Audit & Counter Fraud Update

Gravesham Borough Council

For the period:

1 October 2018 – 31 December 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 currently has an establishment of 14 FTE officers, consisting of; the Head of Internal Audit & Counter Fraud, three Audit & Counter Fraud Team Leaders, eight Audit & Counter Fraud Officers (one post currently vacant due to three officers being part time), 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 October 2018 to 31 December 2018 amounted to 136 days and 113 days (83%) were spent on productive audit and counter fraud work. Of this productive time, 65% was spent on audit assurance and consultancy work, while 35% was spent on 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 earlier in the year and the fact that one Audit & Counter Fraud Officer has taken flexible retirement from 01 September 2018 has affected the level of resources available. To date this has resulted in a net loss of approximately 75 days from the original resource budget of 660 days for Gravesham.

3.5. The vacancy was filled with effect from 15 October and the officer has now returned from sick leave.

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
Core governance and financial systems assurance work					
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	5.8	Final Report Issued	The review considered the following Risk Management Objective: **RMO1 - Arrangements exist to monitor and report on corporate performance.** The review found that robust procedures are in place to monitor and report corporate performance. The Performance Management Framework (PMF) was implemented in October 2015 following Full Council approval. This was introduced to monitor the delivery of the

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					Corporate Plan 2015-19. The PMF is split into three sections including Performance Measures (PM), Performance Indicators (PI) and Management Indicators (MI).
					A Data Quality Policy is in place which sets out how target setting should be conducted on an annual basis for all PMs. Ultimately, the final sign off lies with the relevant Portfolio Holder; however, it was found that this is rarely documented. The policy needs to be updated at point 5.8 regarding appendix 4 as returning a signed checklist to the Corporate Performance Team is no longer relevant.
					In accordance with the Data Quality Policy, the role of Members is to scrutinise the data that they are presented with in order for them to make informed decisions on behalf of the council; however, they are not routinely provided with training regarding the Performance Management Framework.
					Procedure notes are produced for each PM, PI and MI, giving detailed information on the reason the data is required and how it should be calculated.
					Reports are produced on a quarterly and annual basis detailing performance information and measures are in place to challenge poor performance.
					Annual validation of performance outturns is conducted by the Audit and Counter Fraud Team on a risk basis. **Opinion: Green**
					Overall Opinion: Green. Recommendations: Three low priority.
					Recommendations relate to an elected Member training document being devised, the Data Quality Policy being updated regarding point 5.8 and Appendix 4 and documented agreement from the relevant Portfolio holder being obtained for all targets
5	Ethics	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective:
					RMO1 - All council employees behave with integrity, demonstrate strong commitment to ethical values and respect the rule of the law.
6	General ledger	10	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective:
					RMO1 - Arrangements are in place to ensure that information is recorded accurately on the General Ledger.
7	Bad Debt Provision	15	12.8	Final Report Issued	The review considered the following Risk Management Objective:
					RMO1 – The council are providing a realistic level of provision for bad debts within their accounts:
					Bad debt provision is being applied in line with the most up to date principles of CIPFA guidance.

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					Not all elements of council debt have been included in the provision calculation as an element of benefit debt that has not been included.
					All calculations except for one are accurate and the figures used in the calculations could be matched back to the source documents.
					All the elements included in the calculations for bad debt provision have their own criteria, based on either the age of the debt, the value of the debt or the historic information of debt.
					There are principles and procedures set for each element of debt, however these are not all fully documented. **Opinion: Amber**
					Overall Opinion: Amber. Recommendations: One medium and two low priority.
					Recommendations relate to ensuring all elements of debt within the council are considered, producing written notes on the methodologies being used and checking data used in calculation is accurate.
8	*NNDR Recovery*	*15*	*8.2*	*Final Report Issued*	*Findings already reported to Finance & Audit Committee – November 2018 Meeting*
9	VAT	10	N/A	Draft Report with Client for Consideration	The review will consider the following Risk Management Objective: **RMO1 - Adequate procedures are in place for identifying, processing and accounting for VAT.**
10	Financial statements preparation	15	9.5	Final Report Issued	The review considered the following Risk Management Objective: **RMO1 - Final accounts are prepared in accordance with the latest CIPFA code and statutory reporting deadlines are met.** The finance team responsible for the preparation of the final accounts prepared the draft accounts for the 2017/18 financial year by the statutory reporting deadline of 31 May 2018 and in accordance with the latest CIPFA code. The external auditors were able to audit the accounts in time for the accounts to be signed off and published on the website by 31 July 2018. **Opinion: Green** **Overall Opinion: Green. Recommendations: None.**
11	Grant payments	10	N/A	Proposal to Defer to 2019-20	As outlined at section 6 of this report, due to significant loss of resource, there has been a request to defer this audit to 2019-20.
12	Responsive assurance work	8	N/A	Fieldwork Underway	A review of arrangements to meet the requirements of the Transparency code has been undertaken at the request of the Director (Corporate Services).

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
Corporate risks assurance work					
13	IT Strategy & implementation	10	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: **RMO1 - Arrangements are in place to review and implement the council's IT needs.**
14	Use of Bailiffs	10	N/A	Terms of Reference Being Prepared	N/A
15	Procurement compliance	10	7.5	Final Report Issued	*Findings already reported to Finance & Audit Committee – November 2018 Meeting*
16	Refunds	10	N/A	Fieldwork Underway	The review will consider the following Risk Management Objectives: **RMO1 - Adequate policies and procedures are in place to the administration of refunds.** **RMO2 - Adequate arrangements are in place for the administration and processing of refunds.**
17	Write Offs	15	N/A	Fieldwork Underway	The review will consider the following Risk Management Objective: **There are arrangements and procedures in place regarding debt write off.**
18	Counter Fraud	5	N/A	Not Yet Started	N/A
19	General Data Protection Regulation	15	N/A	Not Yet Started	N/A
20	Homelessness	15	N/A	Terms of Reference Being Prepared	N/A
21	Establishment Management	15	10.1	Final Report Issued	The review considered the following Risk Management Objectives: **RMO1 - The council's establishment is appropriately managed.** The review found that all employee and HR establishment details are recorded within the Resource Link HR system and an establishment list can be extracted which shows all posts, as well as current budgeted and actual full time equivalent (FTE). A process is in place whereby all changes to the council's establishment must be approved by council's Management Team (MT); however inconsistencies were identified in the depth of information provided with each request. Arrangements exist for the financial considerations of all proposed changes to the establishment to be taken into account; however, while some managers do consult the HR team, there is no requirement for HR implications to be considered in the same way. In addition, although widely known

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

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
					between the HR establishment list and salaries budget monitoring spreadsheet. Several discrepancies were identified during testing however these were in relation to different post names / numbers being held on the two sources rather than any issues with 'ghost' employees or similar. **Opinion:** Amber.
					Overall Opinion: Amber. **Recommendations: One High, three medium and one low priority.**
					Recommendations relate to ensuring consistent information is provided for all requests to make changes to the establishment, ensuring that HR implications are formally considered for each change, preparing a policy or procedure note setting out the process for making changes to the establishment, reviewing forms used to make changes to the establishment on Resource Link and carrying out periodic reconciliations between the establishment list and salaries budget.
22	Staff Performance Management Framework	10	N/A	Not Yet Started	N/A
23	Manual Handling – Brookvale Health & Safety	10	N/A	Fieldwork Completed, in Quality Control	The review considered the following Risk Management Objectives: **RMO1 - Appropriate measures are in place of ensure the health and safety of all manual workers at Brookvale.** **RMO2 - Appropriate measures are in place for the reporting and investigation of any incident/ accidents at Brookvale.**
24	*Tenancy Enforcement*	*15*	*N/A*	*Deferred to 2019-20*	*Agreed by Finance & Audit Committee – November 2018 meeting*
25	*Rent Deposit Scheme*	*10*	*16.0*	*Final Report Issued*	*Findings already reported to Finance & Audit Committee – November 2018 Meeting*
26	*Repairs & Maintenance Supplies Management*	*15*	*N/A*	*Deferred to 2019-20*	*Agreed by Finance & Audit Committee – November 2018 meeting*
Counter Fraud Assurance Work					
27	Housing Allocations	15	N/A	Draft Report with Client for Consideration.	The review considered the following Risk Management Objectives: **RMO1 - Arrangements are in place to ensure council properties are allocated appropriately.**

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & recommendations made
28	*Residents Parking Permits*	*15*	*11.5*	*Final Report Issued*	*Findings already reported to Finance & Audit Committee – November 2018 Meeting*

Other consultancy services including advice & information

Client service area	Services provided
Repairs & Maintenance Supplies Management	One of the Audit & Counter Fraud Team Leaders provided control advice as part of the procurement of a single supplier for the council's Repairs & Maintenance function.
Interreg France (Channel) England Go Trade Project	One of the Audit & Counter Fraud Team Leaders was appointed and has been undertaking the role of First Level Controller for Gravesham Borough Council's part in this project.
Automated Invoicing	Two of the Audit & Counter Fraud Officers were part of the project group overseeing implementation of the Creditors automated invoicing system.
Corporate Debt Project	One of the Audit & Counter Fraud Team Leaders was part of a project group overseeing implementation of a system to provide a corporate view of debt.

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	Data submissions took place for both the National Fraud Initiative and the Kent Intelligence Network data matching projects, however, no matches were received during the reporting period. Matching relating to NNDR small business rate relief has taken place and the matches received have been assessed by the NNDR team. To date only one premises has had its relief removed but enquiries are being undertaken in relation to some other matches.
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	7	Two referrals rejected due to insufficient cause to investigate or because investigation was required by DWP in relation to benefits. Three cases concluded with no evidence of fraud but two resulted in the removal of discounts or exemptions.
Housing Allocations	1	One referral as insufficient cause to investigate.
Tenancy	5	Three referrals rejected as insufficient cause to investigate and two others concluded with no evidence of fraud.
Right to Buy	1	One case concluded with the right to buy blocked based on evidence that the additional applicant had not been resident for the required 12 months.
Parking	1	One case closed following acceptance of a simple caution for submitting false medical documents to avoid payment of PCN's.

Reactive Investigations work: internal investigations

Allegation	Investigation activity & recommendations
Falsification of time sheets	The investigation was concluded with no evidence to substantiate the allegations. Advice given to management to address the issue moving forward.

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
Non LA Specific Performance Measurements			
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	30 days in this reporting period. (76 days in total for April to Dec 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 January 2019 self- assessment showed full compliance with 94% of the standards, partial compliance with a further 4% and work required to address the remaining 2%.

Ref	Indicator	Target	Outturn for report period
			We are working to address the areas that require improvement.
A&CF7	Staff turnover	N/A	0%
LA Specific Performance Measurements			
A&CF8	Average cost per assurance review	£5,000	£3,727
A&CF9	Proportion of available resources spent on productive work	90%	83%
A&CF10	Proportion of productive time spent on: a) assurance work b) consultancy work	65%	58% 7%
A&CF11	Proportion of productive time spent on: a) proactive counter fraud work b) reactive counter fraud work	35%	1% 34%
A&CF12	Proportion of agreed assurance assignments: a) Delivered b) Underway	95%	48% 17%
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%	75%
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	19 82 11
A&CF17	Proportion of recommended actions implemented by agreed date	N/A	88.2%
A&CF18	Number of referrals received	N/A	8
A&CF19	Number of investigations closed	N/A	15
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	£5,476 (council tax) and £7,588 NNDR £98,900 – one council property recovered and one right to buy blocked.
A&CF21	Customer satisfaction with individual review/assignment	95%	100% positive (based on one response received during the reporting period)
A&CF22	Customer satisfaction with overall service	95%	Survey in development for issue during Q4.

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	Cllr Karen Hurdle provided the following comments for the HIACF mid-year review in September; James provides the Finance and Audit Committee with detailed updates and reports on the progress of the Audit and Counter Fraud Team. He is readily able to answer questions from the committee and explain procedures and outcomes clearly. 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.
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, the most recent resource review projects a loss of approximately 75 days from the original budget of 660. Two amendments to the plan were agreed at the meeting of the Finance & Audit Committee in November, which account for 30 of those days. We would like to request one further amendment to the plan in order to address the gap that still exists.

6.3   A review of the assurance work that is yet to commence was undertaken to identify any audits that could be removed without impacting on the ability to provide an annual opinion on the control environment. The proposed review of Grant payments was identified as the lowest risk and it is therefore proposed that this review be removed.

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	Opinion: **Amber** 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.	Seven recommendations due, seven implemented.
Section 106 Agreements & Other Planning Obligations	Opinion: **Amber** 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.	Five recommendations due, five implemented.
Homelessness	Opinion: **Green** 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 & breakfast expenditure.	Three recommendations due, three implemented.
Private Housing Enforcement	Opinion: **Amber** 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.	Three recommendations due, two implemented. One medium priority recommendation outstanding relating to the updating of the private housing enforcement policy. See table below for management update, including revised implementation date.
Housing Rents	Opinion: **Amber** Four recommendations agreed: two high and two medium priority. Recommendations related to discussions on the use of Enforcement Officers to recover former tenant arears; further measures to ensure that Direct Debits are collected in a timely manner; updating the procedure documents supporting the recovery of current and former tenant arrears; and, making details of the rent balance tracker available on the back of all rent arrears letters.	Four recommendations due, three implemented. One high priority recommendation outstanding relating to discussions on the use of Enforcement Officers to recover former tenant arears. See table below for management update, including revised implementation date

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
Use of Council Vehicles	Opinion: **Amber** 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.	Seven recommendations due, seven implemented.
Risk Management Framework	Opinion: **Amber** 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.	Two recommendations due, two implemented. Remaining recommendation due to be implemented by 31 March 2019.
IT Security – User Access Controls	Opinion: **Amber** 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, three implemented. One high priority recommendation outstanding relating to completion of work required for the PSN connection.
Legal & Contractual Advice	Opinion: **Amber** 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: **Green**. One medium priority recommendation agreed. Recommendation relates to consideration of data matching between council systems, data sharing between departments and ensuring compliance with the GDPR.	One recommendation due, none implemented. One medium priority recommendation outstanding relating to consideration of data matching between council systems, data sharing between departments and ensuring compliance with the GDPR.

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
Creditors	Opinion: Amber. 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.
Business Continuity	No Opinion Delivered – Consultancy Review Four recommendations agreed; one high, two medium and one low priority. Recommendations relate to the re-designing of BCP templates, a programme of learning for managers, the incorporation of an audit trail in the BCP for reviews and testing and the identification of key essential services.	Four recommendations due, three implemented. One high priority recommendation outstanding relating to a programme of learning for managers.
Housing Revenue Account Building Management – Compliancy	Opinion: Amber. Six recommendations agreed; two high, one medium and three low priority. Recommendations relate to enhancement of processes for tackling access issues which prevent checks from being carried out, ensuring the electrical contract contains KPIs which are regularly monitored, investigating methods of ensuring safety compliance in leasehold properties, reviewing processes for budget monitoring, ensuring certificates are stored appropriately and streamlining processes for monitoring failed checks.	Six recommendations due, six implemented.

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
Void Property Management & Re-let	Opinion: **Amber**. 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.	One recommendation implemented before audit finalised. Four recommendations due, one implemented. Two high and one medium priority recommendations outstanding relating to the introduction of a Voids Policy which includes procedure notes, ensuring all recording methods are updated regularly to ensure records of every element of the process are correct and a review of the re-let process
Building Security	Opinion: **Amber**. 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.	Four recommendations due, four implemented. Remaining recommendation due to be implemented by 31 March 2019.
Contact Centre Operations	Opinion: **Green**. Four recommendations agreed; three medium and one low priority. 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.	Four recommendations due, three implemented. One medium priority recommendation outstanding relating to a review of the main reception area as part of the strategy review.
NNDR Recovery	Opinion: **Green**. Two low priority recommendations agreed. 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.	Two recommendations due, two implemented.
Procurement Compliance	Opinion: **Green**. One low priority recommendation agreed. Recommendation relates to customer satisfaction surveys being completed for all relevant contracts.	One recommendation due, one 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
Rent Deposit Scheme	Opinion: **Red**. Thirteen recommendations agreed, seven high and six medium priority. 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.	Thirteen recommendations due, thirteen implemented.
Residents Parking Permits	Opinion: **Amber**. Seven recommendations agreed, two high, three medium and two low priority. 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.	Four recommendations implemented before audit finalised. Two recommendations due, two implemented. Remaining recommendation due to be implemented by 31 March 2019.
Performance Management Framework	Opinion: **Green**. Three low priority recommendations agreed. Recommendations relate to an elected Member training document being devised, the Data Quality Policy being updated regarding point 5.8 and Appendix 4 and documented agreement from the relevant Portfolio holder being obtained for all targets.	Two recommendations due, two implemented. Remaining recommendation due to be implemented by 30 June 2019.
Bad Debt Provision	Opinion: **Amber**. Three recommendations agreed, one medium and two low priority. Recommendations relate to ensuring all elements of debt within the council are considered, producing written notes on the methodologies being used and checking data used in calculation is accurate.	No recommendations due before 31 December

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
Establishment Management	Opinion: **Amber**. Five recommendations agreed, one high, three medium and one low priority. Recommendations relate to ensuring consistent information is provided for all requests to make changes to the establishment, ensuring that HR implications are formally considered for each change, preparing a policy or procedure note setting out the process for making changes to the establishment, reviewing forms used to make changes to the establishment on Resource Link and carrying out periodic reconciliations between the establishment list and salaries budget.	No recommendations due before 31 December

Recommendations still outstanding more than six months after scheduled implementation date

Directorate	Audit & Counter Fraud Review title	Recommendation	Priority	Planned Implementation Date	Management Update
Housing & Regeneration	Private Housing Enforcement	The Private Housing Enforcement policy should be reviewed and updated in line with the Housing and Planning Act.	Medium	31 Dec 17	Resource has been directed towards the revised Homelessness strategy and as such, work to address this recommendation is ongoing. The associated charging policy is currently under review. Revised implementation date 30 September 2019
Housing & Regeneration (Corporate Services)	Housing Rents	The appointment of a Corporate Enforcement Agent should be further progressed to allow for the timely recovery of former tenant arrears.	High	31 May 2018	The council has been notified that the framework agreement it was considering has been closed. It is understood to be the intention of the Yorkshire Purchasing Organisation to establish a new debt recovery framework which will include enforcement agency services, though this may not be in place until Autumn 2019. The council has expressed an interest in receiving information on any new framework and are now investigating if other frameworks have been established. Once further information is known, the PID will be finalised and presented to Management Team. Revised implementation date 31 December 2019.

Definitions of audit opinions & Recommendation Priorities

Green – 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.
Amber – 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.
Red – 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.

High	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.
Medium	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.
Low	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.