

# Audit & Counter Fraud Update

Gravesham Borough Council

For the period:

1 April 2017 – 31 July 2017

# 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. Independence

- 2.1. The Audit & Counter Fraud Charter was approved by Gravesham's Finance & Audit Committee in March 2017 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.
- 2.2. 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.

# 3. Resources

- 3.1. The Audit & Counter Fraud Shared Service Team reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The team has an establishment of 14 officers (13.6FTE) consisting of the Head of Audit & Counter Fraud (post currently vacant), the Audit & Counter Fraud Manager, two Audit & Counter Fraud Team Leaders, nine Audit & Counter Fraud Officers and one Audit & Counter Fraud Assistant. All members of the team started in these posts with the launch of the shared service on 1 March 2016. One Audit & Counter Fraud Officer is due to leave the authority in September 2017.
- 3.2. 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 2017-18 were prepared, this establishment was forecasted to provide a total of 1,646 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 625 days.
- 3.3. Net staff days available for Gravesham for the period 1 April 2017 to 31 July 2017 amounted to 190 days and 157 days (83%) were spent on productive audit and counter fraud work. Of this productive time, 75% was spent on audit assurance and consultancy work, while 25% was spent on counter fraud and investigations work. The current status and results of all work carried out are detailed at section 4 of this report.

- 3.4. Members will note that the net staff days available that have been detailed at paragraph 3.3 are lower than for the first period of 2016-17. There are three factors contributing to this reduction;
- this year's first update does not include August,
  - a larger amount of leave has been taken in the period April to July in comparison to the same period last year, and
  - two Audit & Counter Fraud Officers have been long term sick.
- 3.5. The long term sickness of two officers has left a significant gap in resources that will need to be filled by agency staff. The costs of employing any additional officers will be met from salary savings created by the current and pending vacancies within the team.

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

- 4.1. The Audit & Counter Fraud Plan 2017-18 for Gravesham was approved by the Finance & Audit Committee in March 2017. 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.
- 4.2. The tables below provide details of the work from 2016-17 that has been finalised in 2017-18, the progress of work undertaken as part of the 2017-18 annual plan and the results of investigative work completed. In response to a request from Members of the Finance & Audit Committee, this report provides additional information for each review reflecting the number of days allocated to each review and the number of days actually spent on the review once finalised.

## 2016-17 Internal Audit Assurance work completed in 2017-18 since the last Audit Committee meeting

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
10	Transformation – change & project management	20	-	Draft Report with client for consideration	The review considered the following Risk Management Objectives: <b>RMO1 - Appropriate arrangements have been put into place to ensure the delivery of the council’s Transformation programme.</b>
18	Business continuity – IT recovery	15	9.4	Final report issued	<p>The review considered the following Risk Management Objective: <b>RMO1 - An appropriate Business continuity (IT) Plan is in place.</b></p> <p>The review found that there is Business continuity (IT) Plan in place which outlines the basic steps needed should the IT servers at the civic centre become un-useable but this needs updating once the new processes are in place. The contact details on the plan have been updated during the audit process and arrangements should be made to ensure they are regularly reviewed. There are documents available linking the IT plan to the council’s main business continuity plan but information included in Appendix 4 of the council’s overall plan is inaccurate. The generator to provide back-up power is only capable of providing power to the Ground and First Floors at the Civic Centre. The IT Team are currently working on a new project which will require them to produce a new business continuity (IT) plan. <b>Opinion: Amber</b></p> <p><b>RMO2 - The Business continuity (IT) Plan is adequate and aids the effective delivery of key services in the event of an incident.</b></p> <p>The review found the critical systems required to be recovered following an incident have not been sufficiently identified. The decision on which systems should be prioritised for recovery in the event of an incident should be part of the overarching corporate business continuity plan. The IT plan contains details for the use of alternative servers, at the Brookvale site which had not been tested in the last five years. Prior to the audit the service identified these servers as inadequate and are near completion of an alternative back up via Medway Council. The new arrangements are due for completion by the end of May 2017 and will be tested to ensure they are capable of supporting all of the councils IT requirements in the event of a disaster. In the event of an incident all document data held on the council’s drives and 94% of all other information is backed up at least once a day, and stored securely. The other 6% of data is currently backed up daily on to hard drives and is stored securely off-site. All staff in the plan are now aware of their roles and responsibilities.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p><b>Opinion: Red</b></p> <p><b>Overall opinion: Red. Recommendations: Three high priority and five medium priority.</b></p> <p><b>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.</b></p>
25	Prevention of procurement fraud	10	7	Final report issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 - Effective arrangements are in place to prevent procurement fraud.</b></p> <p>The review found that the South East Consortium (SEC) has been used for the past six years to obtain procurement services at the Brookvale Depot for the majority of planned works and servicing programmes within the Contracts Team (this includes servicing and planned works contracts). This arrangement has been reviewed to ensure that it is cost effective. There is a consortium agreement in place between Gravesham Borough Council and SEC which has been executed by Legal Services. Medway Council also provide procurement services to Gravesham Borough Council; this arrangement has been in place for approximately 18 months. There is not currently a contract or service level agreement for this arrangement. Gravesham Borough Council has appropriate Insurance cover of £1,000,000 for Employee dishonesty, computer fraud and funds transfer and forgery and counterfeiting. Procedures are in place to comply with the Government's Transparency Principles and details of all procurement contracts with a value of over £5,000 are published on a quarterly basis, however audit testing found that these are not always up to date.</p> <p><b>Opinion: Amber</b></p> <p><b>Overall opinion: Amber. Recommendations: One high priority and three medium priority.</b></p> <p><b>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.</b></p>
26	Prevention of creditors fraud	10	7	Final report issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 - Effective arrangements are in place to prevent potential Creditors fraud.</b></p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>The review found appropriate measures are in place to prevent fraud being committed by external parties, with arrangements in place to verify changes to all supplier bank account details and system controls to prevent duplicate invoices being paid. No evidence of fraudulent activity or fraudulent intent was identified, however a risk has been identified that there is the potential for a staff member to create or request a fraudulent supplier account containing bank account details other than the genuine details of the supplier (including their own), and that this would not be immediately identified. National Fraud Initiative exercises comparing supplier and payroll data are conducted on a bi-annual basis, which would identify any instances where suppliers were set up with the bank account details as the account any employee has their salary paid to; however due to the infrequency of these exercises there is potential that any such fraud would go undetected for a significant time. An authorised signatories list is in place and is updated; however this is not stored in a secure location. In addition, although the total number of invoices and value of payments in each invoice batch is verified with the batch total, not all invoices are fully checked to ensure that they have been signed by an appropriate signatory due to time constraints, though endeavours are made to do this where possible. Opportunities were identified to introduce arrangements for monitoring and managing potential conflicts of interest. <b>Opinion: Amber</b></p> <p><b>Overall opinion: Amber. Recommendations: Two high priority, two medium priority and one low priority.</b></p> <p><b>Recommendations related to improving arrangements to verify the legitimacy of new and existing supplier accounts, enhancements to arrangements for approving invoices and maintaining an authorised signatory list and the introduction of arrangements to manage potential conflicts of interest.</b></p>

## 2017-18 Internal Audit Assurance work

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
<b>Core governance and financial systems assurance work</b>					
1	Finalisation of 2016-17 planned work	8	30.3	Complete	All 2016-17 planned work has been completed with one report to be agreed as final.

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
2	Performance Management	10	3.1	Complete	A&CF Officers have worked with the Corporate Performance team to verify the 2016-17 corporate performance information reported.
3	Corporate Governance	10	N/A	Fieldwork underway	The review will provide independent assurance that Gravesham Borough Council's Annual Governance Statement provides a fair representation of the authority's governance arrangements.
4	IT Security – User Access Control	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: <b>RMO1 – Access to the council's network is secure.</b>
5	Payroll	15	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objective: <b>RMO1 – The management of the payroll service contract between GBC and Medway council is complete and effective.</b>
6	Building Security	10	N/A	Not yet started	N/A
7	Risk Management Framework	10	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objective: <b>RMO1 – The council has installed an appropriate risk management framework within the organisation.</b>
8	Creditors	10	N/A	Not yet started	N/A
9	Housing Benefit	15	N/A	Fieldwork underway	The review will consider the following Risk Management Objective: <b>RMO1 – Housing Benefit is appropriately administered and accurately calculated.</b>
10	ICT Data Sharing	5	N/A	Not yet started	Proposal to remove
11	Council Tax	15	N/A	Not yet started	N/A
12	Housing Rent	15	N/A	Draft report with client for consideration	The review considered the following Risk Management Objective: <b>RMO1 – Appropriate arrangements are in place to monitor and take action against current and former rent arrears within Gravesham Borough Council Housing Stock.</b>
13	Financial Planning	10	N/A	Not yet started	N/A
14	Capital Budget	10	N/A	Fieldwork	The review considered the following Risk Management Objective:

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
	Management			completed, in quality control	<b>RMO1 – Arrangements are in place for the appropriate management of capital budgets relating to Capital projects in the General Fund Account.</b>
15	Market	10	N/A	Not yet started	N/A
16	IT Infrastructure	15	N/A	Not yet started	N/A
17	Responsive Assurance Work	8	N/A	Underway	<p>In the period 1 April 2017 to 31 July 2017 the team have:</p> <ul style="list-style-type: none"> <li>Carried out detailed checks to ensure the accuracy of spreadsheets used to verify the ballots issued and calculate the results of: <ul style="list-style-type: none"> <li>The Kent County Council election in May</li> <li>The General election in June</li> </ul> </li> <li>Undertaken accuracy checks on Payroll data transferred to the new system following the transfer of Payroll administration to Medway Council.</li> <li>Verified control procedures within the bank reconciliation process following the implementation of the new income cash management and bank reconciliation system.</li> </ul>
<b>Corporate risks assurance work</b>					
<b>Ongoing financial viability of the council</b>					
18	Digital Transformation	10	N/A	Fieldwork underway	<p>The review will consider the following Risk Management Objective:</p> <p><b>RMO1 – Appropriate arrangements are in place to deliver digital transformation.</b></p>
19	Contact Centre Operations	15	N/A	Not yet started	N/A
<b>Changes in national priorities and legislative change</b>					
20	General Data Protection Regulation	15	N/A	Draft report with client for consideration	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 – Effective arrangements are in place to ensure compliance ahead of the introduction of the General Data Protection Regulation on 25 May 2018.</b></p>
<b>Organisational capacity / resilience</b>					
21	Shared Services	15	N/A	Not yet	Proposal to remove



Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
				started	
22	Business Continuity	10	N/A	Not yet started	N/A
23	Member Development	10	N/A	Not yet started	N/A
24	Legal & Contractual Advice (including Procurement)	10	N/A	Not yet started	N/A
25	Staff performance Management Framework	10	N/A	Not yet started	N/A
<b>Housing Revenue Account services</b>					
26	Housing Revenue Account Building Management – Compliancy	10	N/A	Not yet started	N/A
27	Repairs & Maintenance Supplies Management	15	N/A	Not yet started	N/A
28	Void Property Management & Re-let	15	N/A	Not yet started	N/A
<b>Waste &amp; recycling Project</b>					
29	Waste & recycling project Post Implementation Review	5	N/A	Not yet started	N/A
<b>100% Business Rates Retention Scheme</b>					
30	NNDR	10	N/A	Not yet	N/A

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
				started	
<b>Counter Fraud Assurance Work</b>					
31	Use of Council Vehicles	10	N/A	Draft report with client for consideration	The review considered the following Risk Management Objective: <b>RMO1 – Arrangements exist to ensure council owned/ leased pool vehicles are used appropriately.</b>
32	Right to Buy	10	N/A	Draft report with client for consideration	The review considered the following Risk Management Objectives: <b>RMO1 – There are adequate arrangements in place to prevent Right to Buy fraud.</b> <b>RMO2 – There are adequate arrangements in place to detect Right to Buy fraud.</b> <b>RMO3 – There are adequate arrangements in place to investigate and deter Right to Buy fraud.</b>

### Proactive Counter Fraud work

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
36	Data matching exercises, including National Fraud Initiative and Kent Intelligence Network	10	N/A	Not yet started	Matches received as part of the 2016-17 exercise were distributed to relevant departments for checking to take place in order to eliminate any false positives and to report any concerns over suspected fraud to the Audit & Counter Fraud Team. To date, no referrals have been received in connection with these matches.  To date the KIN matches have not yielded any savings but feedback has been provided for future matching and matching of new data sets is scheduled to take place in the next few months.
37	Fraud awareness	10	N/A	Not yet started	Members briefing sessions are planned at both Gravesham and Medway in the coming months. From there, awareness sessions will be delivered to wider management team and then individual departments.

### Reactive Investigations work: external investigations

Area	Number of cases concluded	Summary of results
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Area	Number of cases concluded	Summary of results
Housing	unavailable	The team has completed investigations into suspected tenancy fraud and applications for housing. As a result of these investigations, two properties have been recovered and one person has been removed from the housing waiting list.
Council Tax	unavailable	In the period of this report, cases linked to fraudulent discounts and exemptions were closed. These cases have identified additional Council Tax liabilities with a total value of £1,102 of which Gravesham Borough Council's share is £132. They have also identified additional liability of £963 for future years. One civil penalty of £70 has also been applied as a result.

### Reactive Investigations work: internal investigations

Allegation	Investigation activity & recommendations
No investigations concluded in this period.	

### Other consultancy services including advice & information

Client service area	Services provided
Finance	Review undertaken to provide advice regarding the control implications of opening a council EBay account for the sale or surplus assets.
Town Twinning Association	The team carried out an audit of the Gravesham Town Twinning Association's accounts.

## 5. Quality Assurance & Improvement Programme

- 5.1. 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 QAIP was agreed by Gravesham's Finance & Audit Committee in March 2017.
- 5.2. 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; it is planned that officers in the team will carry out checks to ensure the accuracy of the calculation of performance data reported to Members in future.
- 5.3. 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 19 of the 25 indicators however it should be noted that these are for full year outturns; as such outturns at present are not to target levels for the majority of these but are provided for Members information.

Ref		Target	Outturn for report period
<b>Financial</b>			
A&CF1	Total cost of the Audit & Counter Fraud Service (compared to the 2015-16 baseline year budgets)	N/A	GBC cost £216,221 (2015-16 £272,016)
A&CF 2	Average cost per assurance review	£5,000	£3,996 (29 reviews averaging 12 days)
A&CF 3	Cost per A&CF day	£350	£346
A&CF 4a	Value of cashable fraud losses identified, by fraud type	N/A	Total: £2,135.80 £1,101.82 Council Tax (proportion retained by Gravesham: £132.22) £963.98 additional Council Tax for future years (proportion retained by Gravesham: £115.68) £70 – one civil penalty imposed
A&CF 4b	Value of non-cashable fraud losses identified, by fraud type	N/A	Total: £40,000 Two properties recovered (£36,000) One applicant removed from waiting list (£4,000)
<b>Internal Process</b>			
A&CF 5	Compliance with PSIAS	100%	As previously reported, a robust self-assessment was carried out in November 2016. The PSIAS include a total of 255 specific requirements; of these 34 were not relevant at the time of the assessment. Of the remaining 221 requirements;

Ref		Target	Outturn for report period
			<ul style="list-style-type: none"> <li>154 were fully met and 47 were partially met (91%)</li> <li>20 were not met (10%)</li> </ul> <p>The team prepared an action plan to address the gaps in compliance, and it is anticipated that the team will be fully compliant when the External Quality Assessment is carried out in 2017-18.</p>
A&CF 6	Proportion of available resources spent on productive work	90%	83%
A&CF 7	Proportion of productive work time spent on: <ul style="list-style-type: none"> <li>a) assurance work</li> <li>b) consultancy work</li> </ul>	55%	Total: 75% 70% 5%
A&CF 8	Proportion of productive work time spent on: <ul style="list-style-type: none"> <li>a) proactive counter fraud work</li> <li>b) reactive counter fraud work</li> </ul>	45%	Total: 25% 0% 25%
A&CF 9	Investigator average caseload	N/A	7
A&CF 10	Proportion of agreed plan delivered (fieldwork completed): Proportion of agreed plan underway (fieldwork current):	95%	14% 30%
A&CF 11	Proportion of assignments completed within allocated day budget	90%	N/A – no reviews finalised in period of report
A&CF 12	Proportion of recommended actions agreed by client management	90%	100%
A&CF 13	Proportion of recommended actions implemented by agreed date	95%	70%
A&CF 14	Number of recommendations agreed that are: <ul style="list-style-type: none"> <li>a) not yet due</li> <li>b) implemented</li> <li>c) outstanding</li> </ul>	N/A	34 24 13
A&CF 15	Number of referrals received	N/A	Figures unavailable
A&CF 16	Number of investigations closed	N/A	Figures unavailable
<b>Learning &amp; growth</b>			
A&CF 17	Proportion of staff with relevant professional qualification	25%	43%
A&CF 18	Proportion of non-qualified staff undertaking professional qualification training	25%	36%
A&CF 19	Time spent on CPD/non-professional qualification training, learning & development	TBC	21 days
A&CF 20	Staff turnover	N/A	0%
A&CF 21	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary	10%	0%

Ref		Target	Outturn for report period
	quality control review		
<b>Customer</b>			
A&CF 22	Customer satisfaction with overall service	95%	N/A – full client survey in development – planned for 2017-18.
A&CF 23	Member satisfaction	Positive	N/A – Members views on their satisfaction with the service to be sought through survey in development –2017-18.
A&CF 24	Opinion of external audit	Positive	In their Audit Plan for 2016-17, Grant Thornton stated: Overall, we have concluded that the internal audit service provides an independent and satisfactory service to the council and that internal audit work contributes to an effective internal control environment.
A&CF 25	Customer satisfaction with individual review/assignment	95%	N/A – no surveys returned in year to date

## 6. Review of Audit & Counter Fraud Plan

- 6.1 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.
- 6.2 As mentioned at paragraphs 3.4 and 3.5, there is currently a need to employ agency staff to provide additional resource to fill a gap created by long term sickness. This is necessary to ensure that the work plan can be delivered and adequate work completed to deliver the Council’s annual assurance statement.
- 6.3 There are however recommendations to remove two audits from the plan. Item 10, ICT Data Sharing agreement, and item 21, Shared Services. Reasons for removal;
- The ICT Data Sharing Agreement is not in place and is unlikely to be before the end of 2017-18, meaning that there are no processes to be audited.
  - The council currently operates three shared services, these being Audit & Counter Fraud, Legal and payroll. Legal & Contractual advice (including procurement advice) and payroll both have individual audits planned for 2017-18, which will include a review of the shared arrangements and we are not able to audit our own service. As such, it is felt that a specific shared service audit would be a duplication of work and its removal would not impact on the level of assurance provided.

## 7. Follow up of agreed recommendations

- 7.1 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.
- 7.2 Following the launch of the new 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. Previously at Gravesham, the team carried out full follow up audits of all reviews given an overall opinion of Red (including re-testing of controls originally given opinions of Green and Amber). Where an overall opinion of Amber or Green was given, the team sought confirmation from the service manager that action had been taken, but this was not verified by the team through re-testing. As such the team’s resources were being used to verify that low and medium priority recommendations agreed as part of Red audit reviews have been implemented, while high priority recommendations that were made as part of Green and Amber reviews, were not verified.
- 7.3 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 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 results of follow up work will continue to be reported to the council’s Management Team on a quarterly basis.

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	Opinion: Amber Seven recommendations agreed: three high priority, three medium, one low. 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.	Seven recommendations due, six implemented. One high priority recommendation outstanding – this is being monitored through quarterly reports to the council’s Management Team.
Section 106 Agreements & Other Planning Obligations	Opinion: Amber Five recommendations agreed: three high priority, two low. Recommendations related to improving consistency of Management Team reports requesting changes to the establishment, ensuring appropriate formal agreements	Five recommendations due, four implemented. One high priority recommendation outstanding – this is being monitored through quarterly reports to the council’s Management Team.

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
	are in place where external contracted staff are used, and ensuring the salaries budget and information held by HR/payroll are regularly reconciled.	
Council Tax Recovery	<p>Opinion: Amber</p> <p>Three recommendations agreed: three high priority.</p> <p>Recommendations related to improving arrangements for writing off small balances, ensuring audit trails are maintained and increasing reviews of historical debt.</p>	<p>Three recommendations due, two implemented.</p> <p>One high priority recommendation outstanding – this is being monitored through quarterly reports to the council’s Management Team.</p>
Council Tax Discounts, Disregards & Exemptions	<p>Opinion: Amber</p> <p>Five recommendations agreed: three high priority, one medium, one low.</p> <p>Recommendations were made to ensure that applications are completed and evidence checked in respect of all discounts, disregards and exemptions and that reviews are undertaken in a timely manner. Recommendations were also made to ensure that procedure notes are up to date and audit trails are maintained.</p>	<p>Five recommendations due, four implemented.</p> <p>One low priority recommendation outstanding – this is being monitored through quarterly reports to the council’s Management Team.</p>
Bulky & Green Waste Collections	<p>Opinion: Green</p> <p>One recommendation agreed: one high priority.</p> <p>The recommendation related to reviewing the payment methods available to bulky and green waste customers and improving controls surrounding cash payments.</p>	<p>One recommendation due, one implemented.</p>
Staff Sickness Recording & Monitoring	<p>Opinion: Amber</p> <p>Three recommendations agreed: one high priority, two medium.</p> <p>Recommendations we made to review the council’s Managing Sickness Absence Policy, and enhance arrangements for monitoring sickness absence data.</p>	<p>Three recommendations due, two implemented.</p> <p>One medium priority recommendation outstanding – this is being monitored through quarterly reports to the council’s Management Team.</p>
Taxi Licensing – Administration & Enforcement	<p>Opinion: Amber</p> <p>Six recommendations agreed: three high priority, three medium.</p> <p>Recommendations were made to ensure that details of all license applications are recorded and published on the public register, to ensure that supporting</p>	<p>Six recommendation due, five implemented.</p> <p>One medium priority recommendation outstanding – this is being monitored through quarterly reports to the council’s Management Team.</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
	documentation is obtained and appropriately stored for all applications and to ensure that reconciliations are undertaken to verify that all application fees have been received.	
Treasury Management - Compliance	Opinion: Green Three recommendations agreed: one medium priority, two low. Recommendations related to the updating of procedure notes, a review of the counter signatory function in treasury investment transactions and the updating of procedural guidance for reconciling investment transaction codes.	Three recommendations due, none implemented. Outstanding responses requested as part of the Q2 follow up procedure.
Business Planning and Risk Management	Opinion: Amber Three recommendations agreed: three medium priority. Recommendations related to refresher training in risk management and a monitoring process to ensure all services produce business plans and risk registers aligned to the corporate objectives. One medium priority recommendation rejected relating to formally aligning the budget setting and business plan/risk processes.	Two recommendations due, two implemented.
Budget Monitoring	Opinion: Green Three recommendations agreed: three low priority. Recommendations related to budget holders being reminded of constitutional responsibilities, records for monitoring of quarterly budget reviews and a training programme for budget holders.	Two recommendations due, two implemented.
Sheltered Housing	Opinion: Amber Seven recommendations agreed: two high priority, two medium, three low. Recommendations related to updates on procedures for Needs & Risk assessments, their timely review and retention of records	Seven recommendations due, seven implemented.
Private Housing Enforcement	Opinion: Amber Three recommendations agreed: one high priority, two medium.	Two recommendations due, two 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
	<p>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>	
Homelessness	<p>Opinion: Green</p> <p>Three recommendations agreed: Two medium priority, one low.</p> <p>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>	<p>One recommendation due, one implemented.</p>
Strategic Asset Management	<p>Opinion: Amber</p> <p>Six recommendations agreed: three high priority, three medium.</p> <p>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.</p>	<p>No recommendations due before 31 July 2017.</p>
Capital Planned Works Management	<p>Opinion: Green</p> <p>One recommendation agreed: one low priority.</p> <p>The recommendation related to more effective use of the council website and social media.</p>	<p>No recommendations due before 31 July 2017.</p>
Standards of Conduct	<p>Opinion: Amber</p> <p>Six recommendations agreed: four medium priority, two low.</p> <p>Recommendations related to; approvals for removal from Netconsent distribution lists, processes for declarations linked to gifts, hospitality and personal interests, updates to the employee code of conduct, and a central register of all declared personal interests.</p>	<p>Four recommendations due, four 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
NDR Reliefs	<p>Opinion: Amber</p> <p>Six recommendations agreed: three high priority, one medium, two low.</p> <p>Recommendations related to information available on the councils website, discretionary rate relief criteria, use of application forms &amp; declaration statements, and processes for determining charitable status and rate reliefs.</p>	<p>Three recommendations due, two implemented.</p> <p>One medium and one low priority recommendation outstanding – this is being monitored through quarterly reports to the council’s Management Team.</p>
Business Continuity (IT)	<p>Opinion: Red</p> <p>Eight recommendations agreed: three high priority, five medium.</p> <p>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.</p>	<p>Four recommendations due, three implemented</p> <p>Outstanding response requested as part of the Q2 follow up procedure.</p>
Prevention of Procurement Fraud	<p>Opinion: Amber</p> <p>Four recommendations agreed: one high priority, three medium.</p> <p>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.</p>	<p>No recommendations due before 31 July 2017.</p>
Prevention of Creditors Fraud	<p>Opinion: Amber</p> <p>Five recommendations agreed: two high priority, two medium, one low.</p> <p>Recommendations related to improving arrangements to verify the legitimacy of new and existing supplier accounts, enhancements to arrangements for approving invoices and maintaining an authorised signatory list and the introduction of arrangements to manage potential conflicts of interest.</p>	<p>One recommendation due, one implemented.</p>

# Definitions of audit opinions

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