & Improvement Programme.

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

In assessing the level of assurance to be given, the following have been taken into account;

- the results of all work carried out by the Audit & Counter Fraud Shared Service for Gravesham from the preparation of the Annual Internal Audit Report 2017-18 in June 2018 to the date of this report,
- follow-up of recommendations linked to audits from previous periods,
- Significant recommendations not accepted by management or acted upon and the consequent risks,
- The effects of any significant changes in the organisation's objectives or systems,
- Matters arising from previous reports to the organisation, and
- The results of work performed by other assurance providers.

Although limited to the risk areas considered in the services and functions that have been subject to review in the year; I am satisfied that sufficient internal audit work has been undertaken to allow us to draw a reasonable conclusion as to the adequacy and effectiveness of the organisation's risk management, system of internal control and governance processes.

While it has been identified that the authority has mainly established adequate internal controls within the areas subject to review during 2018-19, there are areas where compliance with existing controls should be enhanced or strengthened or where additional controls should be introduced to reduce the risk of loss to the authority. Where such findings have been made, recommendations have been made to management to improve the controls within the systems and processes they operate. Management have accepted responsibility for the implementation of these recommendations and follow up arrangements are in place to ensure that appropriate action is taken. The results of all work completed will be reported to the Finance & Audit Committee in accordance with the Audit & Counter Fraud Charter.

**It is therefore my opinion that Gravesham Borough Council's framework of governance, risk management and system of internal control is adequate and effective, and contributes to the proper, economic, efficient and effective use of resources in achieving the council's objectives.**

### 3. Independence

The Audit & Counter Fraud Charter was approved by Gravesham's Finance & Audit Committee in March 2019 and sets out the purpose, authority and responsibility of the team. The Charter sets out the arrangements to ensure the team's independence and objectivity through direct reporting lines to senior management and Members, and through safeguards to ensure officers remain free from operational responsibility and do not engage in any other activity that may impair their judgement. The work of the team during the period covered by this report has been free from any inappropriate restriction or influence from senior officers and/or Members.

Given its responsibilities for counter fraud activities, the Audit & Counter Fraud Shared Service cannot provide independent assurance over the counter-fraud activities and investigative functions 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.

### 4. Resources

The Audit & Counter Fraud Shared Service Team reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. At the start of the year, the team had an establishment of 14 officers (13.5FTE), made up of the Head of Audit & Counter Fraud, three Audit & Counter Fraud Team Leaders, eight Audit & Counter Fraud Officers, one Audit & Counter Fraud Intelligence Analyst and one Audit & Counter Fraud Assistant.

The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 36% for Gravesham with the remaining 64% for Medway. At the time the Audit & Counter Fraud Plans for 2018-19 were prepared, this establishment was forecasted to provide a total of 1,834 days available for audit and counter fraud work (net of allowances for leave, training, management, administration etc.). The Audit & Counter Fraud Plan for Gravesham was prepared with a resource budget of 660 days.

A mini restructure of the service took place in January 2018, deleting the post of Audit & Counter Fraud Manager and one of the Audit & Counter Fraud Officer posts; replacing them with a third Audit & Counter Fraud Team Leader and an Audit & Counter Fraud Intelligence Analyst.

Following a recruitment process, the Audit & Counter Fraud Intelligence Analyst was in post from 01 June 2018. One of the existing Audit & Counter Fraud Officers was successful in securing the post of Audit & Counter Fraud Team Leader and took up the post with effect from 01 July 2018, leaving an unexpected vacancy for an Audit & Counter Fraud Officer, which was filled with effect from 01 September 2018. One officer was also on long term sick leave for a significant period during the year.

As of 31 March 2019, the net staff days available for Gravesham for 2018-19 amounted to 583 days and 503 days (86%) were spent on productive audit and counter fraud work. Of this productive time, 65% was spent on audit assurance and consultancy work, while 35% was spent on pro-active counter fraud and investigations work. The current status and results of all work carried out are detailed at section 5 of this report.

Learning and development needs and objectives were agreed through the Performance Development Review (appraisal) process, and delivered through a mixture of formal qualification training, formal skills training, job-shadowing/mentoring and 'on the job' training. Away day team meetings have taken place every other month, and all team members have had regular one to one meetings with their line manager to monitor progress with work-plans and to continue to identify and support staff to become proficient in all aspects of the team's work.

## 5. Results of planned Audit & Counter Fraud work

The Audit & Counter Fraud Plan 2018-19 for Gravesham was approved by the Finance & Audit Committee in March 2018. The Plan was intended to provide a clear picture of how the council would use the Audit & Counter Fraud resources, reflecting all work planned for the team for Gravesham during the financial year including the council's core finance and governance arrangements, operational assurance work, proactive counter fraud work, responsive investigations and consultancy services.

Arrangements to monitor 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 shared service work-plan as a whole and enables the supervisory staff to plan and support officers to deliver their individual work plans.

During the course of the year the plan was amended to take into account changes in resource levels, operational risk levels and objectives of the organisation. Members agreed revisions to the original plan for 2018-19 to remove planned reviews of:

- Tenancy Enforcement – The Assistant Director for Housing advised that significant changes in management had taken place and changes to all processes were pending and although they would be implemented before the end of 2018-19, they would not be fully embedded. The review was therefore deferred to 2019-20 at the request of the client.
- Repairs & Maintenance Supplies Management – The project to make changes to the system and process was behind schedule. Consultancy services were provided for the tendering phase of the project but the review of controls was deferred to 2019-20 at the request of the client.
- Community Grant Payments – due to loss of resource it was necessary to remove a review from the plan. Following an assessment this audit was deemed to present the lowest risk.

The tables below provide details of the work from 2017-18 that was finalised in 2018-19, the progress of work undertaken as part of the 2018-19 annual plan and the results of investigative work completed. An update on progress with the 2019-20 plan is also provided.

2017-18 Internal Audit Assurance work completed in 2018-19 (items in italics detailed in previous update reports)

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
8	<i>Creditors</i>	10	13.8	<i>Final Report Issued</i>	<p><i>The review considered the following Risk Management Objective:</i></p> <p><b><i>RMO1 - Key controls are in place for the effective management of the creditors system.</i></b></p> <p><i>Appropriate controls are in place to ensure that all creditors have a unique reference number that the correct payment is made and that adequate evidence is held to support these payments.</i></p> <p><i>A weakness was identified in relation to the raising of purchase orders within services, with 26 of the 96 invoices included in the sample testing found not to have a relevant purchase order. The automated invoicing system that is due to be introduced is reliant on purchase orders being in place, so any continued failure to raise purchase orders would result in the need for manual intervention , which in turn may impact on predicted resource savings.</i></p> <p><i>Audit testing undertaken in relation to the 96 invoices confirmed that all had been authorised for payment by officers with an appropriate authorisation limit.</i></p> <p><i>It is acknowledged that the introduction of the Automated Invoicing system will lead to an inbuilt authorisation process that occurs at the time the purchase order is raised, thereby removing the need for an authorised signatory list as invoices will no longer be authorised in hard copy. <b>Opinion: Amber</b></i></p> <p><b><i>RMO2 – Key controls are in place for the effective management of petty cash.</i></b></p> <p><i>Petty cash floats are maintained within individual Directorates and recorded on the Imprest system with the officer responsible for the float retaining any vouchers and associated receipts. When requests are passed to Exchequer services for floats to be replenished, officers pass on details of the expenditure along with the associated receipts but do not routinely include details of the remaining balance they hold, which presents a risk that the floats may exceed their limit.</i></p> <p><i>Petty cash is routinely limited to a maximum payment of £25 and the authorised signatory list details which officers are permitted to authorise petty cash payments. It is acknowledged that some Directors have a higher petty cash authorisation level.</i></p> <p><i>While there are adequate procedures in place, testing has identified that these procedures are not always being followed in relation to petty cash claims and the issues identified, such as Managers authorising their own petty cash claims and those of close relatives, and officers signing claims that did not have authority to do so or exceeded their authorisation limit, also demonstrate a control weakness that exposes the council to a risk of fraud.</i></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>The removal of petty cash floats and a switch to processing expense claims through the HR SelfServe4You system may provide better value for money to the authority in the form of efficiency savings and would also provide a means of electronic verification. This reduces the potential for fraud as claims could only be authorised by managers who have been set as having delegated authority within the system and could be processed alongside other expenses such as claims for business mileage. Any recommendations into existing processes would still be relevant until any such change in process was agreed by Management Team. <b>Opinion: Red</b></p> <p><b>Overall Opinion: Amber. Recommendations: Three high, two medium and one low priority.</b></p> <p><b>Recommendations relate to appropriate staff being reminded of the need to raise purchase orders in relation to all purchases, Managers being reminded that invoices for goods and services should not be paid via petty cash, that petty cash claims should not be authorised by Managers who do not have appropriate authorisation or are above their limit, Managers not authorising their own or close relatives petty cash claims, float holders being reminded to include remaining balances on the information provided to Exchequer Services and Management Team considering the removal of petty cash and switching the processing of expenses through the HR SelfServe4You system.</b></p>
15	Borough Market – Income	10	13.9	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 - Arrangements for the collection and banking of market income are in place.</b></p> <p>The review found that within the Gravesend borough Market there are 22 permanent units, in addition to space for a number of temporary stalls. The standard rents for both permanent and temporary pitches have been set and are provided on the market website, though it was noted that these have yet to be reviewed.</p> <p>Arrangements exist for deposits to be collected from all permanent stallholders and audit testing confirmed that these arrangements are working well in practice, though several instances were identified in which deposit invoices had incorrectly been raised inclusive of VAT. Procedures are also in place for monthly debtor invoices to be automatically raised to collect rent from permanent stallholders. While recovery action is taken in respect of unpaid invoices; audit testing identified inconsistencies in relation to the number of outstanding invoices, or the level of debt before further recovery steps were taken.</p> <p>Temporary stallholders pay via cash on the day of attendance. This is collected by the Market Operative and is deposited in a safe with restricted access; appropriate insurance cover is in place for the level of cash collected. Arrangements are in place</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>for cash to be banked in an appropriate manner and recorded on the General Ledger; however improvements are needed in relation to record keeping. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: Five medium priority.</b></p> <p><b>Recommendations relate to enhancing procedures for the agreement and review of pitch fees, applying the correct VAT treatment for deposit invoices, ensuring consistent recovery procedures are followed, and ensuring that comprehensive records are retained of all cash payments received.</b></p>
22	Business Continuity	10	7.3	Final Report Issued	<p>The review was due to consider the following Risk Management Objective:  <b>RMO1 - Arrangements are in place to ensure each service has a updated and relevant Business Continuity Plan in place.</b></p> <p><b>However, due to the significant changes taking place, consultancy work was conducted and concluded the following:</b></p> <p>The council is reviewing its Corporate and service level Business Continuity Plan arrangements, to ensure it is able to meet its statutory responsibilities and ensure that staff can put the plans into practice. Effective Business Continuity Planning will enable the council to act quickly and decisively at the outset of the incident and manage risks to any loss of service. While the Corporate BCP requires updating and testing, evidence is available to show services update their BCP's on an annual basis. To demonstrate BCP's are effective more evidence is required to show the plans are tested and will achieve their objectives.</p> <p>Moves are currently afoot to remedy this with Senior Management taking steps to improve business continuity planning across the organisation. With managers already familiar with completion of service risk registers, the intention is to take this process a step further to align the BCP alongside the Risk Registers and Business Plans. Once fully tested the Service BCPs can be used as the basis for a Corporate BCP, pulling all the threads together and forming a complete package with the Emergency Planning and Business Recovery documents.</p> <p>This will enable Gravesham to face any major incident confidently and with clearly defined role responsibilities for senior management, a clear process to cascade information both internally and externally and with staff able to understand their, potentially revised, roles until business recovery is completed and a full and usual service resumed.</p> <p><b>Recommendations: One high, two medium and one low priority.</b></p> <p><b>Recommendations relate to a redesign of the BCP template, a programme of learning for managers &amp; staff, an audit trail being incorporated into the BCP and key essential services being identified.</b></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
26	Housing Revenue Account Building Management – Compliance	10	18	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 – The council has arrangements in place to ensure the required safety checks are carried out on HRA properties so that the council meets its duties as a Landlord.</b>  The review found that responsibility for ensuring safety checks are carried out has been appropriately allocated and the team is fully aware of the checks that need to be undertaken. Contracts exist for all types of safety check, which contain some KPIs, however data is not currently collected for Electrical Testing although arrangements are now in place to commence the collection of this data.  Appropriate servicing programmes are in place, with safety checks carried out at various intervals. Servicing data has now been uploaded on to the servicing module of the management system, Oneserve to automate the servicing programmes from 1 April 2018.  Monitoring data available at the time of audit found that 100 per cent compliancy is achieved for the majority of programmes, however statistics indicated a shortfall in compliancy for the domestic through floor lifts bi-annual programme and the annual programme for stair lifts, which we were advised is due to access issues.  Certifications and documentation is held on the Keystone asset management database, testing identified omissions in relation certificates being held on the system and opportunities to utilise automated reports were noted  Budget monitoring has previously relied upon an internal spreadsheet which indicated some discrepancies to the figures on Civica, however budget holders now have responsibility for their own budgets and have received training. They have also been made aware that for reporting purposes, Finance will only consider what has gone through the general ledger on Civica.  There are 437 leasehold properties, which we were advised could present a potential risk should the council be unable to demonstrate that it has taken action to ensure that leaseholders carry out the relevant safety checks on their properties. <b>Opinion: Amber.</b>  <b>Overall Opinion: Amber. Recommendations: Two high, two medium and three low priority.</b>  <b>Recommendations relate to enhancement of processes for tackling access issues which prevent checks from being carried out, ensuring the electrical contract contains KPIs which are regularly monitored, investigating methods of ensuring safety compliance in leasehold properties, reviewing processes for budget monitoring, ensuring certificates are stored appropriately and streamlining processes for monitoring failed checks.</b></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
28	Void Property Management & Re-let	15	11.7	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 – Appropriate arrangements exist for void property management and re-let.</b></p> <p>There are numerous teams and systems in place dealing with different elements of the re-let process and it was noted that no policy or procedure notes exist. It has been identified that there is not a consistent approach to various elements of the process; which in turn means that inconsistent information is being recorded on each system, if recorded at all.</p> <p>A shared spreadsheet logging void properties exists but is not being regularly updated by every team to identify where a void property sits within the process, meaning it cannot be utilised as a live document.</p> <p>The council's lettable standard is under review and expected to be in place by August 2018.</p> <p>While the authority has significantly improved the turnaround time in recent months, some elements of the process are duplicated or out of date. A review of the end to end process to a streamlined process that reduces financial costs through efficiency savings.</p> <p>Performance statistics are maintained by both the voids team and housing allocations although these focus on different areas of performance, they do provide an end to end performance picture.</p> <p>Not all Housing Officers record viewing arrangements for void properties or the outcomes of those viewings. It has been indicated that this may be a consequence of officers not knowing how the system works, suggesting that there may be a training issue. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: Two high and three medium priority. Recommendations relate to the introduction of a Voids Policy which includes procedure notes, amending the tenancy handbook to include basic repairs that tenants are expected to complete, ensuring all recording methods are updated regularly to ensure records of every element of the process are correct, a review of the re-let process and refresher training for officers on use of the Locata system.</b></p>

2018-19 Internal Audit Assurance work (items in italics detailed in previous update reports)

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
<b>Core governance and financial systems assurance work</b>					
1	<i>Finalisation of 2017-18 planned work</i>	25	24.9	Complete	<i>Allowance to finalise work from the 2017-18 plan not completed as at 31 March 2018.</i>
2	<i>Performance Management</i>	5	1	Complete	<i>A&amp;CF Officers have worked with the Corporate Performance team to verify the 2017-18 corporate performance information reported.</i>
3	Corporate & Business Planning	10	7.1	Final Report Issued	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 – A Corporate Plan is being developed for the period 2019-23</b></p> <p>The review found there is a process in place to develop a revised Corporate Plan and this process is currently in the consultation phase. A financial briefing paper has been produced to accompany the consultation questions but those who chose to complete the questionnaire on the paper copy would only know about the financial briefing if they had read about it on the website, hard copies however are available on request.</p> <p><b>Opinion: Green.</b></p> <p><b>RMO2 – A business plan have been completed for the current financial year by all relevant service areas:</b></p> <p>The review found that except for shared services, all services have current business plans held on file, and within those business plans most of the objectives are linked to the Corporate Plan.</p> <p>Shared service managers provide annual assurance of a business plan and quarterly reviews of their work streams but are not currently required to provide a copy.</p> <p>All four council objectives are covered by at least one service’s business plan and commitments within those objectives are referenced in business plans.</p> <p>The business plan process is one area of the council which all service managers are now engaging in and this process could be used by senior management to capture any other council wide information they might feel useful. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: None.</b></p>
4	<i>Performance Management Framework</i>	10	5.8	<i>Final Report Issued</i>	<p><i>The review considered the following Risk Management Objective:</i></p> <p><b><i>RMO1 - Arrangements exist to monitor and report on corporate performance.</i></b></p> <p><i>The review found that robust procedures are in place to monitor and report corporate performance.</i></p> <p><i>The Performance Management Framework (PMF) was implemented in October 2015 following Full Council approval. This was introduced to monitor the delivery of the Corporate Plan 2015-19. The PMF is split into three sections including Performance Measures (PM), Performance Indicators (PI) and Management Indicators (MI).</i></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p><i>A Data Quality Policy is in place which sets out how target setting should be conducted on an annual basis for all PMs. Ultimately, the final sign off lies with the relevant Portfolio Holder; however, it was found that this is rarely documented. The policy needs to be updated at point 5.8 regarding appendix 4 as returning a signed checklist to the Corporate Performance Team is no longer relevant.</i></p> <p><i>In accordance with the Data Quality Policy, the role of Members is to scrutinise the data that they are presented with in order for them to make informed decisions on behalf of the council; however, they are not routinely provided with training regarding the Performance Management Framework.</i></p> <p><i>Procedure notes are produced for each PM, PI and MI, giving detailed information on the reason the data is required and how it should be calculated.</i></p> <p><i>Reports are produced on a quarterly and annual basis detailing performance information and measures are in place to challenge poor performance.</i></p> <p><i>Annual validation of performance outturns is conducted by the Audit and Counter Fraud Team on a risk basis. <b>Opinion: Green</b></i></p> <p><b>Overall Opinion: Green. Recommendations: Three low priority.</b></p> <p><b>Recommendations relate to an elected Member training document being devised, the Data Quality Policy being updated regarding point 5.8 and Appendix 4 and documented agreement from the relevant Portfolio holder being obtained for all targets</b></p>
5	Ethics	15	N/A	Draft Report with client for consideration	<p>The review considered the following Risk Management Objective:  <b>RMO1 - All council employees behave with integrity, demonstrate strong commitment to ethical values and respect the rule of the law.</b></p>
6	General ledger	10	7.4	Final Report Issued	<p><i>The review considered the following Risk Management Objective:</i>  <b>RMO1 – Arrangements are in place to ensure that information is recorded accurately on the General Ledger (GL).</b></p> <p>The review found that the council’s GL is part of the Civica Authority Financials suite of systems used to account for all income and expenditure. Information is posted to the GL through a number of feeder systems including; Creditors, Debtors, Purchasing, AIM - Income/Cash Management, Asset Management, Reprographics and Salaries, on varying frequencies. Each transaction posted to the General Ledger has a unique journal number allocated automatically by the system. Each transaction also has a transaction code which identifies the type of transaction and the feeder system it has been posted from. Reconciliations are conducted between the GL and all feeder systems to ensure there are no discrepancies. Monthly reconciliations are also conducted between the General Ledger and the council’s bank account.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					Appropriate restrictions are in place to ensure that only authorised officers are able to raise and authorise journals to make manual adjustments to information recorded on the GL. <b>Opinion: Green</b> <b>Overall Opinion: Green. Recommendations: None.</b>
7	Bad Debt Provision	15	12.8	Final Report Issued	<p>The review considered the following Risk Management Objective: <b>RMO1 – The council are providing a realistic level of provision for bad debts within their accounts:</b></p> <p>Bad debt provision is being applied in line with the most up to date principles of CIPFA guidance.</p> <p>Not all elements of council debt have been included in the provision calculation as an element of benefit debt that has not been included.</p> <p>All calculations except for one are accurate and the figures used in the calculations could be matched back to the source documents.</p> <p>All the elements included in the calculations for bad debt provision have their own criteria, based on either the age of the debt, the value of the debt or the historic information of debt.</p> <p>There are principles and procedures set for each element of debt, however these are not all fully documented. <b>Opinion: Amber</b></p> <p><b>Overall Opinion: Amber. Recommendations: One medium and two low priority. Recommendations relate to ensuring all elements of debt within the council are considered, producing written notes on the methodologies being used and checking data used in calculation is accurate.</b></p>
8	NNDR Recovery	15	8.2	Final Report Issued	<p>The review considered the following Risk Management Objective: <b>RMO1 - Appropriate arrangements are in place for the collection of unpaid business rates.</b></p> <p>The review found that Gravesham Borough Council has comprehensive information on its website regarding the payment of National Non Domestic Rates (NNDR) and its recovery. Information is also provided on the back of all NNDR bills and letters.</p> <p>Documented procedures are in place in the form of a Corporate Fair Debt Policy, which adheres to the Local Government Finance Act. The Policy states that reminder notices will be issued after fourteen days, although audit testing on twenty randomly selected accounts found that reminder notices were issued between twelve and 31 days.</p> <p>NNDR arrears are identified in a timely manner as agreed parameters are set within the system. Automated recovery action is then taken in accordance with an agreed schedule.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>Measures are in place to pass debtor accounts to Enforcement Officers for recovery action to be taken. However, scheduled monitoring of cases held by the Enforcement Agency is not conducted.</p> <p>Appropriate arrangement exist for debt which is not with the Enforcement Agency to be monitored and action taken where necessary. Procedures are also in place for the overall collection rate of NNDR to be monitored. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: Two low priority.</b></p> <p><b>Recommendations relate to the scheduled monitoring of cases with the Enforcement Agency and reminder notices to be issued in line with Gravesham's Corporate Fair Debt Policy.</b></p>
9	VAT	10	17.3	Final Report Issued	<p>The review will consider the following Risk Management Objective:</p> <p><b>RMO1 - Adequate procedures are in place for identifying, processing and accounting for VAT.</b></p> <p>The review found that the VAT process is well embedded within the Finance Team, with returns being submitted in good time to HMRC. The team makes good use of its tax specialist to keep abreast of any new developments in the field.</p> <p>Provision of training and an aide memoire would improve VAT awareness to staff outside of finance; with responsibility for raising debtor invoices or purchase orders. Procedures are required to demonstrate compliance with the HMRC requirement to have procedures in place to deal with VAT in relation to the payment of a bad debt when it has been written off. <b>Opinion: Green</b></p> <p><b>Overall Opinion: Green. Recommendations: None.</b></p>
10	Financial statements preparation	15	9.5	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 - Final accounts are prepared in accordance with the latest CIPFA code and statutory reporting deadlines are met.</b></p> <p>The finance team responsible for the preparation of the final accounts prepared the draft accounts for the 2017/18 financial year by the statutory reporting deadline of 31 May 2018 and in accordance with the latest CIPFA code.</p> <p>The external auditors were able to audit the accounts in time for the accounts to be signed off and published on the website by 31 July 2018. <b>Opinion: Green</b></p> <p><b>Overall Opinion: Green. Recommendations: None.</b></p>
11	Grant payments	10	N/A	N/A	Removed from Plan
12	Responsive assurance work	8	4.9	Final Report Issued	A review of arrangements to meet the requirements of the Transparency code was undertaken at the request of the Director (Corporate Services). Full details can be found in the table at page 27.

### Corporate risks assurance work

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
13	IT Strategy & implementation	10	14.3	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RM01 – Arrangements are in place to review and implement the council’s IT needs.</b></p> <p>The review found that the council has procedures and arrangements in place to identify business needs for new IT equipment, either through projects undertaken by the various services, post implementation reviews or residual requirements for an individual service. Criteria exists to identify the equipment required, whether it be service modernisation, introduction of technology or communication.</p> <p>Arrangements and procedures exist to ensure IT raise purchase orders for new equipment, which are approved at senior management level, whilst the Civica Financial system is correctly updated on goods received allowing for invoices to be paid. Arrangements and procedures surrounding asset management require improvement to ensure alerts and warnings identified by Snow Licence Manager are fully investigated and accurate records are maintained for the redeployment of assets.</p> <p>Policies and procedures are in place regarding the disposal of IT equipment to ensure it is destroyed securely and in accordance with current legislation. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: Two medium priority.</b></p> <p><b>Recommendations relate to ensuring discrepancies identified by the licence management software are investigated with a record of corrective action taken and reconciliations of IT asset records.</b></p>
14	Use of Enforcement Services (Previously titled Use of Bailiffs)	10	N/A	Draft Report with client for consideration	<p>The review considered the following Risk Management Objectives:</p> <p><b>RM01 - Arrangements around the use of enforcement services are consistent.</b></p> <p><b>RM02 - Contractual arrangements are in place to ensure value for money.</b></p>
15	Procurement compliance	10	7.5	Final Report Issued	<p><i>The review considered the following Risk Management Objective:</i></p> <p><b><i>RM01 - Appropriate procedures relating to contracts procured via South East Consortium are in place.</i></b></p> <p><i>The review found that although contracts have not always been robust on price increases, a new contract template has been devised via SEC, which includes the Consumer Price Index and a break clause allowing the contract to be cancelled due to poor performance or unarranged price increases. Each contract is also reviewed by the in-house Legal Services Team.</i></p> <p><i>A Project Manager is allocated to each contract and monthly meetings are held to discuss each contract, including budget, productivity and any concerns that have arisen. Minutes of the meeting and an up to date action plan are kept for each contract.</i></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>Budget monitoring is conducted and a 'live' spreadsheet is kept, which is linked to Civica and shows the spend relating to each contract.</p> <p>Key Performance Indicators are in place for all contracts procured via SEC. However, customer satisfaction surveys were not held, where required, for contracts reviewed for testing purposes.</p> <p>Informal procedures are in place for reporting productivity and budget problems with contracts to SEC, though these should be formalised. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: One low priority.</b></p> <p><b>Recommendation relates to customer satisfaction surveys being completed for all relevant contracts.</b></p>
16	Refunds	10	N/A	Fieldwork completed, in Quality Control	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 - Adequate policies and procedures are in place for the administration of refunds.</b></p> <p><b>RMO2 - Adequate arrangements are in place for the processing of refunds.</b></p>
17	Write Offs	15	N/A	Draft Report with client for consideration	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 - There are arrangements and procedures in place regarding debt write off.</b></p>
18	Counter Fraud (Results of a review of the Medway & Gravesham shared Counter Fraud Function)	5 (additional 7 on Medway Plan)	1.6 (additional 2.8 on Medway Plan)	Final Report Received	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 - Arrangements in place to promote fraud awareness and prevention.</b> It was established that while generic Member training has been undertaken, with more planned for post-election, and some training with specific services, officer training is ad hoc rather than focussed on key risk areas. Currently there is not a documented Fraud Risk Assessment in place to inform training or other proactive work such as fraud proofing reviews. We understand that the multidisciplinary nature of the team has necessitated prioritisation of internal audit work with fraud resource therefore limited to investigations. <b>Opinion: Adequate.</b></p> <p><b>RMO2 - Relevant policies and procedures are adequate and adhere to legislation and best practice.</b> Anti-Fraud and Corruption Policies are in place at both authorities and are adequate; however, they are inconsistent in the approach taken between the two authorities, which is not advantageous to a shared service. In addition, the involvement of the Audit Committee in the review and/or approval process was unclear. Neither Policy/Strategy covers all key fraud risks, with Medway having additional risk areas due to their unitary status. Gravesham has specific policies for particular risk areas, such as Housing, while Medway does not; consequently the principles of the Gravesham policies are applied at both authorities. An exercise is planned to review and align the policies of both authorities for the shared service to apply a consistent approach across the partnership. <b>Opinion: Adequate.</b></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p><b>RM03 - Referrals are reviewed and progressed appropriately with escalation to investigation in line with the Council's policy/thresholds and those decision are fully documented.</b> Processes for managing referrals were reviewed and found to be complied with overall. There was sufficient information to show the source of referrals, the information captured within the system matched the details provided and reviews were undertaken in a timely manner in the majority of cases. Minor delays in the sifting of referrals were noted in three of the 30 cases tested. Justification was in place on the majority of cases and approved by the manager, with some low-level cases progressed by an officer. Where cases were not progressed, these were closed and, where relevant, overloaded to an appropriate body (i.e. DWP). Where cases came from an in-house source there was engagement with the referrer to progress. <b>Opinion: Substantial.</b></p> <p><b>RM04 - The investigations the Council undertakes are robust, appropriate and comply with the relevant legislation as well as organisational policy and procedures.</b> Testing of investigations showed that lines of enquiry were evident and reasonable in the majority of cases. There were some cases (4/30) where it could be argued that additional lines could have been followed but currently no investigation plans are used to outline all lines of enquiry to review and track cases. The majority of cases were progressed in a timely manner, however where delays occurred (4/30) reasons for those delays were not documented. There were good records of evidence obtained with appropriate case notes and where statements were obtained, the correct format was used. It was also established that there was good use of Data Protection forms, and letters issued to suspects and witnesses quoted relevant legislation to provide a legal gateway to obtain information. Where interviews took place these were undertaken in a timely manner with interview plans and other relevant documentation in place. Witness statements where needed were recorded on the relevant section 9 statement.</p> <p>For five cases out of 11 which required ongoing review these were not undertaken three monthly. However, review at the appropriate decision-making point (closure) was in place in all cases. In relation to closures and reporting, justifications were in place to support the conclusions reached and the decision to close. In the majority of cases (28/30) there was evidence of manager sign off, those that did not were due to the source of the case being a false/positive match from data matching software. Outcomes, including any over/under payment, were recorded correctly on management information and where applicable the relevant service manager was informed of the outcome. <b>Opinion: Substantial.</b></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p><b>RM05 - Sanctions are applied when relevant and are proportionate. Decisions to apply sanctions are documented and approved in line with the Council's policy.</b> Sanctions are defined in the policies reviewed as Caution, Administrative Penalty or Prosecution, with clear criteria and public interest tests etc. defined and consistent across the Policies in place. A total of 34 cases were identified that were closed with fraud/error found and six were reviewed; three where a sanction in line with the policy definition was applied, one prosecution and two cautions, as well as three where Civil Penalties were applied. The remaining 28 cases had outcomes varying from an exemption being removed to a council property being recovered. According to the Investigation Mapping Process a Case Progression Form (CPF) is required for all cases to be considered for further action; however the service advised that case progression forms are only required where there is to be consideration of a criminal sanction, as per those defined in policies. For the six cases tested CPFs were provided for three. Of the remaining three, two were Civil Penalties and one was a Prosecution. In relation to the prosecution we were told that the decision was undertaken at the start of the shared service arrangement and it was only at that point it was realised there was no formal sanction decision notice used and therefore the process was introduced. Decisions relating to civil actions are referred to the relevant department with a recommendation from the investigation officer and therefore do not require a case progression. The service have noted that this is a gap in their process map but have followed the same process consistently.</p> <p>For the 3 CPFs that were on file all were completed consistently with sufficient information and the sanction was in line with Policy. <b>Opinion: Adequate.</b></p> <p><b>Overall Opinion: Adequate. Recommendations: Four medium priority.</b></p> <p><b>Recommendations relate to undertaking a fraud risk assessment to prioritise work in the highest areas; including staff training, a review of all fraud related policies at both organisations; aligning key policies as appropriate, more detailed records of management authorisations in relation to referrals and periodic reviews of ongoing investigations, and updating the investigation process map to correct an identified gap.</b></p>
19	General Data Protection Regulation	15	19.3	Final Report Issued	<p>The review sought to provide an opinion that a framework is in place to ensure:</p> <ol style="list-style-type: none"> <li><b>1. Data processing is fair, lawful and transparent.</b></li> <li><b>2. Data collected is purpose limited.</b></li> <li><b>3. Data minimisation is in place.</b></li> <li><b>4. Data held is accurate.</b></li> <li><b>5. Data retention periods are monitored.</b></li> <li><b>6. There is adequate data security in place.</b></li> </ol>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p><b>7. Data sharing complies with GDPR.</b></p> <p>The introduction of GDPR was a project requiring a staged approach; firstly to establish operational readiness and embed compliant behaviour, then secondly to establish a framework to monitor compliance.</p> <p>Because the Council remains at the establishing operational readiness stage, a framework to monitor GDPR compliance is not in place. It has therefore not been possible to review effectiveness of the framework required to monitor GDPR.</p> <p><b>Opinion: Red.</b></p> <p><b>Overall Opinion: Red. Recommendations: One high priority.</b></p> <p><b>Recommendation relates to the implementation of an effective monitoring system once the Council has progressed its GDPR compliance sufficiently.</b></p>
20	Homelessness	15	18.8	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 - Arrangements are in place to meet the new requirements within the Homelessness Reduction Act.</b></p> <p>During an audit review in 2016-17 a recommendation was made for the Homelessness Prevention Strategy to be updated as the last strategy ran from 2008 to 2013. This review has identified that the recommendation remains outstanding and therefore means that an up-to-date strategy has not been in place for at least five years, with the council not meeting the legal requirements within legislation. However; a new draft Homelessness Prevention Strategy and action plan were agreed by the Housing Cabinet Committee on 13 February 2019 and a wider consultation has commenced to ensure all Members are able to express their views.</p> <p>Information on the council's website is out of date and not in line with the requirements within the Act. However set actions within the agreed action plan are for the website to be updated by June 2019.</p> <p>Arrangements are in place for assessments to be carried out and personalised housing plans (PHP) drawn up. Applications can be submitted online which are automatically uploaded to the Locata system, where all assessments, PHPs and documentation are held. Since April 2018 when the new legislation came into force, 1492 cases have been opened in Locata, and audit testing, showed that assessments and PHPs had always been completed when required by the legislation.</p> <p>There are currently arrangements in place for the majority of applicants to be placed in temporary accommodation in order to relieve homelessness for all eligible applicants. This is due to the low availability of council housing stock and private rented options; which is largely the result of private landlords accommodating tenants from Bexley and Bromley Council, and also offering their properties to Kent County Council refugee accommodation.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>It was agreed by the Assistant Director (Housing) in November 2018 for 10 additional units within the council housing stock to be used for temporary accommodation. A long term temporary reduction strategy has been put in place to decrease the number of families within Temporary Accommodation; this currently consists of 20 families who have been in TA for two years.</p> <p>The review found that there are currently no documented procedures in place to deal specifically with applicants who were failing to cooperate with the council in order to achieve prevention or relief from homelessness or being threatened with homelessness. However it was reported that no instances of this have occurred, and the Housing Options team are aware that procedures need to be documented. It was advised that due to staff resources and instances not occurring, concentration had been given to embedding the new requirements and duties, and also the new computer system.</p> <p>The review found that procedures are in place for public bodies to refer someone directly via the council's website, and via email to a specified inbox created for referrals. <b>Opinion: Red.</b></p> <p><b>Overall Opinion: Red. Recommendations: Three high and one medium priority. Recommendations relate to the website being updated in line with the Homelessness Reduction Act, and the rebadging, implementation and publication of the Homelessness Prevention Strategy, as in line with the Rough Sleeping Strategy delivery plan, the creation of procedure notes to support the new requirements of the act, and looking at prevention measures and longer term accommodation options, in order to make better use of the temporary accommodation budget, and help prevent homelessness.</b></p>
21	Establishment Management	15	10.1	Final Report Issued	<p><i>The review considered the following Risk Management Objectives:</i></p> <p><b>RMO1 - The council's establishment is appropriately managed.</b></p> <p><i>The review found that all employee and HR establishment details are recorded within the Resource Link HR system and an establishment list can be extracted which shows all posts, as well as current budgeted and actual full time equivalent (FTE). A process is in place whereby all changes to the council's establishment must be approved by council's Management Team (MT); however inconsistencies were identified in the depth of information provided with each request. Arrangements exist for the financial considerations of all proposed changes to the establishment to be taken into account; however, while some managers do consult the HR team, there is no requirement for HR implications to be considered in the same way. In addition, although widely known by managers, the process for making changes to the council's establishment has not been documented in a policy or procedure note. Managers are responsible for</i></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p><i>approaching the HR team once changes to the establishment have been agreed by MT and various forms are in place in order for the changes to be made on Resource Link; though there are different approval requirements across these forms. In addition, there is no requirement for managers to confirm on the forms that the relevant MT approval has been obtained and this is not independently checked. Audit testing in relation to five approved changes to the establishment confirmed that in all five instances the changes were supported by the relevant forms and had been reflected on Resource Link, with the exception of one post left vacant by a restructure which should have been deleted. Procedures are in place for temporary changes to the establishment to be monitored through Resource Link. While this process ensures appointments are ended in line with agreed changes to the establishment, it does not result in the post physically being removed from the establishment; however, if the manager wanted to fill the vacant post or make any other changes to it, further MT approval would be required which would re-start the process for making changes.</i></p> <p><b>Opinion: Amber.</b></p> <p><b>RMO2 - The council's salaries budget is appropriately managed.</b></p> <p><i>The review found that budgetary provision is made for all posts included within the council's establishment, via the salaries budget, which is prepared on an annual basis as part of the council's overall budget setting procedure. Once the salaries budget is set, it is set for the year; however arrangements exist for changes to be monitored via a salaries budget monitoring spreadsheet, which allows for a projected outturn to be calculated.</i></p> <p><i>The relevant accountants are made aware of agreed changes to the establishment through MT minutes; however, changes are not recorded on the salaries budget monitoring spreadsheet until they have actually taken effect, therefore the team are largely reliant on starter, leaver and change notifications from HR. However, budget holders are sent a link to their salaries budget monitoring sheet on a monthly basis and are asked to make the accountants aware of any changes that have not yet been recorded. Audit testing in relation to five approved changes to the establishment confirmed that in all five instances the changes were appropriately reflected in the salaries budget monitoring spreadsheet.</i></p> <p><i>Arrangements exist for salaries budget monitoring reports to be presented to MT on a regular basis and procedures are also in place for an annual review of all vacant posts. There are not however currently any arrangements to carry out reconciliations between the HR establishment list and salaries budget monitoring spreadsheet. Several discrepancies were identified during testing however these were in relation to</i></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p><i>different post names / numbers being held on the two sources rather than any issues with 'ghost' employees or similar. <b>Opinion: Amber.</b></i></p> <p><b>Overall Opinion: Amber. Recommendations: One High, three medium and one low priority.</b></p> <p><b>Recommendations relate to ensuring consistent information is provided for all requests to make changes to the establishment, ensuring that HR implications are formally considered for each change, preparing a policy or procedure note setting out the process for making changes to the establishment, reviewing forms used to make changes to the establishment on Resource Link and carrying out periodic reconciliations between the establishment list and salaries budget.</b></p>
22	Staff Performance Management Framework	10	N/A	Not Completed	<p>During Quarter 4 of 2018-19, an assessment was undertaken as part of the Investors In People accreditation process, which identified a number of recommendations linked to improvements for staff performance management processes. As a consequence, the review was not undertaken as the key issues had already been highlighted. Instead the review will be rescheduled for 2020-21 to allow time for the IIP recommendations to be implemented and provide assurance once the improvements have been made.</p>
23	Brookvale Health & Safety (Previously titled Manual Handling)	10	15.3	Final Report Issued	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 – Appropriate measures are in place of ensure the health and safety of all manual workers at Brookvale.</b></p> <p>The review found that the health and safety of the workers at Brookvale is treated as a major factor in the provision of services from that site. Regular talks regarding health and safety issues build on a robust induction package and aims to ensure any accidents or incidents are kept to a minimum. This is supported by the corporate accident records which shows no accidents/incidents at Brookvale for 5 of the months in the April 17 – March 18 financial year. Where injuries were found to be as a result of the operative not utilising Personal Protective Equipment (PPE) as intended, they were reminded to do so and this is brought up at 'Tool Box Talks' to the other operatives to remind them that PPE is to be worn to avoid any further injuries.</p> <p>The review found risk assessments are conducted yearly but not necessarily by an appropriately qualified officer. Where a new risk is identified the risk assessment is updated to mitigate the risk of further incidents. Senior management at Brookvale have already recognised the training records need updating and are taking steps to develop a comprehensive training matrix, backed by individual training records, allowing them to identify any outstanding needs for training and to ensure all refresher training is conducted in good time. <b>Opinion: Amber.</b></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p><b>RMO2 – Appropriate measures are in place for the reporting and investigation of any incident/ accidents at Brookvale.</b></p> <p>The review found sufficient evidence that appropriate procedures are in place to report and review instances where accidents occur. Investigations of injuries helps to continue to drive forward improved risk assessments and used as a learning experience to help reduce numbers of Health &amp; Safety incidents. Management use ‘Tool Box Talks’ with all officers to help remind them of compliance with correct procedures to follow and the correct equipment to wear to protect them. In 2018 manual handling training was provided specific to officers in each of the refuse, street cleansing and horticulture roles. Educating staff and a continual process of reviewing risks is the focus to prevent accidents. Appropriate steps are in place to reduce the occurrence of injuries resulting from accidents. Treatment of injuries currently takes place in a staff breakout area on the first floor, which could be improved by having a dedicated first aid area on the ground floor to treat injuries. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Amber. Recommendations: one high, two medium and one low priority.</b></p> <p><b>Recommendations relate to ensuring that training records are maintained and complete for all Brookvale operatives, a requirement for the officers undertaking risk assessments to be qualified to do so, ensuring that checks are made that the employment agencies who provide workers supply appropriate PPE and identifying an area suitable for first aid treatment, ensuring easy access and a washable floor.</b></p>
24	Tenancy Enforcement	15	N/A	N/A	Deferred to 2019-20
25	Rent Deposit Scheme	10	16	Final Report Issued	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 – Arrangements exist to distribute rent deposits</b></p> <p>There are arrangements in place to distribute rent deposits but with no set criteria available it is not possible to give assurance that all members of the team responsible for distributing the loans are working consistently.</p> <p>While the loan scheme is discretionary, unsuccessful applicants are not provided with a breakdown of the reasons why, which may be open to challenge.</p> <p>Testing has identified that applications are not always verified correctly, with evidence of identification and income missing in a number of cases. It was also found that applications are not always appropriately approved by senior officers.</p> <p>Inadequate application forms, inappropriate agreement forms and poor record keeping mean that tenants and landlords are not aware of their obligations or the consequences for failing to repay loans.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>Reconciliations do not take place between the records held in Housing and the General Ledger to ensure that the loans are accurately recorded and budgets appropriately monitored.</p> <p>Working procedures within the team are not consistent and therefore training should be given to all staff regarding the correct process and procedures they should be adhering to. <b>Opinion: Red.</b></p> <p><b>RMO2 – Arrangements exist to recover all rent deposits</b></p> <p>There are arrangements in place to recover rent deposits and the Income Team have procedures in place to monitor and collect the income from the debtors, the overall collection rate from 2008 is 54%.</p> <p>Testing showed that invoices are not always being raised for the loans granted and therefore this debt may not be recovered.</p> <p>All deposits paid by the council should be either registered in the council's name or as a third party interest and these should then be reclaimable when the tenancy ends. Testing showed that only 40% of deposits were registered this way and therefore council money that could be reclaimable is returned to the tenant who then may not repay it to the council. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Red. Recommendations: Seven high and six medium priority. Recommendations relate to ensuring loan applications are appropriately assessed, authorised &amp; consistently distributed, unsuccessful applicants being advised of the reason why, agreement forms being clearer to tenants and updated for landlords, appropriate certificates being obtained from landlords, reconciliation between Housing records and the General Ledger, training for Housing Needs Officers, verification of payment information for Letting Agencies, ensuring invoices are raised for all loans granted, deposit loans being held in appropriate scheme's with the councils interest registered and the monitoring of loans.</b></p>
26	Repairs & Maintenance Supplies Management	15	N/A	N/A	Deferred to 2019-20
<b>Counter Fraud Assurance Work</b>					
27	Housing Allocations	15	7.7	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1: Arrangements are in place to ensure council properties are allocated appropriately.</b></p> <p>The review found an Allocations policy exists and can be found on the council's website. The policy was updated in 2014 and therefore requires review to include any</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>necessary updates due to legislative changes introduced by the Homelessness Reduction Act.</p> <p>Staff within Allocations are not required to complete annual declarations of interest. Therefore officers can currently assess applications of friends and relatives without additional checks being conducted by senior officers and potentially place those applications in higher banding.</p> <p>Applicants submit online applications using the Locata/Kent Home Choice system used by many Kent authorities. Allocations Officers assess and band the applications received within a timely manner, although there are no expected standards to meet. In relation to Direct Priority Lets, the Allocations team are required to submit a formal request to the Assistant Director and expect a formal authorisation and decision making process to take place. However, there was an instance found in testing where Allocations only knew of a Direct Priority Let when Assistant Director sent an e-mail telling them, with no decision process being documented. This practice was highlighted in the 2015/16 Transfers &amp; Successions audit which introduced a recommendation of <i>“All priority transfers should be carried out in accordance with the Allocations Policy, should be subject to appropriate approval and all decision processes should be adequately documented”</i>.</p> <p>Supporting evidence for a housing application should be received via Customer Services or the Housing Options team. A sample of 20 random applications found 15 applications had supporting evidence but it was not possible to confirm if documentation, such as identification, was verified as genuine as no verification stamps or notes were found. In the other five instances, the applicants were already Gravesham tenants but no updated identification documents were requested. There is a risk that forged or faked documents could be submitted with applications for individuals to make a gain by increasing their priority or manipulating their circumstances in order to qualify for housing, so original documents should always be requested and staff may benefit from training in document verification. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: Three high and four medium priority. Recommendations relate to reviewing and, where appropriate, updating the current Allocations policy, refresher training in respect of document verification, applicants supplying original identification and supporting evidence in respect of all applications, application forms and supporting documents being retained in all cases, the introduction of a formal process for all direct let authorisations, an annual review of the housing waiting list and annual declarations of interest being completed by all allocations staff.</b></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
28	Residents Parking Permits	15	11.5	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 – Adequate procedures are in place to prevent residential parking permit fraud.</b></p> <p>Paper and online application forms exist to apply for both resident parking permits (RPP) and visitor permits. Although the paper application form contains a declaration, it does not contain a warning to discourage fraudulent conduct. The online application does not contain a declaration at all. To support this deterrence information should be available on the council's website to enable the public to report concerns of permit misuse.</p> <p>Procedures are in place to ensure permits are issued appropriately. Some improvement is required to ensure records are correctly retained and decision making appropriately recorded.</p> <p>The stock of visitor permits is appropriately controlled but the current arrangements do not enable income reconciliation to provide assurance all income is accounted for. Permit zones are recorded on resident permits but not visitor permits. A consistent approach is required for all permits to ensure permits are used correctly. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: Two high, three medium and one low priority.</b></p> <p><b>Recommendations relate to deterring permit misuse through an improved declaration by the applicant and a means for the public to report misuse concerns. Improvements relating to the recording, retaining of information and decision making. A consistent approach by recording Zones on visitor permits. Income reconciliation to provide assurance permit income is accounted for.</b></p>

### Counter Fraud Activity

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
30	Pro-active investigations work	29	3.6	N/A	<p>A pro-active drive reviewing all council tax accounts with full student exemptions was undertaken, involving scrutiny of all student certificates supplied in order to confirm that they were genuine.</p> <p>Approx. 90 accounts were reviewed with 9 identified as having potential discrepancies, which were subject to investigation.</p>
31	Data matching exercises, including National Fraud	29	7.6	N/A	<p>Data matching with the Kent Intelligence Network has been stalled by a number of issues throughout the year, which started with the search for a new software</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
	Initiative and Kent Intelligence Network				<p>provider. While the new software is now available there are still issues around GDPR being resolved.</p> <p>Data matching for small business rate relief has taken place with a company called Destin Solutions, who use publicly available data. This has identified businesses with relief at more than one authority, which are then subject to investigation with the removal of the rate relief if appropriate.</p> <p>The Council has taken part in the National Fraud Initiative Exercise for 2018-19 with data submitted in October 2018 and matches received in January 2019. The Audit &amp; Counter Fraud Team is working with services to check the matches received and identify whether there are genuine discrepancies that require more in depth investigation.</p>
32	Fraud awareness	10	N/A	N/A	No fraud awareness training undertaken during the year.

### Reactive Investigations work: external investigations

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable Savings	Non-cashable Savings	Prevented Losses
Council Tax	10	27	Three cases were concluded with the removal of the council tax discount/exemption, one of which also resulted in the issue of a civil penalty, and one case was concluded with the removal of the CTR award. 23 cases were concluded with no evidence of fraud.	£9,899.12 (Historic Liability) £3,890.82 (Additional liability for future years) £70 (Civil Penalty)	N/A	N/A
Tenancy	8	13	Four cases resulted in the recovery of the GBC property. Nine cases were concluded with no evidence of fraud.	N/A	£72,000	N/A
Right to Buy	0	3	One case resulted in a RTB application being blocked due to falsified information. Two cases concluded with no evidence of fraud.	N/A	N/A	£80,900
Housing Allocations	3	3	Three cases concluded with no evidence of fraud.	N/A	N/A	N/A

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable Savings	Non-cashable Savings	Prevented Losses
Other	0	2	Two cases relating to parking matters were investigated. One was linked to possible misuse of a residents parking permit and was concluded no fraud. In the second case, the customer accepted a caution after admitting supplying false medical documents to GBC in order to avoid paying parking fines.	N/A	N/A	N/A

### Reactive Investigations work: internal investigations (items in italics detailed in previous update reports)

Allegation	Investigation activity & recommendations

### Responsive Internal Audit Assurance Work

Activity	Current status	Opinion, summary of findings & recommendations made
Review of arrangements to meet the requirements of the Transparency code	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 – The council is adequately meeting its transparency requirements.</b></p> <p>The review found that a webpage is included within the ‘About the council – Policies, strategies, open data’ section of the council’s web site which is dedicated to transparency and open data. On this web page there are 27 links, 12 of which are to webpages hosted in this section containing data directly required by the Local Government Transparency Code 2015. The remaining 15 links are to various other webpages, including some providing data required by other legislation, however it is suggested that a review is undertaken to ensure that only relevant information is included in the transparency and open data section of the council’s website.</p> <p>The Local Government Transparency Code 2015 requires the council to publish required data, analysis found the council publishes the majority of datasets, with the exception of information relating to social housing assets; though it was noted that the procurement information, organisation chart and senior staff salaries datasets are missing some of the information required by the Code. In addition, it was found that information published in relation to the fraud, pay multiple and grant payment datasets requires updating. At the time of the audit a review was being undertaken by the council’s Information Governance team to ensure that all information the council is required to publish is up to date.</p>

Activity	Current status	Opinion, summary of findings & recommendations made
		<p>In terms of the information recommended for publication, the only information routinely published relates to the fraud data set. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: One Medium Priority.</b></p> <p><b>Recommendation relates to formally allocating responsibility for updating each dataset required by the Local Government Transparency Code and reminding relevant officers to update data in line with the publication frequencies set out in the Code.</b></p>

Other consultancy services including advice & information (items in italics detailed in previous update reports)

Client service area	Services provided
Town Centre Redevelopment Proposal - Financial Analysis	A thorough examination was undertaken of the accuracy of formulae within a spreadsheet prepared by Gravesham Borough Council to assess the financial viability of the proposal.
Corporate Debt Project	One of the Audit & Counter Fraud Team Leaders was part of a project group overseeing implementation of a system to provide a corporate view of debt.
Automated Invoicing	Two of the Audit & Counter Fraud Officers were part of the project group overseeing implementation of the Creditors automated invoicing system.
Interreg France (Channel) England Go Trade Project	One of the Audit & Counter Fraud Team Leaders was appointed and has undertaken the role of First Level Controller for Gravesham Borough Council's part in this project.
Merchant Acquiring Services	One of the Audit & Counter Fraud Team Leaders is part of a project group overseeing implementation of new Merchant Acquiring Services.
Repairs & Maintenance Supplies Management	One of the Audit & Counter Fraud Team Leaders provided control advice as part of the procurement of a single supplier for the council's Repairs & Maintenance function.

## 4. Quality Assurance & Improvement Programme

The Standards require that: *The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.* A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement. The Audit & Counter Fraud Shared Service QAIP for 2017-18 was agreed by Gravesham's Finance & Audit Committee in March 2017.

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

In line with the QAIP, the team monitor performance against a suite of 25 performance indicators based on the balanced scorecard, covering the four perspectives; financial, internal process, learning & growth and customer. Performance targets have been set for 15 of the 25 indicators and outturns presented are those as of 31 March 2018.

Ref	Indicator	Target	Outturn for report period
<b>Non LA Specific Performance Measurements</b>			
A&CF1	Cost of the Audit & Counter Fraud Service a) Total Cost b) LA Share	N/A	£536,785 £193,242
A&CF2	Cost per A&CF day	£400	£293
A&CF3	Proportion of staff with relevant professional qualification: a) Relevant audit qualification b) Relevant counter fraud qualification	75%	21% 57%
A&CF4	Proportion of non-qualified staff undertaking professional qualification training	25%	0%
A&CF5	Time spent on CPD/non-professional qualification training, learning & development	70 days	89
A&CF6	Compliance with PSIAS	100%	The External Quality Assessment (EQA) conducted in February 2018 was positive with performance in line with or above that of other local authorities as per benchmarking; however, it did not provide a percentage of compliance. Our January 2019 self- assessment showed full compliance with 94% of the standards, partial compliance with a further 4% and work required to address the remaining 2%. We are working to address the areas that require improvement.
A&CF7	Staff turnover	N/A	There were no resignations during

Ref	Indicator	Target	Outturn for report period
			the year, however, an internal candidate was successful in the recruitment for a new Audit & Counter Fraud Team Leader; resulting in a vacancy for a short period while a new Audit & Counter Fraud Officer was recruited. One officer also took flexible retirement from 01 September 2018, reducing to two days per week. This reduction in hours, along with those of other part time officers, leaves 1 FTE vacant from the establishment.
<b>LA Specific Performance Measurements</b>			
A&CF8	Average cost per assurance review	£5,000	£3,805
A&CF9	Proportion of available resources spent on productive work	90%	86%
A&CF10	Proportion of productive time spent on: a) assurance work b) consultancy work	65%	60% 5%
A&CF11	Proportion of productive time spent on: a) proactive counter fraud work b) reactive counter fraud work	35%	2% 33%
A&CF12	Proportion of agreed assurance assignments: a) Delivered b) Underway	95%	95% 0%
A&CF13	Proportion of assignments completed within allocated day budget	90%	65%
A&CF14	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	50%
A&CF15	Proportion of recommended actions agreed by client management	90%	100%
A&CF16	Number of recommendations agreed that are: a) not yet due b) Implemented c) Outstanding	N/A	13 98 9
A&CF17	Proportion of recommended actions implemented by agreed date	N/A	91.6%
A&CF18	Number of referrals received	N/A	91
A&CF19	Number of investigations closed	N/A	69
A&CF20	Value of fraud losses identified, by fraud type	N/A	Total: £166,760

Ref	Indicator	Target	Outturn for report period
	<p>a) cashable (losses that can be recovered)</p> <p>b) non-cashable (notional savings based on national estimates)</p>		<p>a) £13,860</p> <p>b) £72,000</p> <p>Also a prevented loss of £80,900</p>
A&CF21	Customer satisfaction with individual review/assignment	95%	100% positive for overall satisfaction (based on four response received during the year), although opportunities for improvement have been identified in relation to the period of notice before work commenced and the length of time to issue reports.
A&CF22	Customer satisfaction with overall service	95%	The results of the survey indicate that clients are largely satisfied with the services received from Audit & Counter Fraud, with eight of the 11 respondents saying they were very satisfied or satisfied with the overall service; the remaining three gave a neutral response.
A&CF23	Member satisfaction with assurance provided (based on Chair of Audit Committee contribution to Appraisal of the Head of Audit & Counter Fraud role)	Positive	<p>Cllr Karen Hurdle provided the following comments for the HIACF mid-year review in September; James provides the Finance and Audit Committee with detailed updates and reports on the progress of the Audit and Counter Fraud Team. He is readily able to answer questions from the committee and explain procedures and outcomes clearly.</p> <p>I am sure that in his role as Head of the Audit and Counter Fraud Shared Service, James and the Team will continue to provide an excellent service to The council.</p> <p>No comments were received ahead of the end of year appraisal.</p>
A&CF24	Statement of external audit	Positive	External Audit report by exception. The Audit Plan for 2018-19 from Grant Thornton raises no concerns in relation to the work of internal audit.

## 5. Follow up of agreed recommendations

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

Following the launch of the shared service, the follow up arrangements in place at both Gravesham and Medway were reviewed and a revised process, consistent across both sites, was agreed with senior management. It was agreed that service managers will be asked to provide an update on action taken towards implementing all recommendations agreed, but they will also be asked to supply evidence to confirm the action stated for all High Priority recommendations and the Audit & Counter Fraud Team will verify this. In addition, recommendations made as part of proactive and reactive counter fraud work will be incorporated into the follow up process to ensure action is taken to address fraud risks identified. The outcome of follow up work has been monitored by the council's Management Team on a quarterly basis throughout the year.

The table below sets out the position of all recommendations which have formed part of the recommendation follow-up process during the 2018-19 financial year.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
Planning Enforcement	<p><b>Opinion: Amber</b></p> <p>Seven recommendations agreed: three high, three medium and one low priority. Recommendations related to the publication of policy and guidance on the council's website and the development of procedure notes for staff, improving arrangements to monitor planning conditions, prioritising investigations of reports received and introducing specific arrangements to ensure all staff declare any interests.</p>	Seven recommendations due, seven implemented.
Section 106 Agreements & Other Planning Obligations	<p><b>Opinion: Amber</b></p> <p>Five recommendations agreed: three high and two low priority. Recommendations related to improving consistency of Management Team reports requesting changes to the establishment, ensuring appropriate formal agreements are in place where external contracted staff are used, and ensuring the salaries budget and information held by HR/payroll are regularly reconciled.</p>	Five recommendations due, five implemented.
Council Tax Discounts, Disregards & Exemptions	<p><b>Opinion: Amber</b></p> <p>Five recommendations agreed: three high, one medium and one low priority. Recommendations related to ensuring that applications are completed and evidence checked in respect of all discounts, disregards and exemptions that reviews are undertaken in a timely manner, to ensure that procedure notes are up to date and audit trails are maintained.</p>	Five recommendations due, five implemented.
Private Housing Enforcement	<p><b>Opinion: Amber</b></p> <p>Three recommendations agreed: one high and two medium. priority Recommendations related to appropriate records being maintained for PI15, the updating of the private housing enforcement policy and gaining understanding of whether Category two and non-urgent service requests are being handled in a timely manner.</p>	<p>Three recommendations due, two implemented.</p> <p>One medium priority recommendation outstanding relating to the updating of the private housing enforcement policy.</p>
Homelessness	<p><b>Opinion: Green</b></p> <p>Three recommendations agreed: two medium and one low priority. Recommendations related to ensuring that the council's homelessness strategy is up to date, ensuring that temporary accommodation placements are appropriately authorised, and setting a budget to monitor bed &amp; breakfast expenditure</p>	Three recommendations due, three implemented.
Strategic Asset Management	<p><b>Opinion: Amber</b></p> <p>Six recommendations agreed: three high and three medium priority.</p>	Six recommendations due, six implemented.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	Recommendations related to the updating and approval of existing policies and the council's Constitution, arrangements for ensuring that records held by Finance and property Services align, ensuring that the council is making best use of the system currently used for maintaining its asset register, and the updating and approval of an existing policy.	
Capital Planned Works Management	Opinion: <b>Green</b> One low priority recommendation agreed. The recommendation related to more effective use of the council website and social media.	One recommendation due, one implemented.
NDR Reliefs	Opinion: <b>Amber</b> Six recommendations agreed: three high, one medium and two low priority. Recommendations related to information available on the councils website, discretionary rate relief criteria, use of application forms & declaration statements, and processes for determining charitable status and rate reliefs.	Six recommendations due, six implemented.
Business Continuity (IT)	Opinion: <b>Red</b> Four recommendations agreed: two high and two medium priority. Recommendations related to regular reviews of the IT continuity plan and overarching business continuity plan, training for staff involved with implementing the plan and testing of backup servers and generators.	Four recommendations due, four implemented.
Prevention of Procurement Fraud	Opinion: <b>Amber</b> Four recommendations agreed: one high and three medium priority. Recommendations related to updating the Procurement Strategy, reviewing and formalising arrangements to secure procurement advice, strengthening controls to ensure all procurement activity specifically excludes suppliers convicted of fraud, bribery or corruption and ensuring transparency data is published in full on a timely basis.	Four recommendations due, four implemented.
Prevention of Right to Buy Fraud	Opinion: <b>Amber</b> Eight recommendations agreed: five high and three medium priority. Recommendations related to the introduction of secondary application forms, money laundering questionnaires, updates to the housing business plan, ID verification for all applicants, un-notified visits to all applicants, written procedures covering the verification process, the introduction of an enforcement policy and publicity of any positive actions taken in respect of right to buy fraud.	Eight recommendations due, eight implemented.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	One recommendation rejected, relating to the introduction of an enforcement policy. This is to be incorporated into verification procedures instead.	
Payroll	Opinion: <b>Amber</b> Four recommendations agreed: one high and three medium priority. Recommendations related to signing of the Payroll contract, General Ledger reconciliation and receipt of reports from Medway Council to provide assurance on the service received.	Four recommendations due, four implemented.
Housing Rents	Opinion: <b>Amber</b> Four recommendations agreed: two high and two medium priority. Recommendations related to discussions on the use of Enforcement Officers to recover former tenant arrears; further measures to ensure that Direct Debits are collected in a timely manner; updating the procedure documents supporting the recovery of current and former tenant arrears; and, making details of the rent balance tracker available on the back of all rent arrears letters.	Four recommendations due, three implemented. One high priority recommendation outstanding relating to discussions on the use of Enforcement Officers to recover former tenant arrears.
Use of Council Vehicles	Opinion: <b>Amber</b> Seven recommendations agreed: one high priority, one medium and five low. Recommendations related to a policy with a definition of acceptable use, monitoring of fuel, use of council vehicles by officers from shared services, monitoring of tracker data on fleet vehicles, recording of mileage incurred using lease pool vehicles and the cost effectiveness of lease pool vehicles.	Seven recommendations due, seven implemented.
Corporate Governance	Opinion: <b>Amber</b> Two recommendations agreed: one high and one medium priority. Recommendations relate to completion of a planned review of the Constitution and ensuring up to date counter fraud policies are provided on the council's website. One high priority recommendation rejected relating to formalising arrangements to monitor completion of improvements identified via the AGS.	Two recommendations due, two implemented.
Risk Management Framework	Opinion: <b>Amber</b> Three recommendations agreed: two medium and one low priority. Recommendations relate to ensuring that service risk registers are fully completed, ensuring roles and responsibilities are clear and ensuring an appropriate link between corporate and service level risk management processes.	Three recommendations due, three implemented.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	One medium priority recommendation rejected relating to staff guidance on the risk register template.	
IT Security – User Access Controls	Opinion: <b>Amber</b> Four recommendations agreed: one high priority and three medium. Recommendations relate to completion of work required for the PSN connection, the updating and circulation of IT related policies, and ensuring that password re-set options are activated.	Four recommendations due, three implemented. One high priority recommendation outstanding relating to completion of work required for the PSN connection.
Digital Transformation	Opinion: <b>Green</b> . One medium priority recommendation agreed. Recommendation relates to implementing a process for conducting post-implementation reviews for all digital transformation projects.	One recommendation due, one implemented.
Legal & Contractual Advice	Opinion: <b>Amber</b> One medium priority recommendation agreed. Recommendation relates to creating a suite of KPIs; that include all necessary information, and a reporting schedule being agreed by senior management.	One recommendation due, one implemented.
NDR	Opinion: <b>Green</b> . One medium priority recommendation agreed. Recommendation relates to consideration of data matching between council systems, data sharing between departments and ensuring compliance with the GDPR.	One recommendation due, none implemented. One medium priority recommendation outstanding relating to consideration of data matching between council systems, data sharing between departments and ensuring compliance with the GDPR.
Member Development	Opinion: <b>Green</b> . One low priority recommendation agreed. Recommendation relates to Party Leaders being provided with attendance information on a quarterly basis.	One recommendation due, one implemented.
Creditors	Opinion: <b>Amber</b> . Six recommendations agreed; three high, two medium and one low priority. Recommendations relate to appropriate staff being reminded of the need to raise purchase orders in relation to all purchases, Managers being reminded that invoices for goods and services should not be paid via petty cash, that petty cash claims should not be authorised by Managers who do not have appropriate authorisation or are above their limit, Managers not authorising their own or close relatives petty cash claims, float holders being reminded to include remaining balances on the	Six recommendations due, six implemented.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
	information provided to Exchequer Services and Management Team considering the removal of petty cash and switching the processing of expenses through the HR SelfServe4You system	
Borough Market – Income	Opinion: <b>Amber</b> . Five recommendations agreed; five medium priority. Recommendations relate to enhancing procedures for the agreement and review of pitch fees, applying the correct VAT treatment for deposit invoices, ensuring consistent recovery procedures are followed, and ensuring that comprehensive records are retained of all cash payments received	Five recommendations due, five implemented.
Business Continuity	No Opinion Delivered – Consultancy Review Four recommendations agreed; one high, two medium and one low priority. Recommendations relate to the re-designing of BCP templates, a programme of learning for managers, the incorporation of an audit trail in the BCP for reviews and testing and the identification of key essential services.	Four recommendations due, three implemented. One high priority recommendation outstanding relating to a programme of learning for managers.
Housing Revenue Account Building Management – Compliance	Opinion: <b>Amber</b> . Six recommendations agreed; two high, one medium and three low priority. Recommendations relate to enhancement of processes for tackling access issues which prevent checks from being carried out, ensuring the electrical contract contains KPIs which are regularly monitored, investigating methods of ensuring safety compliance in leasehold properties, reviewing processes for budget monitoring, ensuring certificates are stored appropriately and streamlining processes for monitoring failed checks	Six recommendations due, six implemented.
Void Property Management & Re-let	Opinion: <b>Amber</b> . Five recommendations agreed; two high and three medium priority. Recommendations relate to the introduction of a Voids Policy which includes procedure notes, amending the tenancy handbook to include basic repairs that tenants are expected to complete, ensuring all recording methods are updated regularly to ensure records of every element of the process are correct, a review of the re-let process and refresher training for officers on use of the Locata system.	Five recommendations due, five implemented.
Building Security	Opinion: <b>Amber</b> . Five recommendations agreed; three high and two medium priority. Recommendations relate to finalisation of the Security Policy, enhancement of arrangements for managing the Access Control System and enhancement of arrangements for managing temporary passes.	Five recommendations due, four implemented. One high priority recommendation outstanding relating to enhancement of arrangements for managing the Access Control System.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
Contact Centre Operations	<p>Opinion: <b>Green</b>.</p> <p>Four recommendations agreed; three medium and one low priority.</p> <p>Recommendations relate to aligning the period of the Customer Service and Access Strategy to that of the corporate plan, resuming the monitoring of webchat performance, Customer Services champions attending the team meetings of other services and a review of the main reception area as part of the strategy review.</p>	<p>Four recommendations due, three implemented.</p> <p>One medium priority recommendation outstanding relating to a review of the main reception area as part of the strategy review.</p>
NNDR Recovery	<p>Opinion: <b>Green</b>.</p> <p>Two low priority recommendations agreed.</p> <p>Recommendations relate to the scheduled monitoring of cases with the Enforcement Agency and reminder notices to be issued in line with Gravesham's Corporate Fair Debt Policy.</p>	<p>Two recommendations due, two implemented.</p>
Procurement Compliance	<p>Opinion: <b>Green</b>.</p> <p>One low priority recommendation agreed.</p> <p>Recommendation relates to customer satisfaction surveys being completed for all relevant contracts.</p>	<p>One recommendation due, one implemented.</p>
Rent Deposit Scheme	<p>Opinion: <b>Red</b>.</p> <p>Thirteen recommendations agreed, seven high and six medium priority.</p> <p>Recommendations relate to ensuring loan applications are appropriately assessed, authorised and consistently distributed, unsuccessful applicants being advised of the reason why, agreement forms being clearer to tenants and updated for landlords, appropriate certificates being obtained from landlords, reconciliation between Housing records and the General Ledger, training for Housing Needs Officers, verification of payment information for Letting Agencies, ensuring invoices are raised for all loans granted, deposit loans being held in appropriate scheme's with the councils interest registered and the monitoring of loans.</p>	<p>Thirteen recommendations due, thirteen implemented.</p>
Residents Parking Permits	<p>Opinion: <b>Amber</b>.</p> <p>Seven recommendations agreed, two high, three medium and two low priority.</p> <p>Recommendations relate to deterring permit misuse through an improved declaration by the applicant and a means for the public to report misuse concerns. Improvements relating to the recording, retaining of information and decision making. A consistent approach by recording Zones on visitor permits. Income reconciliation to provide assurance permit income is accounted for.</p>	<p>Seven recommendations due, seven implemented.</p>

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
Performance Management Framework	<p>Opinion: <b>Green</b>.</p> <p>Three low priority recommendations agreed.</p> <p>Recommendations relate to an elected Member training document being devised, the Data Quality Policy being updated regarding point 5.8 and Appendix 4 and documented agreement from the relevant Portfolio holder being obtained for all targets.</p>	Two recommendations due, two implemented.
Bad Debt Provision	<p>Opinion: <b>Amber</b>.</p> <p>Three recommendations agreed, one medium and two low priority.</p> <p>Recommendations relate to ensuring all elements of debt within the council are considered, producing written notes on the methodologies being used and checking data used in calculation is accurate.</p>	<p>Three recommendations due, two implemented.</p> <p>One low priority outstanding relating to producing written notes on the methodologies being used.</p>
Establishment Management	<p>Opinion: <b>Amber</b>.</p> <p>Five recommendations agreed, one high, three medium and one low priority.</p> <p>Recommendations relate to ensuring consistent information is provided for all requests to make changes to the establishment, ensuring that HR implications are formally considered for each change, preparing a policy or procedure note setting out the process for making changes to the establishment, reviewing forms used to make changes to the establishment on Resource Link and carrying out periodic reconciliations between the establishment list and salaries budget.</p>	<p>Five recommendations due, four implemented.</p> <p>One high priority outstanding relating to carrying out periodic reconciliations between the establishment list and salaries budget.</p>
Housing Allocations (Counter Fraud review)	<p>Opinion: <b>Amber</b>.</p> <p>Seven recommendations agreed: three high and four medium priority.</p> <p>Recommendations relate to reviewing and, where appropriate, updating the current Allocations policy, refresher training in respect of document verification, applicants supplying original identification and supporting evidence in respect of all applications, application forms and supporting documents being retained in all cases, the introduction of a formal process for all direct let authorisations, an annual review of the housing waiting list and annual declarations of interest being completed by all allocations staff.</p>	Three recommendations due, three implemented.
VAT	<p>Opinion: <b>Green</b>.</p> <p>Three low priority recommendations agreed.</p> <p>Recommendations relate to improving VAT awareness to staff outside of Finance and implementing procedures in relation to VAT and bad debt write offs.</p>	No recommendations due before 31 March 2019

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

Directorate	Audit & Counter Fraud Review title	Recommendation	Priority	Planned Implementation Date	Management Update
Housing & Regeneration	Private Housing Enforcement	The Private Housing Enforcement policy should be reviewed and updated in line with the Housing and Planning Act.	Medium	31 December 2017	The Draft Enforcement Policy still needs to be reviewed once the associated charging policy is finalised. We are working alongside other Kent LAs to share good practice across Kent. Revised implementation date to be confirmed following the necessary consultation and approval by Housing Committee on 25 September 2019 for adoption by Cabinet on 07 October 2019.
Housing & Regeneration (Corporate Services)	Housing Rents	The appointment of a Corporate Enforcement Agent should be further progressed to allow for the timely recovery of former tenant arrears.	High	31 May 2018	It is the intention to present a report to Management Team by the end of June 2019 setting out a preferred route for procuring enforcement agent services. Revised implementation date 31 December 2019.
Communities	Contact Centre Operations	The review of the Customer Services and Access Strategy should include a review of the main reception area and any enhancements; such as reducing the meet & greet desk and using the screens in the waiting area and foyer in a more customer focused manner, be taken forward.	Medium	31 August 2018	Although outstanding at 31 March 2019, the recommendation has since been implemented.
Corporate Services	IT Security – User Access Controls	Work required to comply with PSN compliance requirements should be undertaken.	High	30 September 2018	Although outstanding at 31 March 2019, the recommendation has since been implemented.

## Update on 2018-19 Audit & Counter Fraud Planned Work

Ref	Activity	Day budget	Days Used	Current status	Opinion, summary of findings & recommendations made
3	Partnership framework and shared working arrangements	10	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objectives: <b>RMO1 - Arrangements have been put in place to ensure delivery of the council's partnership and shared working projects.</b> <b>RMO2 - Arrangements have been put in place to ensure projects are working in accordance with the requirements of the Partnership Framework.</b>
11	Housing rent administration and collection	10	N/A	Fieldwork Underway	The review will consider the following Risk Management Objectives: <b>RMO1 - Rent liability is accurately calculated.</b> <b>RMO2 - Adequate arrangements are in place for the administration of the Council's rent accounts.</b> <b>RMO3 - Adequate arrangements are in place for the accurate collection of rent.</b>
13	Performance data verification	3	N/A	Underway	A&CF Officers are conducting independent verification of corporate performance information.
14	Out of hours services	15	N/A	Fieldwork completed, in quality control	A consultancy review was undertaken to determine: <b>Whether there is an appropriate and consistent approach across services to compensate staff who provide an out of hours service.</b>
17	Public Place Protection Order Enforcement	10	N/A	Terms of Reference being prepared	
24	Private sector housing grants	15	N/A	Fieldwork Underway	The review considered the following Risk Management Objectives: <b>RMO1 - Arrangements are in place to facilitate and monitor the payment of Private Sector Housing - Disabled Facilities Grant.</b>
26	Business continuity - back-up arrangements	10	N/A	Fieldwork Underway	The review considered the following Risk Management Objectives: <b>RMO1 - There are adequate backup facilities in place.</b> <b>RMO2 - Appropriate measures are in place to ensure the maintenance of the IT business continuity plan.</b>

## Definitions of audit opinions

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

## Recommendation Priorities

<p><b>High</b></p>	<p>Action addresses a significant weakness to enable the achievement of key objectives.</p>
<p><b>Medium</b></p>	<p>Action addresses a weakness identified that is not critical to the achievement of objectives.</p>
<p><b>Low</b></p>	<p>Action is a system enhancement or improvement to the efficiency of the service.</p>