

Audit & Counter Fraud Update

Gravesham Borough Council

For the period:

1 April – 31 August 2020

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 During quarter one of 2020-21, the service was undertaking a mixture of redeployment activities as part of the emergency response, which was largely targeted in areas where assurance/fraud prevention would still be the main focus, including;

- Team Leader attending resilience team meetings to provide assurance related advice on emergency decisions,
- monitoring of emergency decisions and checking for changes to the control environment,
- Validation of Business Support Grant applications, and
- Validation and assessment of Discretionary Business Grant Applications.

- 2.2 Outstanding reviews from 2019-20 were the main focus of activity during the reporting period as part of the recovery process and a return to business as usual when the service recommenced, although work on the 2020-21 plan also commenced from 01 July. The following audit reviews were finalised during the reporting period;

**items in italics had full details of the review included in the 2018-19 annual report*

- *Budget Monitoring – Opinion: **Green** (2019-20 review finalised in 2020-21)*
- *Unauthorised Encampments - **Amber** (2019-20 review finalised in 2020-21)*
- *Creditors – Opinion: **Green** (2019-20 review finalised in 2020-21)*
- *Housing Benefit Overpayments – Opinion: **Green** (2019-20 review finalised in 2020-21)*
- *Insurances – Opinion: **Green** (2019-20 review finalised in 2020-21)*
- *Asset Management - Opinion: **Green** (2019-20 review finalised in 2020-21)*
- *Sheltered Housing - Opinion: **Amber** (2019-20 review finalised in 2020-21)*
- *Governance Framework – Opinion: **Amber** (2019-20 review finalised in 2020-21)*
- Responsive Repairs Service: Opinion: **Green** (2019-20 review finalised in 2020-21)
- Woodville Ticketing – Opinion: **Green** (2019-20 review finalised in 2020-21)
- Flexi, TOIL & Overtime – Counter Fraud review – Opinion: **Amber** (2019-20 review finalised in 2020-21)
- Apprenticeship Scheme – Opinion: **Amber** (2019-20 review finalised in 2020-21)

In addition, one review has had fieldwork completed and is now going through the quality control process, six 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 31 August was 5% complete, with a further 29% underway. Full details of the individual reviews can be found in section 5 of this report.

- 2.3 Follow up of agreed recommendations was halted in March 2020 with the shutdown of the service but recommenced in June 2020. As of 31 August performance stood at 57%, with 16 of 28 recommendations

due in the period having been implemented. Twelve remain outstanding and are being 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 £29,264 in the form of additional council tax liabilities, both historic and future; and non-cashable savings of £97,000 resulting from the recovery of one council property and the removal of one person from the housing waiting list.

3. Independence

- 3.1 The Audit & Counter Fraud Charter was approved by the Finance & Audit Committee in February 2020 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 (7.64 FTE), 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 2020-21 were prepared, was forecasted to provide a total of 1,895 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 682 days.
- 4.3 As reported to the Committee in July 2020, the Audit & Counter Fraud Service was shut down in March, having been identified as a non critical service, with staff to be redeployed to other services as part of the emergency response. As a consequence of this shut down in normal activity, the outstanding reviews from 2019-20 were completed during the first quarter of 2020-21 to limit a reduced level of assurance work to 2020-21.
- 4.4 Net staff days available for Gravesham for the period 1 April to 30 June 2020 amounted to 105 days and 70 days (66%) were spent on chargeable audit and counter fraud work. Of this chargeable time, 52 days (74%) was spent on audit assurance and consultancy work, while 18 (26%) was spent on counter fraud and investigations work. Most of the work undertaken during this period that related to 2019-20 reviews was detailed in the annual report for 2019-20. Details of other work undertaken during quarter one are detailed in section 5 of this report.
- 4.5 The revised plan for Gravesham, which covers the period 01 July 2020 to 31 March 2021, was prepared with a resource budget of 488 days. Net staff days available for Gravesham for the period 1 July to 31 August 2020 amounted to 150 days and 129 days (86%) were spent on chargeable audit and counter

fraud work. Of this chargeable time, 79 days (61%) was spent on audit assurance and consultancy work, while 50 (39%) was spent on counter fraud and investigations work. The current status and results of all work carried out are detailed at section 5 of this report.

5. Results of planned Audit & Counter Fraud work

- 5.1 The Audit & Counter Fraud Plan 2020-21 for Gravesham was approved by the Finance & Audit Committee in March 2020, however, the impact of the Covid 19 pandemic resulted in a revised plan for the period 01 July 2020 to 31 March 2021 being approved in July 2020. 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 2019-20 that has been finalised in 2020-21, the progress of work undertaken as part of the 2020-21 annual plan and the results of investigative work completed during the period.

2019-20 Internal Audit Assurance work completed in 2020-21 (since the last Audit Committee meeting)

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
16	Apprenticeship scheme	15	27.2	Final Report Issued	<p>The review considered the following Risk Management Objectives: RMO1 – Effective arrangements are in place to deliver the council’s Apprenticeship Scheme.</p> <p>The review found that although the council has an established apprenticeship scheme, there is not an apprenticeship strategy in place to set out the overall purpose and aims of scheme. There is also no information available regarding how the council will make best use of the apprenticeship levy (through the employment of fixed term apprentices and / or the upskilling of staff) and contribute to the Government’s local target for apprenticeships. In addition, there are no set procedures to identify and promote the use of the apprenticeships at the earliest opportunity for new posts and for the upskilling of existing staff; though it is understood that apprenticeship opportunities are considered when requests are made to Workforce Development for professional training.</p> <p>The operational responsibilities for the implementation and advancement of the apprenticeship scheme have been allocated and there is an Apprenticeship Policy in place, which is intended to provide managers who may be involved in dealing with apprenticeships with information to ensure that the conduct of the placement is compliant with current legislation, and of maximum benefit to all involved. This does not however include any information regarding procedures for apprenticeships used to upskill existing staff.</p> <p>The council has an appropriately restricted GOV.UK Apprenticeship Service Account, which is used to get apprenticeship funding, find & save apprenticeships, find, save & manage training providers, recruit apprentices, and add & manage apprenticeships. Details of all apprentices, the courses being undertaken, apprenticeship levy contributions and payments to providers are also recorded on a spreadsheet, though it was noted that there were gaps in the information recorded and the financial information was not up to date. Since the apprenticeship scheme started in April 2017, the scheme has been used to fund 52 apprenticeships, a mixture of fixed term apprenticeships and apprenticeships to upskill existing staff, and to date 12 apprenticeships are marked as having been completed.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>For all apprenticeships, an Apprenticeship Agreement is put in place between the council and the apprentice and an Apprenticeship Contract is put in place between the council and training provider.</p> <p>Arrangements are in place to regularly monitor apprenticeships, with an Apprenticeship Champion in place to support all fixed term apprentices and an Apprenticeship Forum which apprentices and lines managers are encouraged to attend.</p> <p>Prescribed groups and public sector bodies with 250 or more staff in England have a government target to employ an average of at least 2.3% of their staff as new apprentice starts over the period of 1 April 2017 to 31 March 2021, with annual Apprenticeship Activity Returns submitted to Government. At the time of audit, the most recent return submitted by GBC covered the period 01 April 2018 to 31 March 2019 and showed an outturn of 2.43%. The council also has an indicator in its Performance Management Framework, relating to the percentage of apprentices securing employment by the end of their apprenticeship; the 2019-20 outturn for this indicator was 72.7%. Opinion: Amber.</p> <p>RMO2 – Financial arrangements exist to support the Apprenticeship Scheme.</p> <p>The review found that arrangements exist to pay the Apprenticeship Levy, this being paid through the payroll system using a pre-set formula to calculate the monthly levy payment, which populates the Real Time Information (RTI) file that is sent direct to HMRC each month. The levy payments made for March 2020 – May 2020 were checked and confirmed to be correct.</p> <p>Employers have 24 months to use their funds once they enter the Apprenticeship Service Account, and arrangements are in place for the account balance to be monitored; as of July 2020 no levy amounts had been lost by the council.</p> <p>Each training provider submits a monthly invoice through the Apprenticeship Service Account giving a breakdown of the apprentices and training it covers; the payment is automatically taken from the account. Currently no checks are undertaken to ensure that the amounts being paid are correct and audit testing identified some discrepancies in payments. Similarly, checks are not currently undertaken to ensure that incentives for employing apprentices between the age of 16- 18 years are being received. Opinion: Amber.</p> <p>Overall Opinion: Amber. Recommendations: Two high, two medium and one low priority.</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>Recommendations relate to a strategy being produced to document the aims and objectives of the council's apprenticeship scheme and how these will be achieved; a process being put in place to ensure that apprenticeships are promoted and considered at the earliest stage of recruitment; the Apprenticeship Policy being reviewed and updated, arrangements being put in place for the apprenticeship spreadsheet to be monitored and updated regularly, and arrangements being made for checks to be undertaken of all payments to and from the Apprenticeship Service Account to ensure accuracy.</p>
19	Woodville ticketing	10	15.4	Final Report Issued	<p>The review considered the following Risk Management Objective: RMO1 – Arrangements are in place for ticketing at the Woodville.</p> <p>The review found that the council entered into a two-year contract with TicketSolve in June 2019 to supply an effective and efficient ticket booking facility. The contract includes a comprehensive list of all the chargeable items that the company will provide and sets out clear expectations for both parties.</p> <p>The Woodville has a dedicated website where details are available to the public of all shows and events that are taking place at the theatre. The website is checked daily and updated when necessary, i.e. when a new show or event comes on line. A page on the website provides information on how tickets can be booked and the booking and transaction fees that are charged, along with the methods of payment that can be used to purchase tickets. Customers have the option to choose how their tickets will be delivered when booking.</p> <p>The process for booking tickets is the same whether they are booked online, by phone or in person, with Box Office staff having access to the TicketSolve system to place bookings.</p> <p>Arrangements are in place for booking and transaction fees to be applied to each ticket in accordance with the payment matrix set within the TicketSolve contract. A booking fee of £1.50 is added to all tickets and is included in the total ticket price seen by the customer. A £2.50 transaction fee is also added to each booking made on-line or by phone. A reconciliation report covering the month of July 2019 was inspected and showed that the correct booking / transaction fees had been applied to all ticket sales.</p> <p>The pricing matrix set in the TicketSolve contract specifies the fee that will be paid by the council to TicketSolve. TicketSolve submits an itemised invoice to the council each month showing the amount taken from ticket sales and therefore the</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>amount payable by the council based on the above percentages. Arrangements exist for invoices to be checked and authorised, before being passed to the Finance section for payment.</p> <p>For testing purposes the invoices and reconciliation reports covering the period June 2019 – November 2019 were checked to ensure that the council had been invoiced for the correct amount and that the correct percentage rate (as per the contract) had been charged. We were able to reconcile all invoiced amounts to the reconciliation reports, with a couple of minor discrepancies easily explained by the General Manager. We were also able to demonstrate that regular reconciliations and monitoring is carried out to ensure that all income from The Woodville is recorded on the General Ledger. Opinion: Green.</p> <p>Overall Opinion: Green. Recommendations: None</p>
21	Responsive repairs service (including supplies management)	20	28.9	Final Report Issued	<p>The review considered the following Risk Management Objectives: RMO1 – Arrangements are in place to deliver the council’s responsive repairs service.</p> <p>The review found that there is a Repairs Maintenance policy and Rechargeable Repairs policy in place, with information on repairs available on the council website; including booking of appointments online. All repairs and maintenance requests are prioritised depending on the type of repair; Emergency, Right to Repair and Routine. There are procedures in place to inform tenants that they are liable for the cost of a repair and to recharge them. The appointment process includes reminders to minimise the opportunity for tenants to forget and reduce officer time attending missed appointments. The council has procedures in place to charge tenants for three consecutive missed appointments. With a third party operating the out of hours Service on behalf of the council, there are also arrangements in place to monitor all out of hours appointments and engage with tenants to gauge satisfaction with the service received.</p> <p>The review considered all processes and found sufficient evidence to demonstrate they were working effectively and as expected. Where there was scope for minor improvements, recommendations have been made. Opinion: Green.</p> <p>RMO2 – Arrangements exist for the management of supplies for repairs.</p> <p>Having effective controls to manage the supplies used for repairs is important for controlling costs and minimising risks of stock misuse. The review found appropriate arrangements in place to control a stock of standard items and to</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>procure non-standard items when required. The arrangements include a supply of stock items in vans and the delivery of essential items to sites to ensure time is directed to carrying out repairs rather than travelling to collect stock. These effective arrangements also ensure costs for repairs are managed and monitored.</p> <p>Opinion: Green.</p> <p>Overall Opinion: Green. Recommendations: Two low priority.</p> <p>Recommendations relate to a reminder of the process to record unsuccessful visits and identification of and taking action to correct variances in the repair recharge records.</p>
34	Flexi, TOIL and overtime	15	19.5	Final Report Issued	<p>The review considered the following Risk Management Objectives:</p> <p>RMO1 – Adequate arrangements are in place for the operation of the Council’s flexi and TOIL scheme.</p> <p>The review found that while there are various documents and pages related to flexi-time in different areas of the council’s intranet, there is not a complete, up-to-date document setting out the parameters of the scheme for staff. There is also only brief reference to TOIL in these documents / pages. Time recording sheets are made available on the intranet, although these contain dates for 2016-2017. To ensure that the flexi and TOIL schemes are operating in accordance with the above guidance, a sample of ten timesheets was reviewed, including a comparison to data supplied from the leave booking system, SS4U. The review found that for the most part, employees are following the guidance, however the following exceptions were identified:</p> <ul style="list-style-type: none"> • recording flexi leave on timesheets but not on SS4U; • inconsistencies in how flexi leave is booked on SS4U for part-days; • carrying over more than the permitted eight hours from one flexi period to the next and reducing the carry forward balance to 7:24 hrs rather than the permitted 8 hrs; • not working the ‘core’ flexi hours; • working more than the permitted six hours without a break; • claiming incorrect hours for half and full days of leave; • claiming authorised adjustments but not recording a reason for this or recording the wrong reason; • incorrectly recording time for personal appointments;

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<ul style="list-style-type: none"> Recording time spent working in the evening and at the weekend as flexi rather than TOIL and not recording TOIL on the appropriate sheet. <p>It was noted that the current guidance lacks clarity on some of these issues. A survey of line managers was also undertaken and found that there are some inconsistencies in the manager oversight of the flexi and TOIL schemes, including access to staff timesheets, the frequency and evidencing of management checks and approaches to addressing concerns relating to flexi and TOIL. Opinion: Amber. RMO2 – Adequate arrangements are in place for the operation of the Council’s overtime scheme.</p> <p>The review found that the council follows the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service (also known as the Green Book) that stipulates the grade of staff eligible to claim overtime and at what rate e.g. time and a half or double time. For staff above the grade for overtime it states that the employing authority shall have discretion to pay overtime or an additional payment. The process involved in claiming overtime is not in the Green Book but we were advised by Payroll that the majority of claimants claim via SS4U. There is no local policy document.</p> <p>Contracts of employment for a sample of 19 staff were requested from HR, although two of the contracts could not be located. All but one of the contracts supplied included a section relating to the Conditions of Employment – Green Book (National Joint Council for Local Government Services) and state that employment with GBC is subject to the Conditions of Service of the National Joint Council for Local Government Services (Green Book) as supplemented by the council’s locally negotiated conditions.</p> <p>We were advised by Payroll that most overtime is entered on SS4U, although there are bulk overtime timesheets for some departments, both of which are created by the line manager. We were also advised that service managers sign off overtime payments on SS4U.</p> <p>Testing on the sample of 19 members of staff indicated that four had claimed overtime via SS4U. Testing identified that one person, who is part-time and so would not be entitled to more than the plain rate of pay until the full time equivalent hours had been worked; received both time and a half and double time payments even though they had not exceeded full time hours. This was queried with the service manager who stated that although this person is part-time, they</p>

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					<p>also work on a range of projects and events over and above this, which is why the overtime rate varies as this reflects weekends or bank holidays for example. However, another member of full-time staff only received plain time when the guidelines state the minimum rate to be time and a half.</p> <p>A review of a bulk overtime sheet in January 2020 indicated two members of staff with excessive overtime potentially in contravention of the Working Time Directive. We were advised that this period would not have been representative of normal processes and they are in the process of recruiting additional staff, which will reduce the requirement of much of the overtime currently being undertaken. Opinion: Amber.</p> <p>Overall Opinion: Amber. Recommendations: four high priority.</p> <p>Recommendations relate to creating a central flexi / TOIL guidance document and circulating this to staff, reminding line managers of their role in checking time recording sheets on a regular basis to ensure there are no contraventions to the guidance, the creation of a local policy on overtime based around the guidance in the Green Book and any council additions to this, and service managers being reminded of this guidance.</p>

2019-20 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	NNDR collection	5		Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place for the collection of NNDR.
2	Debtors	5		Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place to administer and recover the council's sundry debtors.
3	Project management - GDPR	10		Not yet started	
4	Payroll establishment, payments & deductions	15		Not yet started	
5	Capital accounting	15		Not yet started	
6	Cyber security	15		Not yet started	

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
7	Member standards	15		Not yet started	
Corporate risks assurance work					
8	Purchase cards	5		Fieldwork complete, In quality control	The review considered the following Risk Management Objective: RMO1 - Purchase Cards are adequately controlled.
9	Housing Benefit & CTR administration	5		Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Housing Benefit and CTR is appropriately administered and accurately calculated.
10	Open space management	15		Fieldwork underway	The review will consider the following Risk Management Objectives: RMO1 - There are arrangements in place for the management of the council's parks and play areas. RMO2 - There are arrangements in place to implement the government's latest COVID-19 guidance.
11	IT asset management	15		Terms of Reference being prepared	
12	Virtual committee meetings	15		Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place to ensure remote committee meetings remain in line with constitutional requirements.
13	Shared services	15		Terms of Reference being prepared	
14	Corporate debt recovery	15		Not yet started	
15	Fly-tipping	15		Not yet started	
16	Private housing enforcement	15		Not yet started	
17	Planning applications	15		Not yet started	
18	Community safety	15		Not yet started	
19	Traded services - Rosherville Ltd	15		Not yet started	
20	Responsive assurance work	30		Underway	Please see table on page 13.
Counter Fraud Assurance Work					
23	Lone workers	15		Fieldwork underway	The review will consider the following Risk Management Objectives: RMO1 - Procedures in place to assist in the prevention of fraud by lone workers.

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
					RMO2 - Arrangements exist for detecting lone worker fraud. RMO3 - Arrangements exist to deter lone workings officers from committing fraud. RMO4 - Arrangements in place to support enforcement action being taken against officers who commit fraud.
24	Staff leave booking	15		Not yet started	

Other consultancy services including advice & information

Activity	Opinion, summary of findings & recommendations made
Town Twinning Association Accounts	The team carried out an audit of the Gravesham Town Twinning Association's accounts.

Responsive Assurance Activity

Activity	Opinion, summary of findings & recommendations made
Business Support Grant Application validation	Officers assisted with the validation of claims received for Business Support Grants using their expertise in fraud prevention and providing assurance over the application process.
Discretionary Business Grant application validation and assessment	Officers assisted with the validation and assessment of applications received as part of the discretionary grants process.
Covid 19 Governance	A Team Leader from the service was part of the Resilience Group during the emergency response, monitoring and logging any emergency decisions that may have impacted on the councils control environment.

Counter Fraud Activity

Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
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Ref	Activity	Day Budget	Days Used	Current status	Opinion, summary of findings & recommendations made
25	Proactive investigation work	19	N/A	Not yet started	While time in the plan has been allocated to pro-active investigation work, the shut down of the service means that the time is likely to be reallocated to existing data matching exercises, such as the NFI.
26	Data matching exercises (including NFI & KIN)	19	N/A	Underway	During the lockdown period the teams Intelligence Analyst was able to continue reviewing the HMRC data matches received as part of the 2018-19 NFI exercise and has significantly reduced the number of matches outstanding. The activity continues to clear the few remaining matches but some have progressed to full investigation. Work will shortly commence on the council tax SPD matches received in January 2020.

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	4	26	Eight cases were concluded with no evidence of fraud. 18 cases concluded with the removal of the council tax discount/exemption or reduction.	£22,493 (Historic Liability) £6,771 (Additional liability for future years)	N/A	N/A
Tenancy	0	3	Two cases concluded with no evidence of fraud. One case concluded with the recovery of the council property.	N/A	£93,000	N/A
Right to Buy	0	1	One case concluded with no evidence of fraud.	N/A	N/A	N/A
Homeless	1	0	One referral rejected due to insufficient information to justify investigation.	N/A	N/A	N/A
Housing Allocations	0	1	One case concluded with the applicant removed from the Housing Register	N/A	£4,000	N/A

Reactive Investigations work: internal investigations

Allegation	Investigation activity & recommendations
Falsified Covid 19 Shielding Letters	Allegations were received in relation to two employees who were suspected to have supplied falsified shielding letters to remain at home on full pay. Enquiries were commenced but both employees resigned shortly after notifications of the disciplinary investigation were issued. Following consultation with HR it was decided to accept the letters of resignation rather than pursue the disciplinary.

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	Frequency
Non LA Specific Performance Measurements			
PM1	Cost of the Audit & Counter Fraud Service a) Total Cost b) LA Share	N/A	£594,605 (Budgeted Costs) £214,058
PM2	Cost per A&CF day	£400	£329
PM3	Proportion of staff with relevant professional qualification: a) Relevant audit qualification b) Relevant counter fraud qualification	75%	21% 50%
PM4	Proportion of non-qualified staff undertaking professional qualification training	25%	7%
PM5	Time spent on CPD/non-professional qualification training, learning & development	70 days	13 Days
PM6	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%. We are working to address the areas that require improvement.
PM7	Staff turnover	N/A	N/A
LA Specific Performance Measurements			

Ref	Indicator	Target	Frequency
PM8	Average cost per assurance review	£5,000	£3,793
PM9	Proportion of available resources spent on chargeable work	90%	78%
PM10	Proportion of chargeable time spent on: a) assurance work b) consultancy work	N/A	65% 1%
PM11	Proportion of chargeable time spent on: a) proactive counter fraud work b) reactive counter fraud work	N/A	23% 11%
PM12	Proportion of chargeable time spent on SPOC associated duties	N/A	12 Days
PM13	Proportion of agreed assurance assignments: a) Delivered b) Underway	95%	5% 29%
PM14	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	0%
PM15	Proportion of recommended actions agreed by client management	90%	100%
PM16	Number of recommendations agreed that are: a) not yet due b) Implemented c) Outstanding	N/A	14 16 12
PM17	Proportion of recommended actions implemented by agreed date	N/A	57%
PM18	Number of referrals received	N/A	27
PM19	Number of investigations closed	N/A	40
PM20	Value of fraud losses identified: a) cashable (losses that can be recovered) b) non-cashable (notional savings based on national estimates) c) Prevented Losses (Savings associated with blocked applications)	N/A	£29,264 £97,000 £0
PM21	Customer satisfaction with individual review/assignment	95%	100%
PM22	Customer satisfaction with overall service	95%	A wider satisfaction survey was last completed in March 2019 and was positive. Due to the Covid 19 pandemic, it has not been possible to conduct a review this year to date.
PM23	Member satisfaction with assurance provided (based on Chair of Audit Committee contribution to Appraisal of the Head of Audit & Counter Fraud role)	Positive	The Chair of the Audit Committee will be invited to contribute to the HIACF's mid-year performance review, which is currently scheduled for 24 September.
PM24	Statement of external audit	Positive	External Audit report by exception. At the time of writing this report, no concerns had been raised with the

Ref	Indicator	Target	Frequency
			Head of Internal Audit and Counter Fraud by Grant Thornton.

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 At this time there is no change to the projected resources that were used to inform the revised 2020-21 plan. We continue to monitor the resource budget on a monthly basis to ensure that we are responsive to changes as soon as possible.

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
Housing Allocations (Counter Fraud review)	<p>Opinion: Amber.</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 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.</p>	<p>Seven recommendations due, five implemented.</p> <p>Two high priority outstanding relating to reviewing and, where appropriate, updating the current Allocations policy and an annual review of the housing waiting list.</p>
Homelessness	<p>Opinion: Red.</p> <p>Four recommendations agreed: three high and one medium priority.</p> <p>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.</p>	<p>Four recommendations due, three implemented.</p> <p>One high priority outstanding relating looking at prevention measures and longer term accommodation options.</p>
Use of Enforcement Services	<p>Opinion: Amber.</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>Three recommendations due, two implemented.</p> <p>One high priority outstanding relating to 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>
Ethics	<p>Opinion: Amber.</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 & Corruption Strategy and introducing arrangements to identify and collate reports of unethical behaviour received via the various council policies.</p>	<p>Five recommendations due, four implemented.</p> <p>One low priority outstanding relating to reviewing reporting arrangements outlined within the Anti-Fraud & Corruption Strategy.</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
Refunds	<p>Opinion: Amber.</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 & 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>Nine recommendations due, eight implemented.</p> <p>One high priority outstanding relating to investigations into enabling easy identification of card refunds.</p>
Housing Rent Collection & Administration	<p>Opinion: Amber.</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>	<p>Two recommendation due, one implemented.</p> <p>One high priority outstanding relating to making further checks to ensure service charges are correct on entry.</p>
Business Continuity – IT Backup Arrangements	<p>Opinion: Amber.</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>	<p>Two recommendation due, one implemented.</p> <p>One high priority outstanding relating to the introduction of a test schedule to comply with requirement of the Civil Contingencies Act 2004.</p>
Staff Sickness Management & Monitoring	<p>Opinion: Amber.</p> <p>Five recommendations agreed: three high and two medium priority.</p> <p>Recommendations relate to staff being reminded of the requirements for reporting sickness, a review of the distribution lists and operational setup for the sickness line, supporting information being made easily available to line managers, and support being provided to departments with the highest level of sickness absences.</p>	<p>Five recommendations due, four implemented.</p> <p>One high priority outstanding relating to supporting information being made easily available to line managers.</p>
Tenancy Enforcement	<p>Opinion: Amber.</p> <p>Three high priority recommendations agreed.</p> <p>Recommendations relate to the introduction of procedure guidance for staff, directly relating to tenancy enforcement, to ensure consistency of action and that accurate records are maintained; reviewing training available for Housing Officers; and, ensuring tenancies are</p>	<p>Three recommendations due, one implemented.</p> <p>Two high priority outstanding relating to the introduction of procedure guidance for staff, directly relating to tenancy enforcement, to ensure consistency of action and that</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
	ended promptly on the housing management system and a consistent approach is followed when transferring tenancies, with approval for any significant overlaps.	accurate records are maintained and reviewing training available for Housing Officers.
Unauthorised Encampments	Opinion: Amber . Two medium priority recommendations agreed. Recommendations relate to the provision of diversity based training to officers and implementing procedures to archive/delete data they no longer require.	No recommendations due before 31 August 2020.
Asset Management	Opinion: Green . One high priority recommendation agreed. Recommendation relates to reviewing the terms of reference of the asset management working group and improving accuracy of non-financial details of the asset register.	No recommendations due before 31 August 2020.
Sheltered Housing	Opinion: Amber . Four medium priority recommendations agreed. Recommendations relate to identification and provision of training, reviewing information on the Council website, conducting periodic risk assessment for tenants, and improving consistent recording of H&S inspection records.	Four recommendations due, three implemented. One medium priority outstanding relating to reviewing information on the Council website.
Insurances	Opinion Green . Two recommendations agreed: one medium and one low priority. Recommendations relate to authorisation of the insurance policy and amendment to the council website to enable receipt of reports of insurance fraud.	Two recommendations due, two implemented.
Responsive Repairs	Opinion: Green . Two low priority recommendations agreed. Recommendations relate to a reminder of the process to record unsuccessful visits and identification of and taking action to correct variances in the repair recharge records.	No recommendations due before 31 August 2020.
Governance Framework	Opinion: Amber . Two medium priority recommendations agreed. Recommendations relate to investigating the formation of a councilwide action tracker and reviewing all policies and strategies held on the GBC website and intranet to ensure the most up to date versions have been published.	No recommendations due before 31 August 2020.
Fraud Focused Review of Flexi, TOIL & Overtime	Opinion: Amber . Four high priority recommendations agreed. Recommendations relate to creating a central flexi / TOIL guidance document and circulating this to staff, reminding line managers of their role in checking time recording sheets on a	No recommendations due before 31 August 2020.

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
	regular basis to ensure there are no contraventions to the guidance, the creation of a local policy on overtime based around the guidance in the Green Book and any council additions to this, and service managers being reminded of this guidance.	
Apprenticeship Scheme	<p>Opinion: Amber.</p> <p>Five recommendations agreed: two high, two medium and one low priority.</p> <p>Recommendations relate to a strategy being produced to document the aims and objectives of the council's apprenticeship scheme and how these will be achieved; a process being put in place to ensure that apprenticeships are promoted and considered at the earliest stage of recruitment; the Apprenticeship Policy being reviewed and updated, arrangements being put in place for the apprenticeship spreadsheet to be monitored and updated regularly, and arrangements being made for checks to be undertaken of all payments to and from the Apprenticeship Service Account to ensure accuracy.</p>	No recommendations due before 31 August 2020.

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 & Operations	Homelessness	A scheme working with private landlords & organisations should be put in place, along with looking for longer term accommodation options, in order to make better use of the temporary accommodation budget, and to help prevent homelessness.	High	31 December 2019	The ongoing pressure on the team as a result of Covid-19 has had an impact on this piece of work although details of neighbouring borough incentive schemes have been collated and reviewed. The intention is to work with the new Service Manager to draft a policy that will be presented to management Team by the end of this calendar year.
Corporate Services	Use of Enforcement Services	Appropriate agreements should be put in place for all enforcement services, including expected performance. Arrangements should then be put in place for performance to be monitored in line with the agreement, including documenting any meetings held.	High	31 December 2019	The procurement activity has had to be postponed due to the COVID-19 pandemic situation and the need for the council to focus on delivery of critical services and its part in the national response. A revised timescale will need to be agreed for this, proposed as 31 March 2021.
Housing & Operations	Housing Rent Collection & Administration	Procedures should be put into place to ensure service charges entered are correct and measures should be taken to ensure these charges are tested to ensure tenants are not under or overcharged	High	29 February 2020	A draft Management Team (MT) report has been created and is in the process of being finalised in conjunction with the finance team. The report will be submitted to MT this month (October 2020) .
Communitites	Staff Sickness Management & Monitoring	Guidance information and templates should be made available and easily accessible for line managers to support the procedures for absence triggers within the policy.	High	29 February 2020	Although outstanding as at 31 August, recommendation has now been implemented. Guidance flowcharts are now on the intranet to support managers when an employee hits a sickness trigger along with the informal stage template letter and instruction to contact HR if things are to progress to further stages. This ensures formal meetings do not go ahead without managers seeking HR advice first, reducing the risk of errors that could result in the process having to restart.

Definitions of audit opinions & Recommendation Priorities

<p>Green – 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>Amber – 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>Red – 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>High</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>Medium</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>Low</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>