

# Audit & Counter Fraud Update

Gravesham Borough Council

For the period:

1 October 2017 – 31 December 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 (13.4FTE) consisting of the Head of Audit & Counter Fraud, the Audit & Counter Fraud Manager (post currently vacant), two Audit & Counter Fraud Team Leaders, nine Audit & Counter Fraud Officers (one post currently vacant) 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.
- 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 October 2017 to 30 December 2017 amounted to 117.8 days and 100 days (85%) were spent on productive audit and counter fraud work. Of this productive time, 55% was spent on audit assurance and consultancy work, while 45% 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. As mentioned in the first update report of 2017-18, long term sickness within the team created a significant gap in resources. A temp has been in post since late October 2017 to assist with this issue and will be finishing on 2<sup>nd</sup> February 2018. The costs relating to his employment have been met from salary savings created by the current 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 the progress of work undertaken as part of the 2017-18 annual plan during the period 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	<i>Transformation – change &amp; project management</i>	20	15	<i>Final Report Issued</i>	<i>Findings already reported to Finance &amp; Audit Committee - November 2017 Meeting</i>
18	<i>Business continuity – IT recovery</i>	15	9.4	<i>Final report issued</i>	<i>Findings already reported to Finance &amp; Audit Committee – September 2017 Meeting</i>
25	<i>Prevention of procurement fraud</i>	10	7	<i>Final report issued</i>	<i>Findings already reported to Finance &amp; Audit Committee – September 2017 Meeting</i>
26	<i>Prevention of creditors fraud</i>	10	7	<i>Final report issued</i>	<i>Findings already reported to Finance &amp; Audit Committee – September 2017 Meeting</i>

## 2017-18 Internal Audit Assurance work (items in italics reported to a previous meeting)

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
<b>Core governance and financial systems assurance work</b>					
1	<i>Finalisation of 2016-17 planned work</i>	8	30.3	<i>Complete</i>	<i>All 2016-17 planned work has been completed.</i>
2	<i>Performance Management</i>	10	3.1	<i>Complete</i>	<i>A&amp;CF Officers have worked with the Corporate Performance team to verify the 2016-17 corporate performance information reported.</i>
3	Corporate Governance	10	N/A	Fieldwork completed, in quality control	The review provides 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 completed, in quality control	The review considered the following Risk Management Objective: <b>RMO1 – Access to the council's network is secure.</b>
5	Payroll	15	8	Final report issued	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> There is a contract in place which defines roles and responsibilities between the

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>service provider and the client however it has not been signed. For some areas it may be useful to clarify if the responsibilities at Gravesham are with the HR team or the Finance team to ensure all staff at Gravesham know their responsibilities.</p> <p>Within the SLA it refers to other documents, schedule 1, 2 &amp; 3 and a specification. As only schedule 1 was available for the audit the remaining documents should be completed before the contract is signed. The section relating to the fees and charges is the most important of these.</p> <p>The contract does appropriately cover the process and procedures to ensure payments are accurate and paid on time, all starters and leavers are entered accurately and promptly, all changes to existing payroll data are accurately processed, reviews of the contract and that Data Protection protocols are observed.</p> <p>Appropriate procedures have been implemented to ensure payroll transactions are recorded accurately on the council's general ledger and are reconciled regularly.</p> <p><b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: One high priority and three medium. Recommendations relate to signing of the Payroll contract, General Ledger reconciliation and receipt of reports from Medway Council to provide assurance on the service received.</b></p>
6	Building Security	10	N/A	Fieldwork underway	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 - There are sufficient security policies and procedures in place to enhance the security and safety of staff at the Civic Centre and Brookvale.</b></p>
7	Risk Management Framework	10	N/A	Fieldwork completed, in quality control	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 – The council has installed an appropriate risk management framework within the organisation.</b></p>
8	Creditors	10	N/A	Not yet started	N/A
9	Housing Benefit	15	15	Final report issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 – Housing Benefit is appropriately administered and accurately calculated.</b></p> <p>The review found that the Housing Benefit claim form is available on the council's</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>website and at the Civic Centre, along with information relating to the evidence required to support a claim. A direct link to a facility provided on the council's website for reporting changes of circumstances is provided on the Housing Benefit webpage under the heading 'Tell us something's changed' and by clicking on '3. Tell us', this then splits into two types of changes (Changing address or Other changes). Whilst the customer is then prompted to sign up for a My Gravesham account they can continue without an account and complete the online Change of Circumstances form.</p> <p>Arrangements are in place for new claims and changes of circumstances to be accurately processed, on receipt of appropriate documentation, and procedures exist for claims to be backdated where necessary.</p> <p>An appropriate staff training strategy is in place and regular management checks and monitoring is undertaken to ensure claims are processed accurately and in a timely manner. <b>Opinion Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: None.</b></p>
10	ICT Data Sharing	-	-	-	Removed from Plan. Agreed at November Finance & Audit Committee Meeting.
11	Council Tax	15	N/A	Draft report with client for consideration	<p>The review will consider the following Risk Management Objective:</p> <p><b>RMO1 - Arrangements are in place to Administer, Bill, Collect and Refund Council Tax.</b></p>
12	Housing Rent	15	7	Final report issued	<p>The review considered the following Risk Management Objective:</p> <p><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></p> <p>The review found that set procedures are in place to monitor rent arrears for current tenants and tailored advice is provided where appropriate; audit testing confirmed that recovery action is taken in respect of current tenant arrears in line with council procedure.</p> <p>Procedures are also in place to support the recovery of former tenant arrears, although further action is needed to ensure these procedures are robust. At present, letters are sent to former tenants about their arrears, with action targeted to those accounts with the greatest likelihood of success, but no further action can be taken given the council does not currently have a contract with an Enforcement Agent; it is understood that the appointment of a Corporate Enforcement Agent is being discussed via the council's Corporate Debt Working Group.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					Arrangements exist for payments to be allocated to the correct rent accounts, though there is a need for manual procedures to be reviewed and additional measures put in place to ensure that direct debits are collected in a timely manner. <b>Opinion: Amber.</b> <b>Overall Opinion: Amber. Recommendations: Two high priority and two medium priority. Recommendations relate to discussions on the use of Enforcement Officers to recover former tenant arrears; further measures to ensure that Direct Debits are collected in a timely manner; updating the procedure documents supporting the recovery of current and former tenant arrears; and, making details of the rent balance tracker available on the back of all rent arrears letters.</b>
13	Financial Planning	10	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objective: <b>RMO1 - The council will have an ongoing plan to balance the General Fund revenue budget in the current year and in future years.</b>
14	Capital Budget Management	10	12	Final report issued	The review considered the following Risk Management Objective: <b>RMO1 – Arrangements are in place for the appropriate management of capital budgets relating to Capital projects in the General Fund Account.</b> The review found that an adequate and up-to-date 2017-18 general fund capital programme is in place, which has been appropriately approved. Arrangements are in place for frequent monitoring to be carried out on all scheme budgets as part of the quarterly budget monitoring process and a review of budget codes is undertaken quarterly by the Deputy Principal Accountant, to ensure all income & expenditure is coded correctly to the relevant general fund capital budgets. <b>Opinion: Green.</b> <b>Overall Opinion: Green. Recommendations: None.</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	No responsive assurance work carried out in the period 1 October 2017 to 31 December 2017.
<b>Corporate risks assurance work</b>					
<b>Ongoing financial viability of the council</b>					

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
18	Digital Transformation	10	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objective: <b>RMO1 – Appropriate arrangements are in place to deliver digital transformation.</b>
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	7	Final report issued	<p>The review considered the following Risk Management Objective: <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> <p>The Information Commissioners Office (ICO) has put in place a 12 step guide for preparing for the General Data Protection Regulation. The review found some action is being taken across the council to implement these 12 steps, though further work will be required before the GDPR comes into force in May 2018.</p> <p>At the time of audit, the council did not have a documented project plan in place to manage the implementation of the General Data Protection Regulation and show what is required, by whom and when. A risk assessment process was however underway to identify and prioritise the actions needed to ensure compliance with the GDPR and this will form the basis of a formal project plan, which will be monitored by the Information Governance Group. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: One high priority.</b></p> <p><b>Recommendations relate to ensuring that a project plan is put in place and regularly monitored to ensure that requirements of the GDPR are met prior to May 2018.</b></p>
<b>Organisational capacity / resilience</b>					
21	Shared Services	-	-		Removed from Plan. Agreed at November Finance & Audit Committee Meeting.
22	Business Continuity	10	N/A	Fieldwork underway	The review considered the following Risk Management Objective: <b>RMO1 - Arrangements are in place to ensure each service has a updated and relevant Business Continuity Plan in place.</b>
23	Member	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
	Development			underway	<b>RMO1 - Arrangements are in place to provide Members with training and development.</b>
24	Legal & Contractual Advice (including Procurement)	10	N/A	Fieldwork completed, in quality control	N/A
25	Staff performance Management Framework	-	-		Deferred to 2018-19. Agreed at November Finance & Audit Committee Meeting
<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	Proposal to defer to 2018-19	As per client request
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	Proposal to remove	Review already completed by Corporate Change Manager
<b>100% Business Rates Retention Scheme</b>					
30	NNDR	10	N/A	Fieldwork completed, in quality control	N/A
<b>Counter Fraud Assurance Work</b>					

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
31	Use of Council Vehicles	10	N/A	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 – Arrangements exist to ensure council owned/ leased pool vehicles are used appropriately.</b></p> <p>The authority is at risk of misuse of council vehicles and or fuel due to insufficient controls in place to monitor journeys and fuel usage in leased pool vehicles.</p> <p>While there is sufficient information available to monitor the use of fleet vehicles and fuel used at the depot; the authority is at risk of fleet vehicles and or fuel being used for non-work purposes due to the lack of controls in place to monitor journeys and fuel usage.</p> <p>Depot managers allow officers to take vehicles home on the understanding they attend site first thing the following morning or are required to attend out of hours' calls. There are sufficient controls in place to monitor officers' use of vehicles during the working day however no consideration has been made to consider monitoring of evening or weekend use outside the out of hours work undertaken. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: One high priority, one medium priority and five low priority.</b></p> <p><b>Recommendations relate to a policy with a definition of acceptable use, monitoring of fuel, use of council vehicles by officers from shared services, monitoring of tracker data on fleet vehicles, recording of mileage incurred using lease pool vehicles and the cost effectiveness of lease pool vehicles.</b></p>
32	<i>Right to Buy</i>	<i>10</i>	<i>10.5</i>	<i>Final Report Issued</i>	<i>Findings already reported to Finance &amp; Audit Committee - November 2017 Meeting</i>

### 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	Underway	<p>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 &amp; Counter Fraud Team. To date, no referrals have been received in connection with these matches.</p> <p>The KIN project is currently seeking a new software supplier. Matching continues with</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					existing IDEA software but has not generated any financial savings during the period.
37	Fraud awareness	10	N/A	Underway	A briefing session took place in early November where Members received a presentation outlining the potential financial losses when applying national estimates at a local level.

### Reactive Investigations work: external investigations

Area	Number of cases concluded	Summary of results
Council Tax	6	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 £1,917.90 of which Gravesham Borough Council's share is £230.14. They have also identified additional liability of £2,547.42 for future years. Three civil penalties of £70 have also been applied as a result.
Housing	9	The team has completed investigations into suspected tenancy fraud, applications for housing and right to buy. As a result of these investigations, two properties have been recovered and a fraudulent right to buy has been stopped, preventing a loss of £77,900.

### 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
HR Shared Service	The Head of Audit & Counter Fraud part of the project group for the pending HR Shared Service with Medway.
Draft Finance Procedure Rules	Review of new draft procedures undertaken to provide assurance
Automated Invoicing	Two of the Audit & Counter Fraud Officers are part of the project group overseeing implementation of the Creditors automated invoicing system.

<b>Client service area</b>	<b>Services provided</b>
Interreg France (Channel) England Project	The Audit & Counter Fraud Team Leader has been appointed and undertaken training to deliver the First Level Controller role for Gravesham Borough Council as part of this project.

## 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: £4,675.42 £1,917.90 Council Tax (proportion retained by Gravesham: £230.14) £2,547.42 additional Council Tax for future years (proportion retained by Gravesham: £305.69) £210 – three civil penalties imposed
A&CF 4b	Value of non-cashable fraud losses identified, by fraud type	N/A	£113,900 Two properties recovered (£36,000) One fraudulent Right to Buy prevented (£77,900)
<b>Internal Process</b>			
A&CF 5	Compliance with PSIAS	100%	91% (based on 16-17 self-assessment)
A&CF 6	Proportion of available resources spent on productive work	90%	85%
A&CF 7	Proportion of productive work time spent on: a) assurance work b) consultancy work	55%	Total: 55% 49.5% 5.5%

Ref		Target	Outturn for report period
A&CF 8	Proportion of productive work time spent on: a) proactive counter fraud work b) reactive counter fraud work	45%	Total: 45% 0% 45%
A&CF 9	Investigator average caseload	N/A	
A&CF 10	Proportion of agreed plan delivered (fieldwork completed): Proportion of agreed plan underway (fieldwork current):	95%	37% 28%
A&CF 11	Proportion of assignments completed within allocated day budget	90%	60%
A&CF 12	Proportion of recommended actions agreed by client management	90%	98%
A&CF 13	Proportion of recommended actions implemented by agreed date	95%	80%
A&CF 14	Number of recommendations agreed that are: a) not yet due b) implemented c) outstanding	N/A	12 63 16
A&CF 15	Number of referrals received	N/A	9
A&CF 16	Number of investigations closed	N/A	15
<b>Learning &amp; growth</b>			
A&CF 17	Proportion of staff with relevant professional qualification	25%	79%
A&CF 18	Proportion of non-qualified staff undertaking professional qualification training	25%	21%
A&CF 19	Time spent on CPD/non-professional qualification training, learning & development	TBC	20 days
A&CF 20	Staff turnover	N/A	14.3%
A&CF 21	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	10%
<b>Customer</b>			
A&CF 22	Customer satisfaction with overall service	95%	N/A – full client survey yet to be issued
A&CF 23	Member satisfaction	Positive	N/A – Members survey yet to be issued
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	95%	100% positive

Ref	Target	Outturn for report period
review/assignment		

## 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 There is a formal recommendation to remove one review from the plan and defer a second to 2018-19. The reasons for this are;
- Waste & recycling project Post Implementation Review – This review has already been undertaken by the Corporate Change Manager and conducted independently of the service, meaning that there is no longer a need for the Audit & Counter Fraud Team to undertake the review.
  - Repairs & Maintenance Supplies Management – The project to make changes to the system and process is behind schedule, therefore the consultancy planned for Q1 and the review planned for Q4 have not been required. The project will be moving forward in late March and it is therefore proposed to defer these items to 2018-19.
- 6.3 The budgeted days for these pieces of work will be transferred to the work associated with the Interreg France (Channel) England Project as this was not budgeted as part of the 2017-18 plan and an Audit & Counter Fraud Team Leader has been appointed as the First Level Controller for grant certification.

## 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 An agreed follow up process is in place, consistent across both councils, whereby service managers are asked to provide an update on the action they have taken towards implementing all audit and counter-fraud recommendations agreed. For all High priority recommendations, service managers are also asked to supply evidence and the Audit & Counter Fraud Team verify this to ensure that the reported action has been taken. The results of all follow up work are also reported to the council's Management Team on a quarterly basis.
- 7.3 The table below provides an update on the implementation of all recommendations in the recommendation follow up process as of 31 December 2017.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Proportion of recommendations due for implementation where a positive management response has been received
Planning Enforcement	<p>Opinion: <b>Amber</b></p> <p>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.</p>	<p>Seven recommendations due, six implemented.</p> <p>One high priority recommendation outstanding – this is being monitored by senior management through the quarterly follow up reports to the council's Management Team.</p>
Section 106 Agreements & Other Planning Obligations	<p>Opinion: <b>Amber</b></p> <p>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 are in place where external contracted staff are used, and ensuring the salaries budget and information held by HR/payroll are regularly reconciled.</p>	<p>Five recommendations due, four implemented.</p> <p>One high priority recommendation outstanding – this is being monitored by senior management through the quarterly follow up reports to the council's Management Team.</p>
Council Tax Recovery	<p>Opinion: <b>Amber</b></p> <p>Three recommendations agreed: three high priority. 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 by senior management through the quarterly follow up reports to the council's Management Team.</p>
Council Tax Discounts, Disregards & Exemptions	<p>Opinion: <b>Amber</b></p> <p>Five recommendations agreed: three high priority, one medium, one low. 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 by senior management through the quarterly follow up reports to the council's Management Team.</p>
Taxi Licensing – Administration & Enforcement	<p>Opinion: <b>Amber</b></p> <p>Six recommendations agreed: three high priority, three medium.</p>	<p>Six recommendation due, six 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
	<p>Recommendations were made to ensure that details of all license applications are recorded and published on the public register, to ensure that supporting 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.</p>	
Treasury Management - Compliance	<p>Opinion: <b>Green</b></p> <p>Three recommendations agreed: one medium priority, two low.</p> <p>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.</p>	Three recommendations due, three implemented.
Business Planning and Risk Management	<p>Opinion: <b>Amber</b></p> <p>Three recommendations agreed: three medium priority.</p> <p>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.</p> <p>One medium priority recommendation rejected relating to formally aligning the budget setting and business plan/risk processes.</p>	Three recommendations due, three implemented.
Budget Monitoring	<p>Opinion: <b>Green</b></p> <p>Three recommendations agreed: three low priority.</p> <p>Recommendations related to budget holders being reminded of constitutional responsibilities, records for monitoring of quarterly budget reviews and a training programme for budget holders.</p>	Three recommendations due, three implemented.
Private Housing Enforcement	<p>Opinion: <b>Amber</b></p> <p>Three recommendations agreed: one high priority, two medium.</p> <p>Recommendations related to appropriate records being maintained for PI15, the updating of the private housing enforcement policy and gaining</p>	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
	understanding of whether Category two and non-urgent service requests are being handled in a timely manner.	
Homelessness	<p>Opinion: <b>Green</b></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>Three recommendations due, two implemented.</p> <p>One medium priority recommendation outstanding – this is being monitored by senior management through the quarterly follow up reports to the council's Management Team.</p>
Strategic Asset Management	<p>Opinion: <b>Amber</b></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>Four recommendations due, one implemented.</p> <p>Two high and one medium priority recommendation outstanding – these are being monitored by senior management through the quarterly follow up reports to the council's Management Team.</p>
Capital Planned Works Management	<p>Opinion: <b>Green</b></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 December 2017.</p>
Standards of Conduct	<p>Opinion: <b>Amber</b></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>Six recommendations due, five implemented.</p> <p>One medium priority recommendation outstanding – this is being monitored by senior management through the quarterly follow up reports to the council's Management Team.</p>
NDR Reliefs	<p>Opinion: <b>Amber</b></p> <p>Six recommendations agreed: three high priority, one medium, two low.</p>	<p>Three recommendations due, two implemented.</p> <p>One medium priority recommendation</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
	<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>outstanding – this is being monitored by senior management through the quarterly follow up reports to the council’s Management Team.</p>
Business Continuity (IT)	<p>Opinion: <b>Red</b></p> <p>Four recommendations agreed: two high priority, two 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>One high priority recommendation outstanding – this is being monitored by senior management through the quarterly follow up reports to the council’s Management Team.</p>
Prevention of Procurement Fraud	<p>Opinion: <b>Amber</b></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>Four recommendations due, three implemented.</p> <p>One medium priority recommendation outstanding – this is being monitored by senior management through the quarterly follow up reports to the council’s Management Team.</p>
Prevention of Creditors Fraud	<p>Opinion: <b>Amber</b></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>Five recommendations due, five implemented.</p>
Transformation – change & project management	<p>Opinion: <b>Amber.</b></p> <p>Six recommendations agreed: three high priority, two medium, one low.</p> <p>Recommendations related to the introduction of a change project initiation document, appointment of Project Managers / Groups at the point of project</p>	<p>Six recommendations due, six 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
	<p>approval, the establishing of performance indicators to monitor the success of change projects, the timely communication of projects that affect large numbers of employees, corporate monitoring of the programme of change projects as a whole and the introduction of training / guidance for change project managers.</p>	
Prevention of Right to Buy Fraud	<p>Opinion: <b>Amber</b>.</p> <p>Seven recommendations agreed: four high priority and three medium.</p> <p>Recommendations related to the introduction of secondary application forms, money laundering questionnaires, updates to the housing business plan, ID verification for all applicants, un-notified visits to all applicants, written procedures covering the verification process, the introduction of an enforcement policy and publicity of any positive actions taken in respect of right to buy fraud.</p> <p>One recommendation rejected, relating to the introduction of an enforcement policy. This is to be incorporated into verification procedures instead.</p>	<p>Seven recommendations due, four implemented.</p> <p>Three high priority recommendations outstanding – these are being monitored by senior management through the quarterly follow up reports to the council’s Management Team.</p>
Payroll	<p>Opinion: <b>Amber</b>.</p> <p>Four recommendations agreed: one high priority and three medium.</p> <p>Recommendations related to signing of the Payroll contract, General Ledger reconciliation and receipt of reports from Medway Council to provide assurance on the service received.</p>	<p>Three recommendations due, two implemented.</p> <p>One high priority recommendation outstanding – this is being monitored by senior management through the quarterly follow up reports to the council’s Management Team.</p>
Housing Rents	<p>Opinion: <b>Amber</b>.</p> <p>Four recommendations agreed: two high priority and two medium.</p> <p>Recommendations related to discussions on the use of Enforcement Officers to recover former tenant arrears; further measures to ensure that Direct Debits are collected in a timely manner; updating the procedure documents supporting the recovery of current and former tenant arrears; and, making details of the rent balance tracker available on the back of all</p>	<p>Three recommendations due, three 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
	rent arrears letters.	
GDPR	Opinion: <b>Amber</b> . On high priority recommendation agreed. The recommendation related to ensuring that a project plan is put in place and regularly monitored to ensure that requirements of the GDPR are met prior to May 2018.	No recommendations due before 31 December 2017.
Use of Council Vehicles	Opinion: <b>Amber</b> . Seven recommendations agreed: one high priority, one medium and five low. Recommendations related to a policy with a definition of acceptable use, monitoring of fuel, use of council vehicles by officers from shared services, monitoring of tracker data on fleet vehicles, recording of mileage incurred using lease pool vehicles and the cost effectiveness of lease pool vehicles.	No recommendations due before 31 December 2017.

## 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.
--	---------------------------