

# Audit & Counter Fraud Update

Gravesham Borough Council

For the period:

1 August – 30 September 2019

# 1. Introduction

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

## 2. Executive Summary

- 2.1 This report covers a short period of only two months, however, the following audit reviews have been finalised;
  - Refunds – Opinion: **Amber** (2018-19 review finalised in 2019-20)
  - Private Sector Housing – Disabled Facilities Grant - Opinion: **Green**
  - Housing Rent Administration & Collection - Opinion: **Amber**
  - Business Continuity – IT Backup Arrangements - Opinion: **Amber**
- 2.2 In addition, three reviews have had fieldwork completed and have progressed to the quality control process, four reviews are currently underway and commencement of a number of others is being arranged with clients. As a consequence of this work, plan delivery as at 30 September was 29% complete, with a further 43% underway. Full details of the individual reviews can be found in section 5 of this report.
- 2.3 Follow up of agreed recommendations has continued and performance as of 30 September stood at 75%, with 24 of 32 recommendations due in the period having been implemented. Outstanding recommendations continue to be monitored in line with the agreed follow up process. Full details of the progress made in relation to recommendation follow up can be found at section 8.
- 2.4 Investigations concluded during the period have identified cashable savings of £142,599 in the form of additional council tax liabilities, both historic and future and non-cashable savings of £36,000 resulting from the recovery of two council properties.
- 2.5 There has been some impact on planned resources due to sickness and a vacancy for an Intelligence Analyst following the previous post holder taking a position within the team as an Audit & Counter Fraud Officer, resulting in a loss of 69 days from the projected 703 available at the start of the year.
- 2.6 The split of resources during the period has been heavily in favour of audit assurance audit assurance & consultancy with 88% of productive time spent in this area and on 12% in favour of pro-active and reactive counter fraud work; however, the balance for the year to date is 71% and 29 % respectively.

## 3. Independence

- 3.1 The Audit & Counter Fraud Charter was approved by the Finance & Audit Committee in March 2019 and sets out the purpose, authority and responsibility of the team. The Charter sets out the arrangements to ensure the team's independence and objectivity through direct reporting lines to senior management and Members, and through safeguards to ensure officers remain free from operational responsibility

and do not engage in any other activity that may impair their judgement. The work of the team during the period covered by this report has been free from any inappropriate restriction or influence from senior officers and/or Members.

- 3.2 Given its responsibilities for counter-fraud activities, the Audit & Counter Fraud Shared Service cannot provide independent assurance over the counter-fraud activities of either council. Instead, independent assurance over the effectiveness of these arrangements will be sought from an external supplier of audit services on a periodic basis.

## 4. Resources

- 4.1 The Audit & Counter Fraud Shared Service reports to the Section 151 Officers of Medway Council and Gravesham Borough Council. The team currently has an establishment of 14 officers, consisting of; the Head of Internal Audit & Counter Fraud, three Audit & Counter Fraud Team Leaders, eight Audit & Counter Fraud Officers (7.64FTE), one audit & Counter Fraud Intelligence Analyst and one Audit & Counter Fraud Assistant.
- 4.2 The Shared Service Agreement sets out the basis for splitting the available resources between the two councils, approximately 64% for Medway, with the remaining 36% for Gravesham. The establishment at the time the Audit & Counter Fraud Plans for 2019-20 were prepared, was forecasted to provide a total of 1,952 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 703 days.
- 4.3 Net staff days available for Gravesham for the period 1 August to 30 September 2019 amounted to 114 days and 95 days (90%) were spent on productive audit and counter fraud work. Of this productive time, 83 days (88%) were spent on audit assurance and consultancy work, while 12 (12%) were spent on counter fraud and investigation work. In addition, 11 days were spent on SPOC related duties. The current status and results of all work carried out are detailed at section 5 of this report.
- 4.4 Staff sickness, a period of vacancy created by a promotion within the team and the retirement of one officer has affected the level of resources available. To date this has resulted in a net loss of approximately 69 days from the original resource budget of 703 days for Gravesham.

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

- 5.1 The Audit & Counter Fraud Plan 2019-20 for Gravesham was approved by the Finance & Audit Committee in March 2019. The Plan is intended to provide a clear picture of how the council will use the Audit & Counter Fraud Shared Service, reflecting all work to be carried out by the team for Gravesham during the financial year including the council's core finance and governance arrangements, operational assurance work, proactive counter fraud work, responsive investigations and consultancy services.
- 5.2 The tables below provide details of the work from 2018-19 that has been finalised in 2019-20, the progress of work undertaken as part of the 2019-20 annual plan and the results of investigative work completed during the period.

2018-19 Internal Audit Assurance work completed in 2019-20 (*items in italics reported at a previous meeting*)

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
5	<i>Ethics</i>	<i>15</i>	<i>17.8</i>	<i>Final Report Issued</i>	<i>Findings already reported to Finance &amp; Audit Committee – September 2019 Meeting.</i>
14	<i>Use of Enforcement Services (Previously titled Use of Bailiffs)</i>	<i>10</i>	<i>13.8</i>	<i>Final Report Issued</i>	<i>Findings already reported to Finance &amp; Audit Committee – September 2019 Meeting.</i>
16	Refunds	10	41.8	Final Report Issued	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 - Adequate policies and procedures are in place for the administration of refunds.</b></p> <p>The review found that a Corporate Refunds Procedure, setting out the council’s procedures for the refund of credits payable to customers, is in place and has been circulated to employees.</p> <p>The Corporate Refunds Procedure requires that procedure notes are written and reviewed annually by each section processing refunds. Of the 11 sections which are noted in the Corporate Refunds Procedure as administering refunds, procedure notes only exist for Income and Sundry Debt, Housing, Customer Services and The Woodville Box Office, however not all are fully in line with the requirements within the Corporate Refunds Procedure.</p> <p>Advice on how to request a refund and the circumstances in which a refund may or may not be given is limited; the Corporate Refunds Procedure is available on the council’s website within the About the Council – Budgets, audits &amp; accounts – Other financial policies section, however cannot be easily located using the search function. <b>Opinion: Amber.</b></p> <p><b>RMO2 - Adequate arrangements are in place for the processing of refunds.</b></p> <p>The review found appropriate action is taken within each individual section in relation to the identification of refunds, either by identification of credit balances or through requests from customers.</p> <p>Refunds in regards to Housing, Council Tax and NNDR, and Income and Sundry Debt are only processed when an account has been overpaid. Similarly, refunds in regards to Parking are only processed when a ticket or permit has been overpaid or cancelled and refunds in regards to Planning are only processed when an application has been overpaid or withdrawn prior to validation. Refunds in regards</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>to Bulky Waste are only processed on cancellation of the service and refunds in regard to The Woodville are only processed when an event is cancelled or at the General Manager's discretion.</p> <p>The review found that refunds are only administered when a written, or verbal request has been made (where bank details are not already held) and verification checks are carried out by all departments, however checks for debts due to other council services could not be evidenced by all departments.</p> <p>Audit testing gave assurance that refunds are paid back via the original payment method used and system access to amend payment details is restricted. Testing also confirmed that all refunds processed via BACs are authorised by an officer with an appropriate authorisation limit. It was noted however that refunds reversed back to the originating card, are not all approved by an authorised officer. The Corporate Refunds Procedure has a dedicated section on procedures to recover monies when a refund has been administered in error. The review found that no departments had experienced any refunds issued in error, however audit testing did identify a human error whereby the amount refunded was more than that stated on the request form; this had already been rectified by the time the audit was undertaken.</p> <p>The council has a Charge-back policy in place which was rolled out on NETconsent in August 2012 to relevant officers. Audit discussions found that Housing, Parking, Income and Sundry Debt, Council Tax and NNDR were the only departments aware of chargebacks. <b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: Three high, five medium and one low priority.</b></p> <p><b>Recommendations relate to a review of the Corporate Refunds Procedure, implementation of procedure notes for individual departments, a review of information provided in respect of refunds on the council's website, checks being made by Council Tax / NNDR with all relevant departments to identify other outstanding debts, investigations into enabling easy identification of card refunds, access rights within the Revenues &amp; Benefits system being reviewed, provision made for customer services team leaders to be added to the authorised signatory list, all refunds being approved by an appropriately authorised officer, investigations being undertaken in relation to implementation</b></p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<b>of digital refund procedures for all services and the Charge-back policy being reviewed and re-circulated to relevant staff.</b>
17	<i>Write Offs</i>	15	19.1	<i>Final Report Issued</i>	<i>Findings already reported to Finance &amp; Audit Committee – September 2019 Meeting.</i>

### 2019-20 Internal Audit Assurance work *(items in italics reported at a previous meeting)*

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
<b>Core governance and financial systems assurance work</b>					
1	Governance framework	10	N/A	Not Yet Started	
2	Constitution maintenance	10	N/A	Not Yet Started	
3	<i>Partnership framework and shared working arrangements</i>	10	10.6	<i>Final Report Issued</i>	<i>Findings already reported to Finance &amp; Audit Committee – September 2019 Meeting.</i>
4	Treasury management	10	N/A	Fieldwork Complete, In Quality Control	The review considered the following Risk Management Objectives: <b>RMO1 - In line with the CIPFA Code of Practice, the authority has an appropriate Treasury Management Strategy in place.</b> <b>RMO2 - There are key controls in place to manage the appropriate investment of funds.</b>
5	Creditors	10	N/A	Not Yet Started	
6	Income collection	10	N/A	Not Yet Started	
7	Insurances	10	N/A	Terms of Reference being prepared	
8	Budget monitoring	10	N/A	Not Yet Started	
9	Housing benefit overpayments	10	N/A	Not Yet Started	

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
10	Council tax recovery	10	N/A	Fieldwork Complete, In Quality Control	The review considered the following Risk Management Objectives: <b>RMO1 - Arrangements are in place to recover unpaid council tax liabilities in a timely and equitable manner.</b>
11	Housing rent administration and collection	10	13.4	Final Report Issued	<p>The review considered the following Risk Management Objectives: <b>RMO1 - Rent liability is accurately calculated.</b></p> <p>The review found that the rent calculation is undertaken by Finance with due regard to Central Government directives that rents must be reduced by 1% per annum. The increase of the rents is undertaken as bulk upload and therefore largely automated. Testing found no errors with the rents being charged. <b>Opinion: Green.</b></p> <p><b>RMO2 - Adequate arrangements are in place for the administration of the Council's rent accounts.</b></p> <p>The review found that the properties owned by the council as social housing each have a unique identifying number, as do the tenants of these properties. Testing of income showed an issue with the service charges which has now been brought to Housing Income and Finance's attention and left with them to resolve. The issue appears to have been caused, at least in part, by an unrealised error on the services charges spreadsheet used to update Capita and meant the wrong figures were provided/used. This is currently being further investigated by the Housing Income Team to ensure the correct figures will be used for the 2020-21 billing and steps are taken to ensure any tenants who overpaid their service charges are recompensed.</p> <p>Housing Income are proactive in chasing debts, especially where Universal Credit is in payment and are open to adopting new methods such as the 'nudge theory' to try and maximise collection rates.</p> <p>It was found that the users for Capita are not regularly reconciled with the services to ensure only those officers whose roles make access appropriate have this access. This could potentially allow for GDPR compliance to be breached and/or unauthorised access to be made. <b>Opinion: Amber.</b></p> <p><b>RMO3 - Adequate arrangements are in place for the accurate collection of rent.</b></p> <p>The review found that tenants are advised of the rent due each week at the time they are offered the property, at the sign up, by being issued with a rent letter, and each quarter when a rent statement is issued. Where tenants fall into arrears, they</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>are issued with reminder letters which also detail their current rent as well as the amount they are in deficit. All of these contact methods, as well as the Tenants Handbook, issued to them at the time they sign up for the tenancy; give clear details of the methods that can be used to pay rent.</p> <p>Collection of the Direct Debits, Universal Credit, Standing Orders and bank to bank payments are dealt with by the Finance Team and they are responsible for uploading these. This is dependent on the banks supplying the data in good time to ensure posting can be undertaken at the correct time and any refunds allowed. Late posting due to the file being received late, may make an account look as if it is in deficit, whereas the payment is merely not posted. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Amber. Recommendations: One high and one medium.</b></p> <p><b>Recommendations relate to making further checks to ensure service charges are correct on entry and for a procedure for checking staff who have access to Capita are reconciled at least annually with the relevant Service Manager.</b></p>
12	Asset management	15	N/A	Terms of Reference being prepared	
13	Performance data verification	3	2.8	Complete	The team undertook verification checks on the 2018-19 performance measures selected for checking by the Corporate Performance Team.
<b>Corporate risks assurance work</b>					
14	Out of hours services	15	14.3	Final Report Issued	<i>Findings already reported to Finance &amp; Audit Committee – September 2019 Meeting.</i>
15	Staff sickness management and monitoring	15	N/A	Fieldwork Underway	<p>The review will consider the following Risk Management Objectives:</p> <p><b>RMO1 - Appropriate arrangements exist for the reporting and recording of sickness absence.</b></p> <p><b>RMO2 - Appropriate arrangements exist for the monitoring of sickness absence.</b></p>
16	Apprenticeship scheme	15	N/A	Terms of Reference being prepared	
17	Public Place Protection Order Enforcement	10	N/A	Fieldwork Complete, In Quality Control	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 - Appropriate arrangements are in place for the council to deliver / enforce the Public Space Protection Order in the town centre.</b></p>



Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<b>RMO2 - Arrangements exist for enforcement services to be operated in line with legislation.</b>
18	Unauthorised encampments	10	N/A	Fieldwork Underway	The review will consider the following Risk Management Objectives: <b>RMO1 - Effective procedures are in place to deal with unauthorised encampments.</b> <b>RMO2 - Effective records are kept regarding unauthorised encampments.</b>
19	Woodville box office and ticketing	10	N/A	Not Yet Started	
20	Garden waste collection service	10	N/A	Not Yet Started	
21	Responsive repairs service (including supplies management)	20	N/A	Not Yet Started	
22	Temporary accommodation	10	N/A	Fieldwork Underway	The review will consider the following Risk Management Objectives: <b>RMO1 - The provision of temporary accommodation is appropriately managed.</b> <b>RMO2 - The budget for temporary accommodation is appropriately managed.</b>
23	Sheltered housing	15	N/A	Not Yet Started	
24	Private sector housing – Disabled facilities grants	15	12.6	Final Report Issued	The review considered the following Risk Management Objectives: <b>RMO1 - Arrangements are in place to facilitate and monitor the payment of Private Sector Housing - Disabled Facilities Grant.</b> The review found an up to date Private Sector Housing Assistance Policy is in place which sets out the various mandatory and discretionary grants available. The council is obliged to provide mandatory DFGs for works that are considered necessary to meet the needs of eligible disabled residents. A suitable budget is in place in order to do this and the budget is regularly monitored to ensure there are sufficient funds to cover the requested grants. Discretionary grants are only awarded if the budget allows, with mandatory grants taking priority. Information is made available on the council’s website to enable residents to access Disabled Facilities Grants. All enquiries regarding DFGs have to be made via KCC in order that an Occupational Therapist (OT) Assessment can be carried out to

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>assess the client's needs; this is stated on the website, with contact details provided.</p> <p>On receipt of a referral from the OT, arrangements exist for a Preliminary Test of Resources (PTR) to be carried out within seven days to assess entitlement for grant, including whether the client is required to make a financial contribution towards the cost of the work. PTRs are not carried out for referrals in respect of children and a fast track process is in place, which bypasses the need for a PTR, for grants below £6,000. Once the PTR has been carried out, the client is given an indication of the amount that could be granted and is invited to make an application. The forms used to apply for a grant have to comply with government standards and are supplied by a government affiliated company. Agents can be used by the client to assist with completing the application and gathering all supporting documentation. The council has six months to approve or refuse an application once all relevant paperwork has been received, however a local target of 20 days has been set. Arrangements exist for all decisions to be authorised and for the client to be notified of the decision.</p> <p>Audit testing carried out on a random sample of DFGs confirmed that PTRs had been carried out where appropriate, within seven days; appropriate supporting documents had been supplied with all applications; all grants had been authorised at the appropriate level; the client had been advised of whether the grant had been approved or refused within the appropriate timescale; the payment of grant had been made as per the grant award notification and any variations had been documented and explained; and, the invoices received matched the quotes that had been submitted.</p> <p>Under the provisions of the Disabled Facilities Grant, the Council is entitled to place a local land charge on the property if a grant application has been approved and paid. Land charges are applied when the value of the work is in excess of £5,000; the charge cannot exceed £10,000 in total and will only be recovered if the property is sold within 10 years of the certified completion date. Audit testing found that land charges are appropriately administered and monitored and any amounts repayable to the council are recovered. <b>Opinion: Green.</b></p> <p><b>Overall Opinion: Green. Recommendations: None.</b></p>
25	Tenancy enforcement	10	N/A	Not Yet Started	

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
26	Business continuity – IT back-up arrangements	10	6.4	Final Report Issued	<p>The review considered the following Risk Management Objectives:</p> <p><b>RMO1 - There are adequate backup facilities in place.</b></p> <p>The review found that the current process for backups is largely automated with backups taking place incrementally overnight and full backups running at weekends. This combination of weekly and incremental backups enables full data to be restored from the previous evening. The service are looking to improve the connectivity speed to recover data and to hold daily backup of data offsite, which would enable full data restoration to the previous evening in the event of a local disaster. <b>Opinion: Amber.</b></p> <p><b>RMO2 - Appropriate measures are in place to ensure the maintenance of the IT business continuity plan.</b></p> <p>The review found that the IT Disaster Recovery Plan is unable to be completed without the Heads of Service and Managers identifying their critical functions and the maximum time they can be without IT. While steps are being undertaken to gather this information corporately, it remains to be seen how successful these are and if the policy is able to be completed and reviewed appropriately.</p> <p><b>Opinion: Amber.</b></p> <p><b>Overall Opinion: Amber. Recommendations: Two high.</b></p> <p><b>Recommendations relate to the introduction of a test schedule to comply with requirement of the Civil Contingencies Act 2004 and the IT Disaster Recovery Plan being updated and reviewed in line with the overarching Business Continuity Plan.</b></p>
27	Property Acquisition Strategy	10	N/A	Fieldwork Underway	<p>The review will consider the following Risk Management Objectives:</p> <p><b>RMO1 - Property investments are appropriately managed.</b></p>
28	Finalisation of 2018-19 planned work	25	27.7	Complete	The last review from 2018-19 has now been finalised.
29	Responsive assurance work	10	N/A	Underway	None undertaken during the period.
<b>Counter Fraud Assurance Work</b>					
33	Council Tax Reduction Scheme	15	N/A	Proposal to remove	Due to the change in management within revenues and benefits and concerns around the proposed arrangements for the new banded scheme, the consultation

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					has been delayed until at least 2020-21. As such it was determined that it would be more appropriate to delay this audit until the arrangements for the new scheme are confirmed.
34	Flexi, TOIL and overtime	15	N/A	Not Yet Started	

### Other consultancy services including advice & information

Activity	Opinion, summary of findings & recommendations made
Romani Slovak Czech Community Group	The team are in the process of reviewing the groups expenditure to confirm that money awarded by the council is being spent appropriately. This is ongoing.
Interreg France (Channel) England Go Trade Project	The Audit & Counter Fraud Team Leader has been appointed and undertaken training to deliver the First Level Controller role for Gravesham Borough Council as part of this project.
LATCo Corporate Working Group	One of the Audit & Counter Fraud Team Leaders is part of a project group overseeing formation of a Local Authority Trading Company.
GDPR	An officer from Audit & Counter Fraud reviewed the draft project plan for the GDPR implementation.

### Counter Fraud Activity

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
36	Proactive investigation work	30	N/A	Not yet started	Due to the volume of NFI matches to be reviewed, we have not undertaken any additional pro-active exercises at this time.
37	Data matching exercises (including NFI & KIN)	30	N/A	Underway	<p>Checking of the matches received as part of the 2018-19 NFI exercise continues and a number of cases relating to council tax have been concluded. A full report detailing progress for the 2018-19 exercise for the council as a whole is being presented to the Finance &amp; Audit Committee separately.</p> <p>The KIN project has identified some potential new businesses that are not registered for business rates and officers from audit &amp; counter fraud are liaising with the revenues inspectors to conduct joint visits to these premises.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
38	Fraud awareness	10	N/A	Underway	No awareness training undertaken during the period.

### Reactive Investigations work: external investigations

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable Savings	Non-cashable Savings	Prevented Losses
Council Tax	3	153	120 cases concluded with the removal of the council tax discount/exemption and one case was concluded with the removal of the CTR award. 32 cases were concluded with no evidence of fraud.	£96,652.23 (Historic Liability) £45,946.35 (Additional liability for future years)	N/A	N/A
Tenancy	1	3	Three cases concluded, two of which resulted in the recovery of council properties.	N/A	£36,000	N/A

### Reactive Investigations work: internal investigations

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

## 6. Quality Assurance & Improvement Programme

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

Ref	Indicator	Target	Outturn for report period
<b>Non LA Specific Performance Measurements</b>			
A&CF1	Cost of the Audit & Counter Fraud Shared Service: Total Cost LA Share	N/A	£676,792 £209,667
A&CF2	Cost per A&CF day	£400	£353
A&CF3	Proportion of staff with relevant professional qualification: Relevant audit qualification Relevant fraud qualification	75%	21% 50%
A&CF4	Proportion of non-qualified staff undertaking professional qualification training	25%	7%
A&CF5	Time spent on CPD/non-professional qualification training, learning & development	70 days	18 days
A&CF6	Compliance with PSIAS	100%	98%
A&CF7	Staff turnover	N/A	0
<b>LA Specific Performance Measurements</b>			
A&CF8	Average cost per assurance review	£5,000	£4,163
A&CF9	Proportion of available resources spent on productive work	90%	83%
A&CF10	Proportion of productive time spent on: Assurance work Consultancy work	65%	82% 6%
A&CF11	Proportion of productive time spent on: Proactive counter fraud work Reactive counter fraud work	35%	6% 6%
A&CF11a	Time spent on SPOC associated duties	N/A	11 days

A&CF12	Proportion of agreed assurance assignments: Delivered Underway	95%	29% 43%
A&CF13	Proportion of assignments completed within allocated day budget	90%	67%
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%	0%
A&CF15	Proportion of recommended actions agreed by client management	90%	100%
A&CF16	Number of recommendations agreed that are: Not yet due Implemented Outstanding	N/A	23 24 8
A&CF17	Proportion of recommended actions implemented by agreed date	N/A	75%
A&CF18	Number of referrals received	N/A	6
A&CF19	Number of investigations closed	N/A	156
A&CF20	Value of fraud losses identified: Cashable (losses that can be recovered) Non-cashable (notional savings based on national estimates) Prevented losses (savings associated with blocked applications)	N/A	£142,599 £36,000 £0
A&CF21	Customer satisfaction with individual review/assignment	95%	100% (based on two responses received during the period)
A&CF22	Customer satisfaction with overall service	95%	A wider satisfaction survey was conducted in March 2019 and received 11 responses. Eight of the 11 respondents (73%) were either satisfied or very satisfied with the overall service provided by Audit & Counter Fraud. The remaining three (27%) gave a neutral response.
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	
A&CF24	Opinion of external audit	Positive	

## 7. Review of Audit & Counter Fraud Plan

- 7.1 Monitoring of the delivery of planned work is built into the team's processes with individual officer time recording data feeding into an automated performance monitoring workbook; this tracks the performance of the team against the shared service work-plan as a whole and enables the supervisory staff to plan and support officers to deliver their individual work plans. On at least a quarterly basis, a projection of the resources that will be available to the year-end is carried out and compared to forecasts for each item of work on the plan to be completed.
- 7.2 We are proposing to remove the planned counter fraud review of the Council Tax Reduction Scheme. This is due to the fact that the new scheme has been delayed, meaning that the timing of the review is no longer appropriate.
- 7.3 While this is at the request of the service, the most recent resource review projects a loss of approximately 69 days from the original budget of 703. The removal of this review will account for 15 of those lost days. It is hoped that the balance of lost days can be recovered elsewhere.

## 8. Follow up of agreed recommendations

- 8.1 Where the work of the team finds opportunities to strengthen the council's risk management, governance and/or control arrangements, the team make and agree recommendations for improvement with service managers. The Standards require that a follow-up process is established: *to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action*. As with all audit work, resources should be prioritised based on risk.
- 8.2 Service managers are asked to provide an update on action taken towards implementing all recommendations due on a monthly basis and are also asked to supply evidence to confirm that action has been taken in respect of all High priority recommendations, which is verified by the Audit & Counter Fraud Team.
- 8.3 The first of the two tables below details the current position in relation to the follow up process and the second details recommendations that are now more than six months over their planned implementation date; along with an update from the relevant Service Manager/Assistant Director/Director.



## Status of Agreed Recommendations

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Number of recommendations due for implementation where a positive management response has been received
Private Housing Enforcement	<p>Opinion: <b>Amber</b></p> <p>Three recommendations agreed: one high and two medium priority.</p> <p>Recommendations related to appropriate records being maintained for PI15, the updating of the private housing enforcement policy and gaining understanding of whether Category two and non-urgent service requests are being handled in a timely manner.</p>	Three recommendations due, three implemented.
Building Security	<p>Opinion: <b>Amber.</b></p> <p>Five recommendations agreed: three high and two medium priority.</p> <p>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>Five recommendations due, four implemented.</p> <p>One high priority recommendation outstanding relating to enhancement of arrangements for managing the Access Control System. (see update in table below)</p>
Business Continuity	<p>No Opinion Delivered – Consultancy Review</p> <p>Four recommendations agreed: one high, two medium and one low priority.</p> <p>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>	Four recommendations due, four implemented.
Establishment Management	<p>Opinion: <b>Amber.</b></p> <p>Five recommendations agreed: one high, three medium and one low priority.</p> <p>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.</p>	Five recommendations due, five implemented.
Housing Allocations (Counter Fraud review)	<p>Opinion: <b>Amber.</b></p> <p>Seven recommendations agreed: three high and four medium priority.</p> <p>Recommendations relate to reviewing and, where appropriate, updating the current Allocations policy, refresher training in respect of document verification, applicants supplying original identification and supporting evidence in respect of all applications, application forms</p>	Five recommendations due, five implemented.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Number of recommendations due for implementation where a positive management response has been received
	and supporting documents being retained in all cases, the introduction of a formal process for all direct let authorisations, an annual review of the housing waiting list and annual declarations of interest being completed by all allocations staff.	
VAT	Opinion: <b>Green</b> . Three low priority recommendations agreed. Recommendations relate to improving VAT awareness to staff outside of Finance and implementing procedures in relation to VAT and bad debt write offs.	One recommendation due, none implemented. One low priority outstanding relating to VAT awareness training for staff.
Brookvale Health & Safety	Opinion: <b>Amber</b> . Four recommendations agreed: one high, two medium and one low priority. Recommendations relate to ensuring that training records are maintained and complete for all Brookvale operatives, a requirement for the officers undertaking risk assessments to be qualified to do so, ensuring that checks are made that the employment agencies who provide workers supply appropriate PPE and identifying an area suitable for first aid treatment, ensuring easy access and a washable floor.	Three recommendations due, three implemented.
GDPR	Opinion: <b>Red</b> . One high priority recommendation agreed. Recommendation relates to the implementation of an effective monitoring system once the Council has progressed its GDPR compliance sufficiently.	No recommendations due before 30 September 2019.
Homelessness	Opinion: <b>Red</b> . Four recommendations agreed: three high and one medium priority. Recommendations relate to the website being updated in line with the Homelessness Reduction Act, and the rebadging, implementation and publication of the Homelessness Prevention Strategy, as in line with the Rough Sleeping Strategy delivery plan, the creation of procedure notes to support the new requirements of the act, and looking at prevention measures and longer term accommodation options, in order to make better use of the temporary accommodation budget, and help prevent homelessness.	Three recommendations due, two implemented. One medium priority outstanding relating to the creation of procedure notes to support the new requirements of the act.
Out of Hours Services	No Opinion Delivered – Consultancy Review Two high priority recommendations agreed. Recommendations relate to establishing an Out of Hours Policy, putting in place payment schedules and ensuring officers verify the correct rate of payment.	No recommendations due before 30 September 2019.

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Number of recommendations due for implementation where a positive management response has been received
Use of Enforcement Services	<p>Opinion: <b>Amber</b>.</p> <p>Three recommendations agreed: one high, one medium and one low priority.</p> <p>Recommendations relate to the council's Corporate Fair Debt Policy being circulated to all relevant staff, the council's procedures and policy in respect of vulnerable debtors being reviewed and shared with the Enforcement Agents, Debt Collection Agents and Sheriffs used, and appropriate agreements being put in place for all enforcement services, including expected performance arrangements then being put in place for performance to be monitored in line with the agreement, including documenting any meetings held.</p>	<p>One recommendation due, none implemented.</p> <p>One low priority outstanding relating to the council's Corporate Fair Debt Policy being circulated to all relevant staff.</p>
Ethics	<p>Opinion: <b>Amber</b>.</p> <p>Five recommendations agreed: two medium and three low priority.</p> <p>Recommendations relate to establishing a clear and consistent definition of what ethical values the council holds and expects its employees to work by, incorporating these ethical values into the recruitment, induction and appraisal processes, reviewing reporting arrangements outlined within the Anti-Fraud &amp; Corruption Strategy and introducing arrangements to identify and collate reports of unethical behaviour received via the various council policies.</p>	<p>Four recommendations due, none implemented.</p> <p>Two medium and two low priority outstanding relating to establishing a clear and consistent definition of what ethical values the council holds and expects its employees to work by, incorporating these ethical values into the recruitment, induction and appraisal processes, and introducing arrangements to identify and collate reports of unethical behaviour received via the various council policies.</p>
Refunds	<p>Opinion: <b>Amber</b>.</p> <p>Nine recommendations agreed: three high, five medium and one low priority.</p> <p>Recommendations relate to a review of the Corporate Refunds Procedure, implementation of procedure notes for individual departments, a review of information provided in respect of refunds on the council's website, checks being made by Council Tax / NNDR with all relevant departments to identify other outstanding debts, investigations into enabling easy identification of card refunds, access rights within the Revenues &amp; Benefits system being reviewed, provision made for customer services team leaders to be added to the authorised signatory list, all refunds being approved by an appropriately authorised officer, investigations being undertaken in relation to implementation of digital refund procedures for all services and the Charge-back policy being reviewed and re-circulated to relevant staff.</p>	<p>One recommendation due, one implemented.</p>

Audit & Counter Fraud Review title	Overall opinion and number of recommendations of each priority agreed with management	Number of recommendations due for implementation where a positive management response has been received
Housing Rent Collection & Administration	<p>Opinion: <b>Amber</b>.</p> <p>Two recommendations agreed: one high and one medium priority.</p> <p>Recommendations relate to making further checks to ensure service charges are correct on entry and for a procedure for checking staff who have access to Capita are reconciled at least annually with the relevant Service Manager.</p>	One recommendation due, one implemented.
Business Continuity – IT Backup Arrangements	<p>Opinion: <b>Amber</b>.</p> <p>Two high priority recommendations agreed.</p> <p>Recommendations relate to the introduction of a test schedule to comply with requirement of the Civil Contingencies Act 2004 and the IT Disaster Recovery Plan being updated and reviewed in line with the overarching Business Continuity Plan.</p>	No recommendations due before 30 September 2019.

## Recommendations still outstanding more than six months after scheduled implementation date

Directorate	Audit & Counter Fraud Review title	Recommendation	Priority	Planned Implementation Date	Management Update
Communities	Building Security	Enabled user groups should be reviewed and those no longer required removed from the ACS and vulnerable areas of the council buildings should be identified via risk assessment, an officer responsible for agreeing which officers can access each of these areas should be nominated and a process should be put in place to periodically review access to these areas.	High	31 March 2018	Although outstanding at 30 September 2019, the recommendation has since been implemented.

## 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>