

Audit & Counter Fraud Update

Gravesham Borough Council

For the period:

01 September – 31 December 2020

1. Introduction

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

2. Executive Summary

- 2.1 This is the second and final update for 2020-21, prior to the annual report, covering the period 01 September to 31 December and the following audit reviews were finalised during the reporting period;

- Purchase Cards – Opinion: **Amber**
- Debtors – Opinion: **Green**
- Virtual Committee Meetings – Opinion: **Green**
- Open Space Management – Opinion: **Green**
- Housing Benefit & Council Tax Reduction Administration – Opinion: **Green**

In addition, six reviews have had fieldwork completed and are now going through the quality control process, four reviews are currently underway and commencement of a number of others is being arranged with clients. As a consequence of this work, plan delivery as at 31 December was 52% complete, with a further 19% underway. Full details of the individual reviews can be found in section 5 of this report.

- 2.2 Follow up of agreed recommendations has continued and performance as of 31 December stood at 62.5%, with 30 of 48 recommendations due by the end of the period having been implemented. The 18 that remain outstanding and are being monitored in line with the agreed follow up process. Full details of the progress made in relation to recommendation follow up can be found at section 8.
- 2.3 Investigations concluded during the period have identified cashable savings of £30,740 in the form of additional council tax liabilities, both historic and future; and non-cashable savings of £93,000 resulting from the recovery of one council property.
- 2.4 There has been a loss of resource of around 29 days linked to overrunning reviews, sickness and officers commencing their apprenticeship earlier than anticipated. The service were also approached to assist other services with Covid Grant schemes linked to the ongoing restrictions.
- 2.5 As a consequence revisions to the agreed plan were agreed with the Chair of the Finance & Audit Committee due to urgency and the following reviews have been removed;
 - Project Management – GDPR (15 days)
 - Planning Applications (15 days)

3. Independence

- 3.1 The Audit & Counter Fraud Charter was approved by the Finance & Audit Committee in February 2020 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.
- 3.2 Given its responsibilities for counter-fraud activities, the Audit & Counter Fraud Shared Service cannot provide independent assurance over the counter-fraud activities of either council. Instead, independent assurance over the effectiveness of these arrangements will be sought from an external supplier of audit services on a periodic basis.

4. Resources

- 4.1 The Audit & Counter Fraud Shared Service reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The team currently has an establishment of 14 officers, consisting of; the Head of Internal Audit & Counter Fraud, three Audit & Counter Fraud Team Leaders, eight Audit & Counter Fraud Officers (7.64 FTE), one audit & Counter Fraud Intelligence Analyst and one Audit & Counter Fraud Assistant.
- 4.2 The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 64% for Medway, with the remaining 36% for Gravesham. The establishment at the time the Audit & Counter Fraud Plans for 2020-21 were revised, was forecasted to provide a total of 1,355 days available for audit and counter fraud work (net of allowances for leave, training, management, administration etc.) The Audit & Counter Fraud Plan for Medway was prepared with a resource budget of 489 days.
- 4.3 Net staff days available for Gravesham for the period 1 April to 30 June 2020 amounted to 274 days and 240 days (87%) were spent on chargeable audit and counter fraud work. Of this chargeable time, 152 days (63%) was spent on audit assurance and consultancy work, while 88 (37%) was spent on counter fraud and investigations work. The current status and results of all work carried out are detailed at section 5 of this report.
- 4.4 Available resource has been impacted by a number of issues, including two officers commencing their apprenticeship earlier than predicted, the absence of a team leader due to sickness and the planned day allocations for key control audits being insufficient leading to over run. This has resulted in a loss of approximately 29 days.
- 4.5 In addition the ongoing impact of the pandemic and associated restrictions has led to assistance being required by other services to deal with the grant schemes that need to be administered. As a two officers are assisting with the assessment of 'Additional Restrictions Grant (ARG) Applications. At present we are hoping that this time will not cause any significant reduction in the resources available but it is being monitored.

5. Results of planned Audit & Counter Fraud work

- 5.1 The Audit & Counter Fraud Plan 2020-21 for Gravesham was approved by the Finance & Audit Committee in March 2020, however, the impact of the Covid 19 pandemic resulted in a revised plan for the period 01 July 2020 to 31 March 2021 being approved in July 2020. The Plan is intended to provide a clear picture of how the council will use the Audit & Counter Fraud Shared Service, reflecting all work to be carried out by 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.

- 5.2 The tables below provide details of the work from 2019-20 that has been finalised in 2020-21, the progress of work undertaken as part of the 2020-21 annual plan and the results of investigative work completed during the period.

2019-20 Internal Audit Assurance work completed in 2020-21 (since the last Audit Committee meeting)

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
16	Apprenticeship scheme	15	27.2	Final Report Issued	Findings already reported to Audit Committee – October 2020 meeting
19	Woodville ticketing	10	15.4	Final Report Issued	Findings already reported to Audit Committee – October 2020 meeting
21	Responsive repairs service (including supplies management)	20	28.9	Final Report Issued	Findings already reported to Audit Committee – October 2020 meeting
34	Flexi, TOIL and overtime	15	19.5	Final Report Issued	Findings already reported to Audit Committee – October 2020 meeting

2019-20 Internal Audit Assurance work

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
Core governance and financial systems assurance work					
1	NNDR collection	5	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place for the collection of NNDR.
2	Debtors	5	8.6	Final Report Issued	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to administer and recover the council's sundry debtors. The review found all debtors and invoices created within the Civica Financial System to have their own unique reference number. Audit testing carried out on a random sample of invoices created since January 2020 to August 2020 found to have been appropriately authorised. The review found that invoices are raised by individual departments as per the New Access Form which must be completed in order to gain access to the system. Audit testing carried out on a random sample of 10 transactions that took place between January 2020 and August 2020 gave assurance that payments are recorded against the correct debtor and general ledger code. The review found that as at July 2020 all reconciliations between the debtors system and general ledger, and between the general ledger and the council's bank account to be completed.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>The review found that a Corporate Debt Strategy is held and Process Maps are in place for the Income Team as well as monitoring spreadsheets for the recovery of outstanding debts. Due to the covid-19 pandemic and resources available within the team, debts for periods October 2019 to December 2019, and January 2020 to March 2020 have been written off and appropriately authorised in line with the constitution. The write-off reports for Q1 and Q2 2020/21 have been prepared and require authorisation. Opinion: Green.</p> <p>Overall Opinion: Green. Recommendations: One low priority.</p> <p>Recommendation relates to the authorisation of outstanding write-off reports.</p>
3	Project management - GDPR	10	N/A	Removed from Plan	Please refer to Section 7 on page 17 for full details.
4	Payroll establishment, payments & deductions	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to calculate and pay staff salaries effectively.
5	Capital accounting	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place to account for the HRA capital programme.
6	Cyber security	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - There are arrangements in place to protect the council network.
7	Member standards	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objectives: RMO1 - Arrangements are in place to ensure expected Member standards are communicated effectively. RMO2 - Arrangements are in place to ensure Member standards are upheld.
Corporate risks assurance work					
8	Purchase cards	5	9	Final Report Issued	<p>The review considered the following Risk Management Objective: RMO1 - Purchase Cards are adequately controlled.</p> <p>The review found that officers are issued with comprehensive guidelines for the use and management of purchase cards. These identify the need to provide receipts and purchase orders within a specified 10-day period once statements have been received. Testing found that 17 statements between November 2019 and May 2020 remain outstanding. This means it has not been possible for Finance to correctly attribute £4,289.32 to the correct cost codes.</p> <p>Testing has shown appropriate controls are in place to ensure the cards that have been uplifted have been authorised for this change and there is a genuine business need for the uplift.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>A lack of communication between Payroll and the Exchequer Manager was identified, regarding leavers and a recommendation has been made to alleviate any risk this may pose. Opinion: Amber.</p> <p>Overall Opinion: Amber. Recommendations: Two medium and one low priority. Recommendations relate to amending the guidelines to show job roles rather than named officers, establishing a link between Payroll and the Exchequer Manager regarding card holders leaving and to agree an escalation process for cardholders who do not comply with their requirement to promptly provide required statement information.</p>
9	Housing Benefit & CTR administration	5	11.8	Final Report Issued	<p>The review will consider the following Risk Management Objective: RMO1 - Housing Benefit and CTR is appropriately administered and accurately calculated.</p> <p>Information about eligibility for Housing Benefit (HB) and Council Tax Reduction (CTR) is available on the council's website showing the eligibility criteria and qualifying conditions along with the documentation that is required to complete a claim. The public are able to download and print an application form that covers both schemes. The Digital team are responsible for updating the website, the relevant pages were last updated in August 2020.</p> <p>It is normally a requirement that original documents are provided by claimants e.g. passport or birth certificates, however since COVID 19 restrictions the government have issued guidance to Local Authorities (LA) allowing them to adopt a "Trust and Protect" process for verification checks for new and existing HB and CTR claims. Scanned copies of original documents are being accepted but if there is any doubt in the authenticity of any documents provided, the claimant would be asked to provide the original documents.</p> <p>Arrangements are in place to ensure that claims are securely received and stored. Claims are generally received either by post or in person, however during COVID 19 the public have not been allowed access to the Civic Centre unless by appointment. Post is opened and sorted daily by the Scanning and Indexing Team, who will scan to the benefits module of the ANITE Imaging system in the relevant claim file. A secure transfer of data is received daily from the DWP which is placed into a restricted drive and is accessed by senior officers. Each claim is allocated a unique reference number that is used on both the ANITE and Northgate system.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>A section of the Revenues and Benefits Business Plan 2020-21 is dedicated to workforce development. The review found that there is a comprehensive training plan in place for new starters. Working from home has become the 'new normal' for benefit staff with all circulars and processing procedures emailed to staff with voting buttons to acknowledge when they have read the e-mail, and whether they understand the contents or require help. For the past year the majority of assessors have been trained on all aspects of assessing benefit claims from start to finish, giving more resilience to the team.</p> <p>The Northgate system has set parameters that are updated annually based on information received from government to ensure that claimants receive the correct amount of benefit. The Assessment Officers are required to manually input the information detailed within the benefit claim form onto the Northgate system. A procedure is in place for dealing with incomplete or defective claims. If a claim is received that is missing information or the claim form has not been completed sufficiently, they are classed as defective and it is noted on the system as 'pending'. The claimant is given 28 days to provide any information that has been requested before the claim is cancelled. We were advised that an Incomplete Claims Report is run on a weekly basis to check if the pending flags have been removed or further action is required by the assessor. On checking a report for September 2020, we found that there were claims with pending flags that should have been removed; assurances were given that the report has now been allocated to an assessor who will review the report regularly.</p> <p>The processing time for new claims and change of circumstances is contained in the HB regulations 2006 stating: The relevant authority shall make a decision on each claim within 14 days of the provisions of regs 83 and 86 being satisfied or as soon as reasonably practicable thereafter</p> <p>Within the Revenues and Benefits Business Plan 2020-21, Revs and Bens is required to report on among others:</p> <ul style="list-style-type: none"> • Average processing time for Housing Benefit claims (PI 23) • Average processing time for changes of circumstance in HB claims (PI 24) • Average processing time taken across all new CTR claims (MI 17) • Average processing time taken across all new CTR claims changes of circumstances (MI 18)

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>Management were able to provide information to show that for the period April – August 2020 that the average time for the assessment of new claims was 17.8 days and for changes 2.4 days.</p> <p>Monitoring forms part of the Senior Benefits Officer role, with a monthly % accuracy check of all officer's work carried out using the Performance Monitoring Quality Assurance (PMQA) module on the Northgate system. A report showing claims assessed in July 2020 was checked and it was found that out of the five claims examined that two had been returned to the assessor to make amendment.</p> <p>We were able to see that there is a process in place to review claims. A new claim form is sent out in response to queries that may arise from the various data matches and reports that are received on the section i.e. Verify Earnings and Pensions (VEPs) (which has replaced Real Time Information (RTI)), HBMS, and ATLAS; the section also undertakes planned reviews e.g. child in house over 16. The assessor will also carry out a review if speaking to the claimant on the phone if the claim has not been reviewed for a long time. Opinion: Green.</p> <p>Overall Opinion: Green. Recommendations: None</p>
10	Open space management	15	13.6	Final Report Issued	<p>The review considered the following Risk Management Objectives: RM01 - There are arrangements in place for the management of the council's parks and play areas.</p> <p>The review found the council's parks, open spaces and play sites are appropriately advertised, including the display of adequate signage. The vast majority of council owned parks and open spaces are left open for the public to enjoy, however a number of sites are closed each evening; council staff are responsible for the opening of the parks, whereas the closing is contracted out to a security company.</p> <p>Arrangements are in place to carry out various inspections of the council's play sites including weekly site visits, quarterly operational inspections carried out by the council's Register of Play Inspectors International (RPII) qualified operational inspectors and Annual Independent Inspections carried out an RPII accredited inspector.</p> <p>In addition, there are appropriate procedures in place for the regular maintenance and cleaning of the council's parks, open spaces and play sites. A 20 year replacement programme, including capital funding, has been established for council owned play sites. Opinion: Green.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>RMO2 - There are arrangements in place to implement the government's latest COVID-19 guidance.</p> <p>Following the first COVID-19 lockdown in spring 2020, which required all play sites close, the Government announced that play sites could reopen from 4 July 2020. The review found that prior to reopening, site inspections were carried out and changes were made where necessary to comply with Government guidance. A COVID-19 Risk Assessment was prepared specifically for play sites and another for the Horticultural Services Team to support their safe return to work. There is appropriate guidance available for the public regarding the use of parks and play areas in light of COVID-19 and throughout the pandemic, the council's website and social media channels have been regularly updated. Opinion: Green.</p> <p>Overall Opinion: Green. Recommendations: None.</p>
11	IT asset management	15		Fieldwork complete, in quality control	<p>The review considered the following Risk Management Objective:</p> <p>RMO1 - Arrangements are in place to purchase and monitor distribution and relocation of IT equipment.</p>
12	Virtual committee meetings	15	14.8	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p>RMO1 - Arrangements are in place to ensure remote committee meetings remain in line with constitutional requirements.</p> <p>The review found that following the introduction of the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020, a report was presented to Council on 12 May 2020 setting out proposals for how the regulations could be adopted for all GBC committee meetings, and the consequential impact on the 2020-21 schedule of meetings. As a result, procedures were put in place for all 2020-21 committee meetings to be held remotely using Zoom video conferencing technology. Arrangements have also been made for public meetings to be live streamed through the council's YouTube channel to provide remote viewing for members of the public and press. Meeting agendas are published on the council's website five working days prior to each meeting, with details of how to view the meeting published as part of the agenda.</p> <p>Zoom meetings are set up by a Zoom Co-ordinator, with invitations sent to Members, the relevant officers and any members of the public who have registered to exercise a right to speak by email in advance of each meeting. Extensive guidance, training and</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>support is available, with documented procedures for handling any technical difficulties, though it is understood these procedures have not had to be used to date. Arrangements exist for Committee Members to introduce themselves at the start of each meeting and at every contribution they make throughout, when invited to do so by the Chair, to confirm that they can see and hear the proceedings / other participants and can therefore be classed as ‘attending’. Details of all Members in attendance that were expected or substituted are noted and attendance statistics are available to view on the council’s website. Committee Members are able contribute to meetings by informing the Chair in advance of the meeting or by using the ‘raise hand’ function; arrangements have also been made to facilitate decision making by Committee Members.</p> <p>Procedures are in place for any Member participating in a remote meeting, who declares an interest that would normally require them to leave the room, to also leave the remote meeting; this is managed by the Zoom-Coordinator using the ‘waiting room’ facility. This facility is also used for managing the entry and exit of members of the public who have registered to exercise a right to speak.</p> <p>Arrangements are in place to close meetings to the press and public when discussing Part B items, by the Zoom Co-ordinator disconnecting the live YouTube feed and Committee Members confirming that there are no persons present who are not entitled to be hearing or seeing the proceedings. Audit testing carried out on a total of 10 Council, Cabinet, Planning Committee, and Licensing Panel meetings held between March and September 2020 confirmed all of the above arrangements to be working in practice.</p> <p>Following each meeting, the council is required to publish a set of minutes, which can be accessed in the meetings section of the council’s website. The livestream of meetings through the council’s YouTube channel is automatically recorded, however a decision has been taken that these will be deleted once the meeting has finished. A review of the council’s YouTube channel confirmed that no recordings are held of previous council meetings. Opinion: Green.</p> <p>Overall Opinion: Green. Recommendations: None.</p>
13	Shared services	15	N/A	Fieldwork Underway	<p>The review will consider the following Risk Management Objective: RMO1 - Performance monitoring and reporting arrangements are set out in shared service agreements and arrangements are in place to ensure that performance is monitored effectively.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
14	Corporate debt recovery	15	N/A	Terms of Reference being prepared	
15	Fly-tipping	15	N/A	Not yet started	
16	Private housing enforcement	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: RMO1 - The council have arrangements in place to ensure effective Private Housing Enforcement is undertaken.
17	Planning applications	15	N/A	Removed from Plan	Please refer to Section 7 on page 17 for full details.
18	Community safety	15	N/A	Not yet started	
19	Traded services - Rosherville Ltd	15	N/A	Not yet started	
20	Responsive assurance work	30	N/A	Underway	Please see table on page 13.
Counter Fraud Assurance Work					
23	Lone workers	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objectives: RMO1 - Procedures in place to assist in the prevention of fraud by lone workers. RMO2 - Arrangements exist for detecting lone worker fraud. RMO3 - Arrangements exist to deter lone workings officers from committing fraud. RMO4 - Arrangements in place to support enforcement action being taken against officers who commit fraud.
24	Staff leave booking	15	N/A	Fieldwork complete, in quality control	The review considered the following Risk Management Objectives: RMO1 - Procedures are in place to assist in the prevention and detection of leave booking fraud by staff. RMO2 - Arrangements exist to deter employees from committing leave booking fraud as well as enforcing it.

Other consultancy services including advice & information

Activity	Opinion, summary of findings & recommendations made
None completed during the period.	

Responsive Assurance Activity

Activity	Opinion, summary of findings & recommendations made
Alternative Restrictions Grant application validation and assessment	Officers assisted with the validation and assessment of applications received as part of the latest discretionary grants process.

Counter Fraud Activity

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
25	Proactive investigation work	19	N/A	Not yet started	As indicated in the previous update, this time has been re-allocated to existing data matching exercises.
26	Data matching exercises (including NFI & KIN)	19	N/A	Underway	Work on the 2018-19 NFI exercise was concluded on 30 September 2020 and Members have been provided with a separate report on the progress made. The council tax SPD matches received in January 2020 as part of the 2019-20 exercise have all been subject to initial review with those remaining to be subject to a review of their SPD entitlement.

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	2	22	13 cases were concluded with no evidence of fraud. Nine cases concluded with the removal of the council tax discount/exemption or reduction, three of which also resulted in the issue of a civil penalty.	£11,051 (Historic Liability) £4,340 (Additional liability for future years) £9,168 (Housing Benefit)	N/A	N/A

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable Savings	Non-cashable Savings	Prevented Losses
				£4,942 (Council Tax Benefit) £210 (Civil Penalties)		
Tenancy	0	6	Five cases concluded with no evidence of fraud. One case concluded with the removal of a single person discount.	£353 (Historic Liability) £353 (Additional liability for future years)	£93,000	N/A
Right to Buy	0	1	One case concluded with cancellation of the Right to Buy and the recovery of the council property.	N/A	£93,000	£84,200
Homeless	1	0	One referral rejected due to insufficient information to justify investigation.	N/A	N/A	N/A
Housing Allocations	1	2	One case concluded with changes in the level of council tax reduction.	£324 (Additional liability for future years)	N/A	N/A

Reactive Investigations work: internal investigations

Allegation	Investigation activity & recommendations

6. Quality Assurance & Improvement Programme

- 6.1 The Standards require that: *The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement.* The Audit & Counter Fraud Shared Service's QAIP was agreed by the Finance & Audit Committee in February 2019.
- 6.2 The arrangements set out in the QAIP have been implemented with the collection and monitoring of performance data largely automated through the team's time recording and quality management processes. It should be noted that the results recorded below have not been subjected to independent data quality verification.
- 6.3 In line with the QAIP, the team monitor performance against a suite of 24 performance indicators based on the balanced scorecard, covering the four perspectives; financial, internal process, learning & growth and customer. The table below sets out the performance targets, which are grouped into measures for the service and those that are specific to the individual authority. Targets have been set for 17 of the 24 indicators, however it should be noted that these are for full year outturns; as such outturns at present are not to target levels but are provided for Members information.

Ref	Indicator	Target	Frequency
Non LA Specific Performance Measurements			
PM1	Cost of the Audit & Counter Fraud Service a) Total Cost b) LA Share	N/A	£594,605 (Budgeted Costs) £214,058
PM2	Cost per A&CF day	£400	£329
PM3	Proportion of staff with relevant professional qualification: a) Relevant audit qualification b) Relevant counter fraud qualification	75%	21% 50%
PM4	Proportion of non-qualified staff undertaking professional qualification training	25%	21%
PM5	Time spent on CPD/non-professional qualification training, learning & development	70 days	16 Days
PM6	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.
PM7	Staff turnover	N/A	N/A
LA Specific Performance Measurements			

Ref	Indicator	Target	Frequency
PM8	Average cost per assurance review	£5,000	£4,523
PM9	Proportion of available resources spent on chargeable work	90%	88%
PM10	Proportion of chargeable time spent on: a) assurance work b) consultancy work	N/A	63% 0%
PM11	Proportion of chargeable time spent on: a) proactive counter fraud work b) reactive counter fraud work	N/A	19% 18%
PM12	Proportion of chargeable time spent on SPOC associated duties	N/A	8 Days
PM13	Proportion of agreed assurance assignments: a) Delivered b) Underway	95%	52% 19%
PM14	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	0%
PM15	Proportion of recommended actions agreed by client management	90%	100%
PM16	Number of recommendations agreed that are: a) not yet due b) Implemented c) Outstanding	N/A	0 30 18
PM17	Proportion of recommended actions implemented by agreed date	N/A	62.5%
PM18	Number of referrals received	N/A	39
PM19	Number of investigations closed	N/A	31
PM20	Value of fraud losses identified: a) cashable (losses that can be recovered) b) non-cashable (notional savings based on national estimates) c) Prevented Losses (Savings associated with blocked applications)	N/A	£30,740 £93,000 £0
PM21	Customer satisfaction with individual review/assignment	95%	100% (based on three reviews received during the period)
PM22	Customer satisfaction with overall service	95%	A wider satisfaction survey was last completed in March 2019 and was positive. Due to the Covid 19 pandemic, it has not been possible to conduct a review this year to date.
PM23	Member satisfaction with assurance provided (based on Chair of Audit Committee contribution to Appraisal of the Head of Audit & Counter Fraud role)	Positive	The Chair of the Finance & Audit Committee was invited to contribute to the HIACF's mid-year performance review.
PM24	Statement of external audit	Positive	External Audit report by exception. At the time of writing this report, no concerns had been raised with the

Ref	Indicator	Target	Frequency
			Head of Internal Audit and Counter Fraud by Grant Thornton.

7. Review of Audit & Counter Fraud Plan

- 7.1 Monitoring of the delivery of planned work is built into the team's processes with individual officer time recording data feeding into an automated performance monitoring workbook; this tracks the performance of the team against the shared service work-plan as a whole and enables the supervisory staff to plan and support officers to deliver their individual work plans. On at least a quarterly basis, a projection of the resources that will be available to the year-end is carried out and compared to forecasts for each item of work on the plan to be completed.
- 7.2 As detailed in paragraphs 4.4 and 4.5, we are forecasting a total loss of around approx 29 days from the original resource budget used to inform the revised 2020-21 plan. This impacts on the number of assurance assignments that can be delivered and also the resource available for counter fraud activity; so as a consequence it has been necessary to make some amendments to planned assurance work. Revisions to the plan have been discussed and approved by the Chair of the Finance & Audit Committee due to the urgent need to provide assistance with alternative restrictions grants. This is in line with the recommendation approved by the Committee at the July meeting.
- 7.3 The following is a list of the reviews that have been removed from the 2020-21 plan, along with a brief explanation as to the reasons for their selection. It should be noted that only reviews that had not yet commenced could be considered for removal.
- Project Management – GDPR (15) – The impact of Covid and changes in staffing within the corporate change team have delayed this project. It was therefore felt more appropriate to defer the review until 2021-22.
 - Planning Applications (15) - of the remaining reviews available, this was felt to present the lowest risk to the organisation.
- 7.4 It should be noted that these changes are based on a forecast loss of resource. If the assistance being provided for additional restrictions grants continues for longer than anticipated, there may be further need for amendments to the plan.

8. Follow up of agreed recommendations

- 8.1 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.
- 8.2 Service managers are asked to provide an update on action taken towards implementing all recommendations due on a monthly basis and are also asked to supply evidence to confirm that action has been taken in respect of all High priority recommendations, which is verified by the Audit & Counter Fraud Team.
- 8.3 The first of the two tables below details the current position in relation to the follow up process and the second details recommendations that are now more than six months over their planned implementation date; along with an update from the relevant Service Manager/Assistant Director/Director.

Status of Agreed Recommendations

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Number of recommendations due for implementation where a positive management response has been received
Housing Allocations (Counter Fraud review)	<p>Opinion: Amber.</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>	<p>Seven recommendations due, five implemented.</p> <p>Two high priority outstanding relating to reviewing and, where appropriate, updating the current Allocations policy and an annual review of the housing waiting list.</p>
Homelessness	<p>Opinion: Red.</p> <p>Four recommendations agreed: three high and one medium priority.</p> <p>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.</p>	<p>Four recommendations due, three implemented.</p> <p>One high priority outstanding relating looking at prevention measures and longer term accommodation options.</p>
Use of Enforcement Services	<p>Opinion: Amber.</p> <p>Three recommendations agreed: one high, one medium and one low priority.</p> <p>Recommendations relate to the council's Corporate Fair Debt Policy being circulated to all relevant staff, the council's procedures and policy in respect of vulnerable debtors being reviewed and shared with the Enforcement Agents, Debt Collection Agents and Sheriffs used, and appropriate agreements being put in place for all enforcement services, including expected performance arrangements then being put in place for performance to be monitored in line with the agreement, including documenting any meetings held.</p>	<p>Three recommendations due, two implemented.</p> <p>One high priority outstanding relating to appropriate agreements being put in place for all enforcement services, including expected performance arrangements then being put in place for performance to be monitored in line with the agreement, including documenting any meetings held.</p>
Ethics	<p>Opinion: Amber.</p> <p>Five recommendations agreed: two medium and three low priority.</p> <p>Recommendations relate to establishing a clear and consistent definition of what ethical values the council holds and expects its employees to work by, incorporating these ethical values into the recruitment, induction and appraisal processes, reviewing reporting arrangements outlined within the Anti-Fraud & Corruption Strategy and introducing arrangements to identify and collate reports of unethical behaviour received via the various council policies.</p>	<p>Five recommendations due, four implemented.</p> <p>One low priority outstanding relating to reviewing reporting arrangements outlined within the Anti-Fraud & Corruption Strategy.</p>

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Refunds	<p>Opinion: Amber.</p> <p>Nine recommendations agreed: three high, five medium and one low priority.</p> <p>Recommendations relate to a review of the Corporate Refunds Procedure, implementation of procedure notes for individual departments, a review of information provided in respect of refunds on the council's website, checks being made by Council Tax / NNDR with all relevant departments to identify other outstanding debts, investigations into enabling easy identification of card refunds, access rights within the Revenues & Benefits system being reviewed, provision made for customer services team leaders to be added to the authorised signatory list, all refunds being approved by an appropriately authorised officer, investigations being undertaken in relation to implementation of digital refund procedures for all services and the Charge-back policy being reviewed and re-circulated to relevant staff.</p>	Nine recommendations due, nine implemented.
Housing Rent Collection & Administration	<p>Opinion: Amber.</p> <p>Two recommendations agreed: one high and one medium priority.</p> <p>Recommendations relate to making further checks to ensure service charges are correct on entry and for a procedure for checking staff who have access to Capita are reconciled at least annually with the relevant Service Manager.</p>	Two recommendation due, two implemented.
Business Continuity – IT Backup Arrangements	<p>Opinion: Amber.</p> <p>Two high priority recommendations agreed.</p> <p>Recommendations relate to the introduction of a test schedule to comply with requirement of the Civil Contingencies Act 2004 and the IT Disaster Recovery Plan being updated and reviewed in line with the overarching Business Continuity Plan.</p>	Two recommendation due, one implemented. One high priority outstanding relating to the introduction of a test schedule to comply with requirement of the Civil Contingencies Act 2004.
Staff Sickness Management & Monitoring	<p>Opinion: Amber.</p> <p>Five recommendations agreed: three high and two medium priority.</p> <p>Recommendations relate to staff being reminded of the requirements for reporting sickness, a review of the distribution lists and operational setup for the sickness line, supporting information being made easily available to line managers, and support being provided to departments with the highest level of sickness absences.</p>	Five recommendations due, five implemented.
Tenancy Enforcement	<p>Opinion: Amber.</p> <p>Three high priority recommendations agreed.</p> <p>Recommendations relate to the introduction of procedure guidance for staff, directly relating to tenancy enforcement, to ensure consistency of action and that accurate records are maintained; reviewing training available for Housing Officers; and, ensuring tenancies are</p>	Three recommendations due, two implemented. One high priority outstanding relating to the introduction of procedure guidance for staff, directly relating to tenancy enforcement, to

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	ended promptly on the housing management system and a consistent approach is followed when transferring tenancies, with approval for any significant overlaps.	ensure consistency of action and that accurate records are maintained.
Unauthorised Encampments	Opinion: Amber . Two medium priority recommendations agreed. Recommendations relate to the provision of diversity based training to officers and implementing procedures to archive/delete data they no longer require.	Two recommendations due, one implemented. One medium priority outstanding relating to the provision of diversity based training to officers.
Asset Management	Opinion: Green . One high priority recommendation agreed. Recommendation relates to reviewing the terms of reference of the asset management working group and improving accuracy of non-financial details of the asset register.	One recommendation due, one implemented.
Sheltered Housing	Opinion: Amber . Four medium priority recommendations agreed. Recommendations relate to identification and provision of training, reviewing information on the Council website, conducting periodic risk assessment for tenants, and improving consistent recording of H&S inspection records.	Four recommendations due, four implemented.
Responsive Repairs	Opinion: Green . Two low priority recommendations agreed. Recommendations relate to a reminder of the process to record unsuccessful visits and identification of and taking action to correct variances in the repair recharge records.	Two recommendations due, two implemented.
Governance Framework	Opinion: Amber . Two medium priority recommendations agreed. Recommendations relate to investigating the formation of a councilwide action tracker and reviewing all policies and strategies held on the GBC website and intranet to ensure the most up to date versions have been published.	Two recommendations due, two implemented.
Fraud Focused Review of Flexi, TOIL & Overtime	Opinion: Amber . Four high priority recommendations agreed. Recommendations relate to creating a central flexi / TOIL guidance document and circulating this to staff, reminding line managers of their role in checking time recording sheets on a regular basis to ensure there are no contraventions to the guidance, the creation of a local policy on overtime based around the guidance in the Green Book and any council additions to this, and service managers being reminded of this guidance.	Four recommendations due, none implemented. Four high priority recommendations outstanding relating to creating a central flexi / TOIL guidance document and circulating this to staff, reminding line managers of their role in checking time recording sheets on a regular basis to ensure there are no contraventions to the guidance,

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		the creation of a local policy on overtime based around the guidance in the Green Book and any council additions to this, and service managers being reminded of this guidance.
Apprenticeship Scheme	<p>Opinion: Amber.</p> <p>Five recommendations agreed: two high, two medium and one low priority.</p> <p>Recommendations relate to a strategy being produced to document the aims and objectives of the council's apprenticeship scheme and how these will be achieved; a process being put in place to ensure that apprenticeships are promoted and considered at the earliest stage of recruitment; the Apprenticeship Policy being reviewed and updated, arrangements being put in place for the apprenticeship spreadsheet to be monitored and updated regularly, and arrangements being made for checks to be undertaken of all payments to and from the Apprenticeship Service Account to ensure accuracy.</p>	<p>Five recommendations due, one implemented.</p> <p>Two high and two medium priority recommendations outstanding relating to a strategy being produced to document the aims and objectives of the council's apprenticeship scheme and how these will be achieved; a process being put in place to ensure that apprenticeships are promoted and considered at the earliest stage of recruitment; the Apprenticeship Policy being reviewed and updated, and arrangements being made for checks to be undertaken of all payments to and from the Apprenticeship Service Account to ensure accuracy.</p>
Debtors	<p>Opinion: Green</p> <p>One low priority recommendation agreed.</p> <p>Recommendation relates to the authorisation of outstanding write-off reports.</p>	One recommendation due, one implemented.
Purchase Cards	<p>Opinion: Amber.</p> <p>Three recommendations agreed: Two medium and one low priority.</p> <p>Recommendations relate to amending the guidelines to show job roles rather than named officers, establishing a link between Payroll and the Exchequer Manager regarding card holders leaving and to agree an escalation process for cardholders who do not comply with their requirement to promptly provide required statement information.</p>	<p>Three recommendations due, one implemented.</p> <p>One medium and one low priority outstanding relating to amending the guidelines to show job roles rather than named officers, and agreeing an escalation process for cardholders who do not comply with their requirement to promptly provide required statement information.</p>

Recommendations still outstanding more than six months after scheduled implementation date

Directorate	Audit & Counter Fraud Review title	Recommendation	Priority	Planned Implementation Date	Management Update
Housing & Operations	Homelessness	A scheme working with private landlords & organisations should be put in place, along with looking for longer term accommodation options, in order to make better use of the temporary accommodation budget, and to help prevent homelessness.	High	31 December 2019	Work on the draft policy has not yet started due to team pressures caused by staff shortages and increased demand for the service together with other priorities including the need to procure covid secure winter provision for rough sleepers. The service is going through a huge amount of change, which includes reviewing the staffing structure. It is likely there will be specific officer that deals with the PRS and a landlord offer. As a result the deadline for this piece of work will be pushed back until September 2021 to align with these changes.
Corporate Services	Use of Enforcement Services	Appropriate agreements should be put in place for all enforcement services, including expected performance. Arrangements should then be put in place for performance to be monitored in line with the agreement, including documenting any meetings held.	High	31 December 2019	The procurement activity has had to be postponed due to the COVID-19 pandemic situation and the need for the council to focus on delivery of critical services and its part in the national response. Attention has now turned to getting this process back underway and a new timescale for delivery agreed.
Housing & Operations	Housing Allocations	Review the Housing Allocations policy and update where necessary to reflect any legislative changes, including the Homelessness Reduction Act.	High	31 March 2020	The draft policy was approved by Management Team and Housing Services committee in November 2020. The Service Manager (Housing Options) is working on the Equalities Impact Assessment which will accompany the final draft of the policy document to be considered by Housing Committee on 04 February 2021. Once agreed, the necessary changes to the Locata IT system will be made and the housing register reviewed to reflect the updated policy and the intention is to go live before the beginning of the new financial year.
Housing & Operations	Housing Allocations	A review of the Housing waiting list should be undertaken annually.	High	31 May 2020	Due to the delay in finalising the revised housing allocation policy, the initial review will now take

					place by the end of March 2021 in preparation for the adoption of the revised Allocation's Policy.
Corporate Services	Ethics	Reporting arrangements outlined within the Anti-Fraud & Corruption Strategy should be reviewed and simplified.	Low	31 March 2020	This piece of work is ongoing. It was originally intended to action just the changes to reporting lines as a full review of the Strategy had been delayed by Covid, however, the changes required are considered substantive and would therefore require Cabinet approval. It is felt more appropriate to complete all of this work in one go rather than seeking Cabinet approval for some of the changes, only to return a short time later with further updates. This will be completed as soon as possible.
Corporate Services	Business Continuity – IT Backup Arrangements	Regular testing of the backup arrangements to be put into place once the review and any alterations to the system have been implemented; ensuring compliance with the requirements of the Civil Contingencies Act 2004 to regularly review and test all aspects of the Business Continuity Plan.	High	30 June 2020	The hardware installed at the Civic Centre is now live and being used. The matching hardware for Business Continuity has now been installed at Brookvale. The RecoverPoint software which will perform the replication of server data between the Civic Centre and Brookvale is in the final stages of being commissioned. Once installation and testing is complete, our operational and DR documentation will be updated with the new process and procedures for use, which will include practice failover tests. It is anticipated that this work will be completed by March 2021.

Definitions of audit opinions & Recommendation Priorities

<p>Green – 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>Amber – 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>Red – 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>

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