

# Audit & Counter Fraud Update

Gravesham Borough Council

For the period:

1 August 2018 – 30 September 2018

# 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 2018 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 14FTE, consisting of; the Head of Internal Audit & Counter Fraud, three Audit & Counter Fraud Team Leaders, eight Audit & Counter Fraud Officers (currently 6 FTE with one vacancy to be filled on 15 October 2018 and the second vacancy, created by three officers being part time, to be filled from 01 April 2019), one audit & Counter Fraud Intelligence Analyst and one Audit & Counter Fraud Assistant, following a restructure in early 2018.
- 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 2018-19 were prepared, this establishment was forecasted to provide a total of 1,834 days available for audit and counter fraud work (net of allowances for leave, training, management, administration etc.) The Audit & Counter Fraud Plan for Gravesham was prepared with a resource budget of 660 days.
- 3.3. Net staff days available for Gravesham for the period 1 August 2018 to 30 September 2018 amounted to 81 days and 68 days (85%) were spent on productive audit and counter fraud work. Of this productive time, 80% was spent on audit assurance and consultancy work, while 20% 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. Staff sickness, the unexpected vacancy created by a promotion within the team and one Audit & Counter Fraud Officer taking flexible retirement from 01 September 2018 has affected the level of resources available. As of 30 September, the net loss from the original resource budget of 660 days for Gravesham resulting from these issues is approximately 56 days. This has reduced since the last update as we have removed planned

allowances for professional qualification training in light of the fact no officers are currently registered, pending the audit qualifications being approved for the apprenticeship levy.

- 3.5. Recruitment for the vacant Audit & Counter Fraud Officer post has taken place and the new officer started on 15 October 2018.

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

- 4.1. The Audit & Counter Fraud Plan 2018-19 for Gravesham was approved by the Finance & Audit Committee in March 2018. 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 2017-18 that has been finalised in 2018-19, the progress of work undertaken as part of the 2018-19 annual plan and the results of investigative work completed during the period.

## 2017-18 Internal Audit Assurance work completed in 2018-19

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
8	Creditors	10	13.8	Final Report Issued	Findings already reported to Finance & Audit Committee – September 2018 Meeting
15	Borough Market – Income	10	13.9	Final Report Issued	Findings already reported to Finance & Audit Committee – September 2018 Meeting
22	Business Continuity	10	7.3	Final Report Issued	Findings already reported to Finance & Audit Committee – September 2018 Meeting
26	Housing Revenue Account Building Management – Compliancy	10	18	Final Report Issued	Findings already reported to Finance & Audit Committee – September 2018 Meeting
28	Void Property Management & Re-let	15	11.7	Final Report Issued	Findings already reported to Finance & Audit Committee – September 2018 Meeting

## 2018-19 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 2017-18 planned work	25	24.9	Complete	All 2017-18 reviews have been finalised.
2	Performance Management	5	1	Complete	A&CF Officers have worked with the Corporate Performance team to verify the 2017-18 corporate performance information reported.
3	Corporate & Business Planning	10	N/A	Not yet started	N/A
4	Performance Management Framework	10	N/A	Fieldwork completed, in quality control	The review considered the following Risk Management Objective: <b>RMO1 - Arrangements exist to monitor and report on corporate performance.</b>
5	Ethics	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: <b>RMO1 - All council employees behave with integrity, demonstrate strong commitment to ethical values and respect the rule of the law.</b>
6	General ledger	10	N/A	Not yet started	N/A

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
7	Bad Debt Provision	15	N/A	Not yet started	N/A
8	NNDR Recovery	15	8.2	Final Report Issued	<p>The review considered the following Risk Management Objective:  <b>RMO1 - Appropriate arrangements are in place for the collection of unpaid business rates.</b></p> <p>The review found that Gravesham Borough Council has comprehensive information on its website regarding the payment of National Non Domestic Rates (NNDR) and its recovery. Information is also provided on the back of all NNDR bills and letters. Documented procedures are in place in the form of a Corporate Fair Debt Policy, which adheres to the Local Government Finance Act. The Policy states that reminder notices will be issued after fourteen days, although audit testing on twenty randomly selected accounts found that reminder notices were issued between twelve and 31 days.</p> <p>NNDR arrears are identified in a timely manner as agreed parameters are set within the system. Automated recovery action is then taken in accordance with an agreed schedule.</p> <p>Measures are in place to pass debtor accounts to Enforcement Officers for recovery action to be taken. However, scheduled monitoring of cases held by the Enforcement Agency is not conducted.</p> <p>Appropriate arrangement exist for debt which is not with the Enforcement Agency to be monitored and action taken where necessary. Procedures are also in place for the overall collection rate of NNDR to be monitored. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: Two low priority.</b></p> <p><b>Recommendations relate to the scheduled monitoring of cases with the Enforcement Agency and reminder notices to be issued in line with Gravesham's Corporate Fair Debt Policy.</b></p>
9	VAT	10	N/A	Fieldwork Underway	<p>The review will consider the following Risk Management Objective:  <b>RMO1 - Adequate procedures are in place for identifying, processing and accounting for VAT.</b></p>
10	Financial statements preparation	15	N/A	Fieldwork completed, in quality control	<p>The review considered the following Risk Management Objective:  <b>RMO1 - Final accounts are prepared in accordance with the latest CIPFA code and statutory reporting deadlines are met.</b></p>
11	Grant payments	10	N/A	Not yet started	N/A
12	Responsive assurance work	8	N/A	Not yet started	No requests for responsive assurance work have been received during this period.

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
<b>Corporate risks assurance work</b>					
13	IT Strategy & implementation	10	N/A	Terms of Reference being prepared	N/A
14	Use of Bailiffs	10	N/A	Not yet started	N/A
15	Procurement compliance	10	7.5	Final Report Issued	<p>The review considered the following Risk Management Objective:</p> <p><b>RMO1 - Appropriate procedures relating to contracts procured via South East Consortium are in place.</b></p> <p>The review found that although contracts have not always been robust on price increases, a new contract template has been devised via SEC, which includes the Consumer Price Index and a break clause allowing the contract to be cancelled due to poor performance or unarranged price increases. Each contract is also reviewed by the in-house Legal Services Team.</p> <p>A Project Manager is allocated to each contract and monthly meetings are held to discuss each contract, including budget, productivity and any concerns that have arisen. Minutes of the meeting and an up to date action plan are kept for each contract.</p> <p>Budget monitoring is conducted and a 'live' spreadsheet is kept, which is linked to Civica and shows the spend relating to each contract.</p> <p>Key Performance Indicators are in place for all contracts procured via SEC. However, customer satisfaction surveys were not held, where required, for contracts reviewed for testing purposes.</p> <p>Informal procedures are in place for reporting productivity and budget problems with contracts to SEC, though these should be formalised. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: One low priority.</b></p> <p><b>Recommendation relates to customer satisfaction surveys being completed for all relevant contracts.</b></p>
16	Refunds	10	N/A	Not yet started	N/A
17	Write Offs	15	N/A	Not yet started	N/A
18	Counter Fraud	5	N/A	Not yet started	N/A
19	General Data Protection Regulation	15	N/A	Not yet started	N/A

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
20	Homelessness	15	N/A	Not yet started	N/A
21	Establishment Management	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objectives: <b>RMO1 - The council's establishment is appropriately managed.</b> <b>RMO2 - The council's salaries budget is appropriately managed.</b>
22	Staff Performance Management Framework	10	N/A	Not yet started	N/A
23	Manual Handling	10	N/A	Terms of Reference being prepared	N/A
24	Tenancy Enforcement	15	N/A	Proposal to remove	As outlined at section 6 of this report, due to significant staffing changes within the service, there has been a request to defer this audit to 2019-20.
25	Rent Deposit Scheme	10	16.0	Final Report Issued	The review considered the following Risk Management Objectives: <b>RMO1 – Arrangements exist to distribute rent deposits</b> There are arrangements in place to distribute rent deposits but with no set criteria available it is not possible to give assurance that all members of the team responsible for distributing the loans are working consistently. While the loan scheme is discretionary, unsuccessful applicants are not provided with a breakdown of the reasons why, which may be open to challenge. Testing has identified that applications are not always verified correctly, with evidence of identification and income missing in a number of cases. It was also found that applications are not always appropriately approved by senior officers. Inadequate application forms, inappropriate agreement forms and poor record keeping mean that tenants and landlords are not aware of their obligations or the consequences for failing to repay loans. Reconciliations do not take place between the records held in Housing and the General Ledger to ensure that the loans are accurately recorded and budgets appropriately monitored. Working procedures within the team are not consistent and therefore training should be given to all staff regarding the correct process and procedures they should be adhering to. <b>Opinion: Red.</b> <b>RMO2 – Arrangements exist to recover all rent deposits</b>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>There are arrangements in place to recover rent deposits and the Income Team have procedures in place to monitor and collect the income from the debtors, the overall collection rate from 2008 is 54%.</p> <p>Testing showed that invoices are not always being raised for the loans granted and therefore this debt may not be recovered.</p> <p>All deposits paid by the council should be either registered in the council's name or as a third party interest and these should then be reclaimable when the tenancy ends. Testing showed that only 40% of deposits were registered this way and therefore council money that could be reclaimable is returned to the tenant who then may not repay it to the council. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Red. Recommendations: Seven high and six medium priority. Recommendations relate to ensuring loan applications are appropriately assessed, authorised &amp; consistently distributed, unsuccessful applicants being advised of the reason why, agreement forms being clearer to tenants and updated for landlords, appropriate certificates being obtained from landlords, reconciliation between Housing records and the General Ledger, training for Housing Needs Officers, verification of payment information for Letting Agencies, ensuring invoices are raised for all loans granted, deposit loans being held in appropriate scheme's with the councils interest registered and the monitoring of loans.</b></p>
26	Repairs & Maintenance Supplies Management	15	N/A	Proposal to remove	As outlined at section 6 of this report, due to a procurement exercise, relating to the supply of materials and associated managed services, currently being underway, there has been a request to defer this audit to 2019-20.
<b>Counter Fraud Assurance Work</b>					
27	Housing Allocations	15	N/A	Not yet started	N/A
28	Residents Parking Permits	15	11.5	Final Report Issued	<p>The review considered the following Risk Management Objective: <b>RMO1 – Adequate procedures are in place to prevent residential parking permit fraud.</b></p> <p>Paper and online application forms exist to apply for both resident parking permits (RPP) and visitor permits. Although the paper application form contains a declaration, it does not contain a warning to discourage fraudulent conduct. The online application does not contain a declaration at all. To support this deterrence information should be available on the council's website to enable the public to report concerns of permit misuse.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					<p>Procedures are in place to ensure permits are issued appropriately. Some improvement is required to ensure records are correctly retained and decision making appropriately recorded.</p> <p>The stock of visitor permits is appropriately controlled but the current arrangements do not enable income reconciliation to provide assurance all income is accounted for. Permit zones are recorded on resident permits but not visitor permits. A consistent approach is required for all permits to ensure permits are used correctly. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: Two high, three medium and one low priority.</b></p> <p><b>Recommendations relate to deterring permit misuse through an improved declaration by the applicant and a means for the public to report misuse concerns. Improvements relating to the recording, retaining of information and decision making. A consistent approach by recording Zones on visitor permits. Income reconciliation to provide assurance permit income is accounted for.</b></p>

#### Other consultancy services including advice & information

Client service area	Services provided
Corporate Debt Project	One of the Audit & Counter Fraud Team Leaders is part of a project group overseeing implementation of a system to provide a corporate view of debt.
Merchant Acquiring Services	One of the Audit & Counter Fraud Team Leaders is part of a project group overseeing implementation of new Merchant Acquiring Services.
Interreg France (Channel) England Go Trade Project	One of the Audit & Counter Fraud Team Leaders has been appointed and is undertaking the role of First Level Controller for Gravesham Borough Council's part in this project.

## Counter Fraud Activity

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
30	Pro-active investigations work	29	N/A	Underway	Nothing to report during the period.
31	Data matching exercises, including National Fraud Initiative and Kent Intelligence Network	29	N/A	Underway	Nothing to report during the period.
32	Fraud awareness	10	N/A	Not yet started	No fraud awareness training undertaken during the period.

## Reactive Investigations work: external investigations

Area	Number of cases concluded	Summary of results
Council Tax	2	Two referrals were received in relation to potential council tax matters but in both cases, there was insufficient cause to investigate. One was however passed to the DWP due to potential benefit fraud matters.
Housing Allocations	1	One case concluded with no evidence of fraud.
Tenancy	3	Cases linked to tenancy fraud, primarily involving abandonment or sub-letting have led to the recovery of one property with a notional saving of £18,000 attached.
Right to Buy	1	One case concluded with no evidence of fraud.

## Reactive Investigations work: internal investigations

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

## 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 2018.
- 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.
- 5.3. 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	Outturn for report period
<b>Non LA Specific Performance Measurements</b>			
A&CF1	Cost of the Audit & Counter Fraud Service a) Total Cost b) LA Share	N/A	£560,257 £201,693
A&CF2	Cost per A&CF day	£400	£305
A&CF3	Proportion of staff with relevant professional qualification: a) Relevant audit qualification b) Relevant counter fraud qualification	75%	21% 57%
A&CF4	Proportion of non-qualified staff undertaking professional qualification training	25%	0%
A&CF5	Time spent on CPD/non-professional qualification training, learning & development	70 days	10 days in this reporting period. (46 days in total for April to September 2018)
A&CF6	Compliance with PSIAS	100%	The External Quality Assessment (EQA) conducted in February 2018 was positive with performance in line with or above that of other local authorities as per benchmarking; however, it did not provide a percentage of compliance. Our December 2017 self-assessment showed full compliance with 94% of the standards, partial compliance with a further 3% and work required to address the remaining 3%.

Ref	Indicator	Target	Outturn for report period
			An action plan has been formed to deal with the recommendations from the external assessment and a refresh of the self-assessment will take place later in the year to confirm the percentage compliance.
A&CF7	Staff turnover	N/A	0%
<b>LA Specific Performance Measurements</b>			
A&CF8	Average cost per assurance review	£5,000	£3,727
A&CF9	Proportion of available resources spent on productive work	90%	85%
A&CF10	Proportion of productive time spent on: a) assurance work b) consultancy work	65%	68% 12%
A&CF11	Proportion of productive time spent on: a) proactive counter fraud work b) reactive counter fraud work	35%	1% 19%
A&CF12	Proportion of agreed assurance assignments: a) Delivered b) Underway	95%	24% 16%
A&CF13	Proportion of assignments completed within allocated day budget	90%	100%
A&CF14	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	50%
A&CF15	Proportion of recommended actions agreed by client management	90%	100%
A&CF16	Number of recommendations agreed that are: a) not yet due b) Implemented c) Outstanding	N/A	27 52 15
A&CF17	Proportion of recommended actions implemented by agreed date	N/A	77.9%
A&CF18	Number of referrals received	N/A	7
A&CF19	Number of investigations closed	N/A	7
A&CF20	Value of fraud losses identified, by fraud type a) cashable (losses that can be recovered) b) non-cashable (notional savings based on national estimates)	N/A	£0 £18,000 – one council property recovered
A&CF21	Customer satisfaction with individual review/assignment	95%	No responses received in reporting period.
A&CF22	Customer satisfaction with overall service	95%	Survey has not yet been issued.

Ref	Indicator	Target	Outturn for report period
A&CF23	Member satisfaction with assurance provided (based on Chair of Audit Committee contribution to Appraisal of the Head of Audit & Counter Fraud role)	Positive	<p>Cllr Karen Hurdle provided the following comments for the HIACF mid-year review in September;</p> <p>James provides the Finance and Audit Committee with detailed updates and reports on the progress of the Audit and Counter Fraud Team. He is readily able to answer questions from the committee and explain procedures and outcomes clearly.</p> <p>I am sure that in his role as Head of the Audit and Counter Fraud Shared Service, James and the Team will continue to provide an excellent service to The council.</p>
A&CF24	Statement of external audit	Positive	External Audit report by exception. The Audit Plan for 2017-18 from Grant Thornton raises no concerns in relation to the work of internal audit.

## 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.
- 6.2 As mentioned at paragraph 3.4, there has been a loss of resource created by sickness, a vacancy and the flexible retirement of one employee that was unknown at the time the original budget was calculated. The resource budget is being monitored monthly and currently projects a loss of 56 days from the original projection of 660 days.
- 6.3 Following discussions with the Assistant Director (Housing), we have been made aware of significant changes in management within the Housing Service and pending changes to all processes. These changes are likely to be completed around December 2018/January 2019 but would not necessarily be fully embedded before the end of the 2018-19. We are therefore proposing to defer the review of Tenancy Enforcement to 2019-20 at which time a more effective review could be undertaken.
- 6.4 In addition, following discussions with the Assistant Director (Operations), we have been made aware that a procurement exercise, relating to the supply of materials and associated managed services, is currently underway. It is intended that planned consultancy days, initially scheduled for Q1, will be provided in 2018-19 to support the implementation of these new arrangements to order, receive, allocate and audit repairs & maintenance supplies; however, we are proposing to defer the full assurance review of Repairs & Maintenance to 2019-20 once the new arrangements have been embedded and a more effective review can be undertaken.

## 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 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 are reported to the council's Management Team on a quarterly basis.
- 7.3 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	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, three medium and one low priority. Recommendations related to the publication of policy and guidance on the council's website and the development of procedure notes for staff, improving arrangements to monitor planning conditions, prioritising investigations of reports received and introducing specific arrangements to ensure all staff declare any interests.</p>	<p>Seven recommendations due, six implemented. One high priority recommendation outstanding relating to improving arrangements to monitor planning conditions. See table below for management update, including revised implementation date.</p>
Section 106 Agreements & Other Planning Obligations	<p>Opinion: <b>Amber</b></p> <p>Five recommendations agreed: three high and two low priority. Recommendations related to improving consistency of Management Team reports requesting changes to the establishment, ensuring appropriate formal agreements are in place where external contracted staff are used, and ensuring the salaries budget and information held by HR/payroll are regularly reconciled.</p>	<p>Five recommendations due, four implemented. One high priority recommendation outstanding relating to an appropriate mechanism being put in place for monitoring planning obligations. See table below for management update, including revised implementation date.</p>
Homelessness	<p>Opinion: <b>Green</b></p> <p>Three recommendations agreed: Two medium and one low priority. Recommendations related to ensuring that the council's homelessness strategy is up to date, ensuring that temporary accommodation placements are appropriately authorised, and setting a budget to monitor bed &amp; breakfast expenditure.</p>	<p>Three recommendations due, two implemented. One medium priority recommendation outstanding relating to ensuring that the council's homelessness strategy is up to date. See table below for management update, including revised implementation date.</p>
Private Housing Enforcement	<p>Opinion: <b>Amber</b></p> <p>Three recommendations agreed: one high and two medium priority. Recommendations related to appropriate records being maintained for PI15, the updating of the private housing enforcement policy and gaining understanding of whether Category two and non-urgent service requests are being handled in a timely manner.</p>	<p>Three recommendations due, two implemented. One medium priority recommendation outstanding relating to the updating of the private housing enforcement policy.</p>
Capital Planned Works Management	<p>Opinion: <b>Green</b></p> <p>One recommendation agreed: one low priority. The recommendation related to more effective use of the council website and social media.</p>	<p>One recommendation due, one 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
NNDR Reliefs	<p>Opinion: <b>Amber</b></p> <p>Six recommendations agreed: three high, one medium and two low priority. Recommendations related to information available on the councils website, discretionary rate relief criteria, use of application forms &amp; declaration statements, and processes for determining charitable status and rate reliefs.</p>	Six recommendations due, six implemented.
Business Continuity (IT)	<p>Opinion: <b>Red</b></p> <p>Four recommendations agreed: two high and two medium priority. Recommendations related to regular reviews of the IT continuity plan and overarching business continuity plan, training for staff involved with implementing the plan and testing of backup servers and generators.</p>	Four recommendations due, four implemented.
Housing Rents	<p>Opinion: <b>Amber</b></p> <p>Four recommendations agreed: two high and two medium priority. Recommendations related to discussions on the use of Enforcement Officers to recover former tenant arrears; further measures to ensure that Direct Debits are collected in a timely manner; updating the procedure documents supporting the recovery of current and former tenant arrears; and, making details of the rent balance tracker available on the back of all rent arrears letters.</p>	Four recommendations due, three implemented. One high priority recommendation outstanding relating to discussions on the use of Enforcement Officers to recover former tenant arrears.
Use of Council Vehicles	<p>Opinion: <b>Amber</b></p> <p>Seven recommendations agreed: one high, one medium and five low priority. 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.</p>	Seven recommendations due, six implemented. One low priority recommendation outstanding relating to monitoring the cost effectiveness of lease pool vehicles.
Risk Management Framework	<p>Opinion: <b>Amber</b></p> <p>Three recommendations agreed: two medium and one low priority. Recommendations relate to ensuring that service risk registers are fully completed, ensuring roles and responsibilities are clear and ensuring an appropriate link between corporate and service level risk management processes. One medium priority recommendation rejected relating to staff guidance on the risk register template.</p>	Two recommendations due, two implemented. Remaining recommendation due to be implemented by March 2019.

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
IT Security – User Access Controls	Opinion: <b>Amber</b> Four recommendations agreed: one high and three medium priority. Recommendations relate to completion of work required for the PSN connection, the updating and circulation of IT related policies, and ensuring that password re-set options are activated.	Four recommendations due, four implemented.
Legal & Contractual Advice	Opinion: <b>Amber</b> One medium priority recommendation agreed. Recommendation relates to creating a suite of KPIs; that include all necessary information, and a reporting schedule being agreed by senior management.	One recommendation due, none implemented. One medium priority recommendation outstanding relating to creating a suite of KPIs; that include all necessary information, and a reporting schedule being agreed by senior management.
NNDR	Opinion: <b>Green</b> . One medium priority recommendation agreed. Recommendation relates to consideration of data matching between council systems, data sharing between departments and ensuring compliance with the GDPR.	No recommendations due before 30 September 2018; recommendation due to be implemented by December 2018.
Creditors	Opinion: <b>Amber</b> . Six recommendations agreed; three high, two medium and one low priority. Recommendations relate to appropriate staff being reminded of the need to raise purchase orders in relation to all purchases, Managers being reminded that invoices for goods and services should not be paid via petty cash, that petty cash claims should not be authorised by Managers who do not have appropriate authorisation or are above their limit, Managers not authorising their own or close relatives petty cash claims, float holders being reminded to include remaining balances on the information provided to Exchequer Services and Management Team considering the removal of petty cash and switching the processing of expenses through the HR SelfServe4You system.	Six recommendations due, five implemented. One high priority recommendation outstanding relating to Management Team considering the removal of petty cash and switching the processing of expenses through the HR SelfServe4You system.
Borough Market – Income	Opinion: <b>Amber</b> . Five recommendations agreed; five medium priority. Recommendations relate to enhancing procedures for the agreement and review of pitch fees, applying the correct VAT treatment for deposit invoices, ensuring consistent recovery procedures are followed, and ensuring that comprehensive records are retained of all cash payments received.	Five recommendations due, five implemented

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
Business Continuity	<p>No Opinion Delivered – Consultancy Review</p> <p>Four recommendations agreed; one high, two medium and one low priority. Recommendations relate to the re-designing of BCP templates, a programme of learning for managers, the incorporation of an audit trail in the BCP for reviews and testing and the identification of key essential services.</p>	<p>Two recommendations due, none implemented.</p> <p>Two medium priority recommendations outstanding relating to the re-designing of BCP templates and the forms used for Business Continuity identifying key essential services against those which can be allocated a lower priority.</p> <p>Remaining two recommendations due to be implemented between October and December 2018.</p>
Housing Revenue Account Building Management – Compliancy	<p>Opinion: <b>Amber</b>.</p> <p>Six recommendations agreed; two high, one medium and three low priority. Recommendations relate to enhancement of processes for tackling access issues which prevent checks from being carried out, ensuring the electrical contract contains KPIs which are regularly monitored, investigating methods of ensuring safety compliance in leasehold properties, reviewing processes for budget monitoring, ensuring certificates are stored appropriately and streamlining processes for monitoring failed checks.</p>	<p>Six recommendations due, five implemented.</p> <p>One high priority recommendation outstanding relating to enhancement of processes for tackling access issues which prevent checks from being carried out.</p>
Void Property Management & Re-let	<p>Opinion: <b>Amber</b>.</p> <p>Five recommendations agreed; two high and three medium priority. Recommendations relate to the introduction of a Voids Policy which includes procedure notes, amending the tenancy handbook to include basic repairs that tenants are expected to complete, ensuring all recording methods are updated regularly to ensure records of every element of the process are correct, a review of the re-let process and refresher training for officers on use of the Locata system.</p>	<p>One recommendation implemented before audit finalised. One recommendation due, one implemented.</p> <p>Remaining three recommendations due to be implemented between October and December 2018.</p>
Building Security	<p>Opinion: <b>Amber</b>.</p> <p>Five recommendations agreed; three high and two medium priority. Recommendations relate to finalisation of the Security Policy, enhancement of arrangements for managing the Access Control System and enhancement of arrangements for managing temporary passes.</p>	<p>Four recommendations due, three implemented.</p> <p>One high priority recommendation outstanding relating to disabling access and recovery of passes for users that no longer require access</p> <p>Remaining recommendation due to be implemented by March 2019.</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
Contact Centre Operations	<p>Opinion: <b>Green</b>.</p> <p>Four recommendations agreed; three medium and one low priority.</p> <p>Recommendations relate to aligning the period of the Customer Service and Access Strategy to that of the corporate plan, resuming the monitoring of webchat performance, Customer Services champions attending the team meetings of other services and a review of the main reception area as part of the strategy review.</p>	<p>Four recommendations due, three implemented.</p> <p>One medium priority recommendation outstanding relating to a review of the main reception area as part of the strategy review.</p>
NNDR Recovery	<p>Opinion: <b>Green</b>.</p> <p>Two low priority recommendations agreed.</p> <p>Recommendations relate to the scheduled monitoring of cases with the Enforcement Agency and reminder notices to be issued in line with Gravesham's Corporate Fair Debt Policy.</p>	<p>No recommendations due before 30 September 2018; recommendations due to be implemented by December 2018.</p>
Procurement Compliance	<p>Opinion: <b>Green</b>.</p> <p>One low priority recommendation agreed.</p> <p>Recommendation relates to customer satisfaction surveys being completed for all relevant contracts.</p>	<p>No recommendations due before 30 September 2018; recommendation due to be implemented by December 2018.</p>
Rent Deposit Scheme	<p>Opinion: <b>Red</b>.</p> <p>Thirteen recommendations agreed, seven high and six medium priority.</p> <p>Recommendations relate to ensuring loan applications are appropriately assessed, authorised and consistently distributed, unsuccessful applicants being advised of the reason why, agreement forms being clearer to tenants and updated for landlords, appropriate certificates being obtained from landlords, reconciliation between Housing records and the General Ledger, training for Housing Needs Officers, verification of payment information for Letting Agencies, ensuring invoices are raised for all loans granted, deposit loans being held in appropriate scheme's with the councils interest registered and the monitoring of loans.</p>	<p>No recommendations due before 30 September 2018; recommendations due to be implemented by December 2018.</p>
Residents Parking Permits	<p>Opinion: <b>Amber</b>.</p> <p>Seven recommendations agreed, two high, three medium and two low priority.</p> <p>Recommendations relate to deterring permit misuse through an improved declaration by the applicant and a means for the public to report misuse concerns. Improvements relating to the recording, retaining of information and decision making. A consistent approach by recording Zones on visitor permits. Income reconciliation to provide assurance permit income is accounted for.</p>	<p>Four recommendations implemented before audit finalised.</p> <p>Remaining three recommendations not due before 30 September 2018; recommendations due to be implemented between October 2018 and March 2019.</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
<i>Housing &amp; Regeneration</i>	<i>Planning Enforcement</i>	<i>Arrangements should be put in place to monitor conditions made when determining planning applications</i>	<i>High</i>	<i>31-Jul-14</i>	<i>Previously reported at September Audit Committee. The Council is developing a list of standard conditions and informatives so that future monitoring can be streamlined. This was delayed due to workload constraints but has recently re-started. The Planning Manager (Development Management) and Assistant Director (Planning) are investigating the creation of a new post for planning condition monitoring which could also add resilience to the validation team. Officers are working towards a new deadline date of 31 December 2018.</i>
<i>Housing &amp; Regeneration</i>	<i>Planning Obligations</i>	<i>An appropriate mechanism should be put in place for monitoring planning obligations.</i>	<i>High</i>	<i>30-Jun-16</i>	<i>Previously reported at September Audit Committee. Limitations of KCC's Single Monitoring System for developer contributions still remain - namely that the SMS is live for new apps but they are having problems with historic records. The Planning Manager (Development Management) and Assistant Director (Planning) are hopeful that a resource can be identified who can have monitoring planning obligations as one of their substantive tasks, without causing workload difficulties elsewhere in the team. Officers are working towards a new deadline date of 31 December 2018.</i>
<i>Housing &amp; Regeneration</i>	<i>Homelessness</i>	<i>A revised Homeless strategy should be written, consistent with local plans and strategies.</i>	<i>Medium</i>	<i>31-Dec-17</i>	<i>Previously reported at September Audit Committee. Work is continuing on the development of the Strategy and supporting documents, and will be informed by the deliberations of the Cross Party Working Group established following a Council meeting regarding Homelessness. The work of which will need to be included in the Strategy review and evidence base. Revised implementation date 1 Dec 18.</i>

# Definitions of audit opinions & Recommendation Priorities

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

<p><b>High</b></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><b>Medium</b></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><b>Low</b></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>