

Audit & Counter Fraud Update

Gravesham Borough Council

For the period:

1 October – 31 December 2021

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 is the third and final update for 2021-22, prior to the annual report, covering the period 01 October to 31 December 2021 and the following audit reviews have been finalised during the reporting period:

- Governance Framework – Opinion: **Green**
- Constitution Maintenance – Opinion: **Amber**
- Risk Management Compliance – Opinion: **Amber**
- VAT – Opinion: **Green**
- Leaseholder Management - Opinion: **Amber**
- Housing Benefit and Council Tax Reduction Appeals – Opinion: **Green**

In addition, three reviews are currently going through 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 of 31 December 2021 was 43% complete, with a further 24% underway. Full details of the individual reviews can be found in section 5 of this report.

- 2.2 Follow up of agreed actions has continued and performance as of 31 December stood at 64%, with 28 of 44 actions due in the period having been implemented. 16 remain outstanding and are being monitored in line with the agreed follow up process. Full details of the progress made in relation to action follow up can be found at section 8.
- 2.3 In respect of actions arising from audits with Red opinions that have been reported to the Committee, no actions were due before 31 December in respect of the review of Private Housing Enforcement.
- 2.4 Investigations concluded during the period have identified cashable savings of £76,323 in the form of additional council tax liabilities, both historic and future; as well as civil penalties, new business rate liabilities, and government business grants.
- 2.5 There has been some impact on planned resources due to sickness, and several vacancies over the course of the year, the last of which will be filled on 22 Feb 2022. We are currently projecting a loss of approximately 71 days (57 audit days and 14 counter fraud days) from the projected 603 available at the start of the year.
- 2.6 A revision to the plan is sought and it is requested that the review of financial planning is removed.

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. The most recent of these reviews was undertaken by Tonbridge & Malling Borough Council in 2018-19.

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, which during the reporting period consisted of; the Head of Internal Audit & Counter Fraud, one Internal Audit Manager, one Senior Internal Auditor (post vacant until 01 January 2022) six Internal Auditors (5.78FTE), one Counter Fraud Manager, two Counter Fraud Officers (one post vacant until 01 Feb 2022), and two Counter Fraud Intelligence Analysts (1.86FTE).
- 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 2021-22 were prepared, was forecasted to provide a total of 1,815 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 654 days for internal audit & counter fraud work.
- 4.3 Net staff days available for Gravesham for the period 1 October to 31 December 2021 amounted to 146 days and 122 days (84%) were spent on chargeable audit and counter fraud work. Of this chargeable time, 70 days (57%) was spent on audit assurance and consultancy work, while 52 days (43%) was spent on counter fraud and investigations work. In addition, 6 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 As previously reported, staff sickness and various periods of vacancy have affected the level of resources available, and the latest projections suggest a loss of approximately 71 days (57 audit days and 14 counter fraud days) from the projected 603 available at the start of the year.

5. Results of planned Audit & Counter Fraud work

- 5.1 The Audit & Counter Fraud Plan 2021-22 for Gravesham was approved by the Finance & Audit Committee in March 2021. 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 2020-21 that has been finalised in 2021-22 (excluding those detailed in the annual report for 2020-21), the progress of work undertaken as part of the 2021-22 annual plan and the results of investigative work completed during the period.

2020-21 Internal Audit assurance work completed in 2021-22 (since the last Audit Committee meeting)

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
6	Cyber security	15	14.8	Final report issued	Findings reported to the Committee September 2021.
14	Corporate debt recovery	15	18.6	Final report issued	Findings reported to the Committee September 2021.
19	Traded services - Rosherville Ltd	15	22	Final report issued	Findings reported to the Committee September 2021.

2021-22 Internal Audit assurance work

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
Core governance and financial systems assurance work					
1	Governance framework	8	8.9	Final report issued	<p>The review considered the following Risk Management Objective: RMO1 - An effective Governance Framework is in place.</p> <p>The review found that while a 2019-23 Code of Governance is in place, which underpins the council's objectives and ensures compliance with the CIPFA / SOLACE Delivering Good Governance Framework, there is a need for several policies, strategies and plans identified as governance mechanisms to be updated. There are arrangements in place for an Annual Governance Statement to be compiled each year, alongside a review of the council's governance arrangements. As part of this review, assurance of the effective operation of the council's governance arrangements is sought from a number of sources, including Assurance Statements, External Audit / inspection reports and the Opinion of the Chief Audit Executive. An opportunity was identified to enhance the evidence requirements within the Assurance Statements. Arrangements exist for officers with key governance responsibilities to contribute to preparation of the AGS and for the AGS to be presented to Management Team and approved by the Financial & Audit Committee. There was evidence available that this process was followed in relation to the 2020-21 AGS. Opinion: Green.</p> <p>Overall Opinion: Green. Actions: Three medium and one low priority. Actions relate to the ensuring that documents identified as governance mechanisms are kept up to date and regularly checked to ensure this remains the</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
					case; including tables of amendments in policies, reviewing processes for ensuring business plans are completed in full and signed off prior to the start of the year to which they relate; and, strengthening evidence requirements in the assurance statements which contribute to the AGS.
2	Constitution maintenance	12	13.2	Final report issued	<p>The review considered the following Risk Management Objective: RMO1 - Effective arrangements are in place to maintain Gravesham Borough Council's Constitution.</p> <p>The review found that an appropriate Constitution is in place for Gravesham Borough Council, which is in line with the requirements of the Local Government Act 2000, as amended. Copies of the Constitution are available online and can be made available in print, where requested. The appointment of an Interim Monitoring Officer, to temporarily replace the outgoing Monitoring Officer was agreed on 23 February 2021 by full Council, though the secondment agreement necessary for this role to be carried by a Medway Council employee within the Legal Services Shared Service was completed retrospectively during the review. Appointment of a new Monitoring Officer was considered by full Council on 05 October 2021, with it agreed that Medway Council's newly appointed Monitoring Officer be appointed as Gravesham Borough Council's Monitoring Officer also, continuing the previous arrangement. Appropriate responsibilities have been identified to ensure that the Constitution is maintained and are set out within Articles 1.5 and 15.3 of the Constitution; an amendment was identified to clarify the identity of the 'Proper Officer' in the context of making minor amendments to the Constitution. Procedures are in place to regularly review the Constitution and there is an appropriate process for proposing changes, including consultation with relevant officers and Members, and approval in line with the requirements of the Constitution. Audit testing confirmed that this process is followed in practice, though it was noted that the documents forming part of the Constitution would benefit from either a review date or a table of amendments being included.</p> <p>Opinion: Amber.</p> <p>Overall Opinion: Amber. Actions: One high and one medium priority.</p> <p>Actions relate to a secondment agreement for the new Monitoring Officer being put in place and measures being put into place to ensure that the documents that make up the Constitution are noted as to when they were updated, or that a table of amendments is included.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
3	Risk management compliance	10	10	Final report issued	<p>The review considered the following Risk Management Objective: RMO1 - There are arrangements in place to manage operational risks. The review found that the council’s Risk Management Strategy 2021-22 was presented to Cabinet in March 2021 and sets out the council’s risk management processes, including responsibility for operational risk management. Audit testing confirmed that managers are aware of the Strategy. Arrangements exist for operational risks to be identified, assessed, and recorded in Service Risk Registers as part of the annual business planning process. Due to the COVID-19 pandemic, the business planning process for 2021-22 was postponed but there is an action within the council’s 2020-21 Annual Governance Statement for this to be reinstated. Due to the postponement of the business planning process, audit testing focused on a review of 2020-21 Service Risk Registers and identified some inconsistencies in the level of detail recorded within the template, which is designed to ensure compliance with the risk management process. Risk management training was delivered by Zurich Municipal in December 2017, and further training is scheduled for October 2021. It was noted that there are managers involved in the business planning process who will not have completed either session. Although Business Plans and therefore Service Risk Registers are considered live documents and can be reviewed at any time, there is no formal or documented process currently in place for registers to be reviewed in the 15 months between preparation / submission and the end of the year to which the register relates. There are arrangements in place for a compliance check and “sweep” and filter of all Service Risk Registers to be undertaken, to identify all high scoring risks, which are then shared with Financial Services for awareness when completing the corporate risk management process. Risks that are considered to be operational should be maintained within the Service Risk Register and managed at a service level. Opinion: Amber. Overall Opinion: Amber. Actions: One high and two medium priority. Actions relate to reviewing the processes in place for assessing and recording operational risks; reviewing the arrangements in place for providing consistent risk management training to staff; and, reviewing the arrangements in place for reviewing Service Risk Registers.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
4	Performance management framework & reporting	15	N/A	Deferred to 2022-23	Deferral agreed by Committee September 2021.
5	Bank reconciliation	10		Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Bank reconciliations are carried out accurately and on a timely basis.
6	Project management - M365	15	N/A	Removed from Plan	Removal agreed by Committee November 2021.
7	Income collection	15		Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - Arrangements are in place for the processing and accounting of income paid by Direct Debit.
8	Housing benefit & CTR appeals	15	13.4	Final report issued	The review considered the following Risk Management Objective: RMO1 – Arrangements are in place to appropriately process HB and CTR appeals. The review found that arrangements are in place to notify claimants and other persons affected of their right to request an explanation, request a reconsideration, or make an appeal against their HB and/or CTR decision, via an information sheet provided with the decision notice. Information is also available to the public regarding appeals on the council’s website. Administration of HB and CTR reconsiderations and appeals is undertaken in accordance with relevant legislation, and there are arrangements in place to record and monitor all reconsiderations and appeals received. There are no set timescales for the processing of reconsiderations and appeals, however local targets have been set and there is evidence that these are being met. Audit testing confirmed that reconsiderations are considered by an independent officer and claimants are notified of the decision reached, including their right to appeal if the decision has not been changed. Audit testing also confirmed that HB appeals are processed correctly to the Tribunal Service by an independent appeals officer. CTR appeals are made directly to the Valuation Office by the claimant. A written decision for all appeals is provided by the Tribunal Service or Valuation Office, with a copy of the letter sent to the appellant and all involved parties. Opinion: Green. Overall Opinion: Green. Actions: None.
9	Council Tax discounts, disregards & exemptions	10		Fieldwork complete, in quality control	The review considered the following Risk Management Objective: RMO1 - Arrangements are in place to appropriately administer Council Tax discounts, disregards, and exemptions.

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
10	Housing rent administration and collection	15	N/A	Removed from Plan	Removal agreed by Committee November 2021.
11	VAT	10	4.3	Final report issued	<p>The review considered the following Risk Management Objective: RMO1 - Effective arrangements are in place to manage the council's VAT matters. The review found officers dealing with VAT have received sufficient guidance / training to do so effectively. The Corporate Fair Debt policy had been updated to enhance write-on procedures to ensure payments on bad debts have VAT properly handled, however this policy has since been superseded by the Corporate Debt strategy, which is more strategic in nature. While no specific comments are made regarding VAT within the Strategy, it is acknowledged that this scenario is relatively rare and would be dealt with when needed.</p> <p>Procedures are in place for a digital tax return to be submitted to HMRC, with the majority of information pulled directly from the Civica Financial Management System. Parallel running was undertaken on implementation of the system and returns are still checked manually to ensure they are correct before the final submission is made to HMRC. No issues have been identified to date. Procedures are in place to ensure appropriate VAT is reclaimed from HMRC and this is fully accounted for, with a reconciliation undertaken. Opinion: Green. Overall Opinion: Green. Actions: None.</p>
12	Financial planning	10		Proposal to remove	Please see section 7
Corporate risks assurance work					
13	Planning applications (inc validations and decisions)	15		Not yet started	
14	Business continuity planning	15		Not yet started	
15	Garden waste collection service	10	9.9	Final report Issued	Findings reported to the Committee November 2021.
16	Temporary accommodation	15		Fieldwork complete, in quality control	<p>The review considered the following Risk Management Objective: RMO1 - The provision of temporary accommodation (TA) outside of the area is appropriately managed.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
17	Leaseholder management	12	12.2	Final report issued	<p>The review considered the following Risk Management Objective: RMO1 - There are arrangements are in place for the administration of leaseholder service charges.</p> <p>The review found leaseholder service charges are administered in line with legislation and a summary of this legislation is available in the Leaseholders' Handbook, though the handbook requires updating. Responsibility for administering leaseholder service charges has been allocated, with procedure guides in place, though it would be beneficial for these to be more detailed to enhance resilience. Arrangements exist for leaseholder service charges to be set when properties are sold or transferred, with the charges and terms set out in the lease. Records are held of all council leaseholders, though due to the volume of information, this is currently stored across several spreadsheets and work is planned to create a database to compress the information.</p> <p>Leaseholder service charges are set in line with the financial year April – March, with interim service charges calculated in February of each year, for the forthcoming financial year, and quarterly invoices raised for each leaseholder based on these amounts. There is not currently any documented guidance or a policy in place setting out how interim service charges are calculated.</p> <p>In September of each year, arrangements exist for the actual costs for the previous financial year to be provided by the relevant services and apportioned to individual leaseholder properties, before being used to prepare Certificates of Service Charges for each leaseholder, detailing the actual cost of services provided, less the interim service charges for that year, to give either the balance due to the council, or the refund due to the leaseholder. If a balance is due, an invoice is raised and if a refund is due, this is issued to the leaseholder. Audit testing confirmed that Certificates of Service Charges are prepared accurately. Arrangements exist for service charge disputes to be investigated. There are arrangements in place for leaseholder debt to be regularly monitored and for debt to be recovered in line with a debt recovery flowchart, which testing confirmed is followed in practice. Leaseholders have a right to request a summary of how their service charges have been calculated and to inspect the council's accounts supporting the summary. A management audit can also be requested. As far as officers are aware, such as a request has not been received and therefore the council's preparedness for this has not been tested. Opinion: Amber.</p>

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions agreed
					Overall Opinion: Amber. Actions: One high and three medium priority. Actions relate to the Leaseholders' Handbook being updated, procedure notes being reviewed, the arrangements in place to calculate interim service charges being reviewed, and reviewing the arrangements in place to respond to requests to view the accounts which can be made available for the inspection of leaseholders.
18	Housing allocations	15		Not yet started	
19	HRA building compliance	15		Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - The council has arrangements in place to ensure the required safety checks are carried out on HRA properties so that the council meets its duties as a landlord. RMO2 - The council has arrangements in place to respond to new legislation or changes to current legislation.
20	Council housing disabled adaptations	15		Not yet started	
21	GDPR	15		Not yet started	
22	Corporate complaints	15		Terms of Reference being prepared with client	
23	Waste & Recycling Collection Service	15		Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - There are arrangements in place to manage the council's domestic waste & recycling collection service.
24	Accessibility Regulations	15		Fieldwork underway	The review will consider the following Risk Management Objective: RMO1 - There are arrangements in place to ensure compliance with the Public Sector Bodies (Websites and Mobile Applications) (No. 2) Accessibility Regulations 2018.
25	<i>Finalisation of 2020-21 planned work</i>	20	19.9	<i>Complete</i>	<i>All reviews from 2020-21 have been finalised and outcomes reported to the Committee.</i>
26	Responsive assurance work	13	N/A	Underway	Please refer to the table below for information relating to responsive assurance activity.

Responsive assurance activity

Activity	Opinion, summary of findings & actions made
No activity during the period	

Other consultancy services including advice & information

Activity	Opinion, summary of findings & actions made
Right to Buy	A review of the Right to Buy application process has commenced, with a view to confirming that there are arrangements to ensure compliance with the General Data Protection Regulations.
Rosherville	A review of the processes for splitting costs between the council and Rosherville Servicing Ltd has commenced, with a view to confirming that accounting arrangements are accurate.

Counter Fraud activity

Ref	Activity	Day budget	Days used	Current status	Opinion, summary of findings & actions made
32	Counter fraud proactive work (inc external data matching such as NFI & KIN)	42	N/A	In Progress	Work continues with the 2020-21 NFI Exercise, with support from other services. Results to date are HB overpayments of £29,904, a reduction in HB awards of £31.85pw (£1,656pa), additional council tax liability of £48,307 and liability in future years of £27,229. There has also been one duplicate creditor payment identified for £1,144, which has been recovered.
33	Fraud awareness	5	N/A	Not yet started	

Responsive investigation work: external investigations

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
Unfortunately, due to a fault with the reporting software, we are unable to provide a breakdown on the number of cases closed in individual areas. We are working to correct this fault while a new fraud management system is procured. We are, however, able to provide a breakdown of the financial savings achieved by the counter fraud team as this is recorded separately.				£37,484 (Historic Council Tax Liability)	£0	£0

Area	Number of referrals rejected	Number of investigations concluded	Summary of results	Cashable savings	Non-cashable savings	Prevented losses
				£11,022 (Additional liability for future years)		
				£280 (Civil Penalties)		
				£17,536 (New NNDR liability)		
				£10,000 (Government Business Grants)		

Responsive investigation work: internal investigations

Allegation	Investigation activity & actions
Nothing to report.	

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 period)
Non LA Specific Performance Measurements			
PM1	Cost of the Audit & Counter Fraud Service a) Total Cost b) LA Share	N/A	£599,944 (Budgeted Costs) £209,667
PM2	Cost per A&CF day	£400	£339
PM3	Proportion of staff with relevant professional qualification: a) Relevant audit qualification b) Relevant counter fraud qualification	75%	21% 36%
PM4	Proportion of non-qualified staff undertaking professional qualification training	25%	28%
PM5	Time spent on CPD/non-professional qualification training, learning & development	70 days	17 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	7%
LA Specific Performance Measurements			
PM8	Average cost per assurance review	£5,000	£4,388

Ref	Indicator	Target	Outturn (for period)
PM9	Proportion of available resources spent on chargeable work	N/A	84%
PM10	Proportion of chargeable time spent on: a) assurance work b) consultancy work	N/A	56% 1%
PM11	Proportion of chargeable time spent on: a) proactive counter fraud work b) reactive counter fraud work	N/A	15% 28%
PM12	Proportion of chargeable time spent on SPOC associated duties	N/A	25 days
PM13	Proportion of agreed assurance assignments: a) Delivered b) Underway	95%	43% 24%
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 agreed actions that are: a) not yet due b) implemented c) outstanding	N/A	22 28 16
PM17	Proportion of actions implemented by agreed date	N/A	64%
PM18	Number of referrals received	N/A	Unavailable
PM19	Number of investigations closed	N/A	Unavailable
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	£76,323 £0 £0
PM21	Customer satisfaction with individual review/assignment	95%	100% - based on one survey received during the period.
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 was not possible to conduct a review during 2020-21. We hope to issue a new survey later in 2021-22.
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 was invited to contribute to the HIACF's mid-year performance review.
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 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 As detailed in paragraph 4.4, we are currently projecting a loss of approximately 57 days from expected audit resources. It is proposed that the following reviews are removed from the plan to account for some of this lost resource.
- 7.3 Financial Planning – The Medium Term Financial Plan (MTFP) is currently undergoing a refresh, so the review of the arrangements is unlikely to add any value at this time. Members can draw assurance from the fact that the previous review of this area resulted in a green opinion, and the fact that the updated MTFP will be presented to Full Council.

8. Follow up of agreed actions

- 8.1 Where the work of the team finds opportunities to strengthen the council's risk management, governance and/or control arrangements, the team agree actions 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 actions 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 actions, which is verified by the Audit & Counter Fraud Team.
- 8.3 The first of the two tables below details the position of actions within the follow up process as of the end of the reporting period and the second details actions that are now more than six months over their planned implementation date; along with an update from the relevant Service Manager/Assistant Director/Director, which include a request for revised implementation dates where appropriate.

Status of agreed actions

Audit title	Overall opinion and number of actions of each priority agreed with management	Number of actions due for implementation where a positive management response has been received
Homelessness	<p>Opinion: Red.</p> <p>Four actions agreed: three high and one medium priority.</p> <p>Actions 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>Three actions due, three implemented.</p> <p>Revised implementation date agreed for one high priority action relating to looking at prevention measures and longer-term accommodation options.</p>
Use of Enforcement Services	<p>Opinion: Amber.</p> <p>Three actions agreed: one high, one medium and one low priority.</p> <p>Actions 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>Two actions due, two implemented.</p> <p>Revised implementation date agreed for one high priority action 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>
Fraud Focused Review of Flexi, TOIL & Overtime	<p>Opinion: Amber.</p> <p>Four high priority actions agreed.</p> <p>Actions 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>	<p>Four actions due, none implemented.</p> <p>Four high priority outstanding relating 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>
Apprenticeship Scheme	<p>Opinion: Amber.</p> <p>Five actions agreed: two high, two medium and one low priority.</p>	<p>Two actions due, two implemented.</p> <p>Revised implementation dates agreed for one high and two medium priority actions</p>

Audit title	Overall opinion and number of actions of each priority agreed with management	Number of actions due for implementation where a positive management response has been received
	<p>Actions 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>	<p>relating 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; and the Apprenticeship Policy being reviewed and updated.</p>
<p>Fraud Focused Review of Lone Workers</p>	<p>Opinion: Amber. Six actions agreed: Four high and two medium priority. Actions relate to reviewing and updating the procedures linked to the lone working policy, officers being reminded of the need to include sufficient details of diarised visits, managers being reminded of their responsibilities for contacting officers working away from the office, records of visits being maintained after the event to enable validation of timesheets and mileage claims, a reminder for staff undertaking lone working duties to perform security checks prior to visits, including checking the unacceptable behaviour register as appropriate, and managers undertaking regular quality control checks of visits.</p>	<p>Six actions due, none implemented Four high and two medium priority outstanding relating to reviewing and updating the procedures linked to the lone working policy, officers being reminded of the need to include sufficient details of diarised visits, managers being reminded of their responsibilities for contacting officers working away from the office, records of visits being maintained after the event to enable validation of timesheets and mileage claims, a reminder for staff undertaking lone working duties to perform security checks prior to visits, including checking the unacceptable behaviour register as appropriate, and managers undertaking regular quality control checks of visits.</p>
<p>Member Standards</p>	<p>Opinion: Amber. Three actions agreed: Two medium and one low priority. Actions relate to the Member training requirements included in the Constitution being reviewed for consistency, arrangements being put in place to maintain a central log of attendance at Planning & Licensing training, including 1-1 sessions, to ensure 'refresher' training is provided to Committee Members at the appropriate frequency, and the point of contact for declaring gifts and hospitality being clarified and the Member Gifts and Hospitality register being retained in accordance with the requirements of the Member Code of Conduct.</p>	<p>Three actions due, two implemented. One medium priority outstanding relating to Member training requirements included in the Constitution being reviewed for consistency</p>

Audit title	Overall opinion and number of actions of each priority agreed with management	Number of actions due for implementation where a positive management response has been received
Shared Services	Opinion: Amber . One high priority action agreed. Action relates to a review of all Shared Service Agreements.	One action due, none implemented. One high priority outstanding relating to a review of all Shared Service Agreements.
Private Housing Enforcement	Opinion: Red . Four high and two medium priority actions agreed. Actions relate to private Housing procedures being written and tailored to ensure they reflect local priorities; the team investigating digitalisation of Private Housing enforcement processes, including making best use of the systems available and moving away from paper files, as well as reviewing arrangements to ensure the Public HMO Register is accurate; arrangements being put in place to facilitate the timely renewal of HMO licences and for enforcement action to be taken where this is not the case; arrangements being put in place to ensure the council is able to take robust private housing enforcement action; the necessary work to facilitate the introduction of Civil Penalties being progressed; and, the service exploring alternative means to hold the landlord forums and otherwise engage with landlords	One action due, one implemented.
Cyber Security	Opinion: Amber . Seven actions agreed: three high and four medium priority. Actions relate to adjustment to arrangements as a result of changes brought about by the COVID-19 pandemic and enhancements to arrangements for access and monitoring staff completion of training /policies.	Six actions due, six implemented.
Corporate Debt Recovery	Opinion: Amber . Three actions agreed: one high, one medium and one low priority. Actions relate to a review of the debt data matching process and the tools involved, including an assessment on the number of potential corporate debt cases and the resource required to manage these cases; the process to be followed should corporate debt fail to engage with customers and/or payments are stopped being documented; and, reviewing the process for updating customer records on relevant systems following corporate debt action to ensure all officers have up to date information on the status of corporate debt cases.	Three actions due, one implemented. One high and one medium priority outstanding relating to a review of the debt data matching process and the tools involved, including an assessment on the number of potential corporate debt cases and the resource required to manage these cases and reviewing the process for updating customer records on relevant systems following corporate debt action to ensure all officers have up to date information on the status of corporate debt cases.

Audit title	Overall opinion and number of actions of each priority agreed with management	Number of actions due for implementation where a positive management response has been received
Traded Services – Rosherville Ltd	<p>Opinion: Amber.</p> <p>Three actions agreed: one high and two medium priority.</p> <p>Actions relate to consideration of the Rosherville Ltd board including the Non-Executive Directors, training for additional staff on roles and responsibilities, and performance reporting from Rosherville to the Shareholder Board.</p>	<p>Two actions due, one implemented.</p> <p>One medium priority outstanding relating to consideration of the Rosherville Ltd board including the Non-Executive Directors.</p>
Garden Waste Collection Service	<p>Opinion Green.</p> <p>One low priority action agreed.</p> <p>Action relates to arrangements being made for a review of the procedures to collect garden waste bins from customers where necessary.</p>	<p>One action due, one implemented.</p>
Constitution Maintenance	<p>Opinion: Amber</p> <p>Two actions agreed: One high and one low priority.</p> <p>Actions relate to a secondment agreement for the new Monitoring Officer being put in place and measures being put into place to ensure that the documents that make up the Constitution are noted as to when they were updated, or that a table of amendments is included.</p>	<p>Two actions due, one implemented.</p> <p>One high priority outstanding relating to a secondment agreement for the new Monitoring Officer being put in place.</p>
Governance Framework	<p>Opinion Green.</p> <p>Four actions agreed: three medium and one low priority.</p> <p>Actions relate to the ensuring that documents identified as governance mechanisms are kept up to date and regularly checked to ensure this remains the case; including tables of amendments in policies, reviewing processes for ensuring business plans are completed in full and signed off prior to the start of the year to which they relate; and, strengthening evidence requirements in the assurance statements which contribute to the AGS.</p>	<p>No actions due before 31 December 2021.</p>
Leaseholder Management	<p>Opinion: Amber</p> <p>Four actions agreed: One high and three medium priority.</p> <p>Actions relate to the Leaseholders' Handbook being updated, procedure notes being reviewed, the arrangements in place to calculate interim service charges being reviewed, and reviewing the arrangements in place to respond to requests to view the accounts which can be made available for the inspection of leaseholders.</p>	<p>No actions due before 31 December 2021.</p>
Risk Management Compliance	<p>Opinion: Amber</p> <p>Three actions agreed: One high and two medium priority.</p> <p>Actions relate to reviewing the processes in place for assessing and recording operational risks; reviewing the arrangements in place for providing consistent risk management training to staff; and, reviewing the arrangements in place for reviewing Service Risk Registers.</p>	<p>One action due, one implemented.</p>

Actions outstanding more than six months after scheduled implementation date

Directorate	Audit title	Action	Priority	Planned implementation date	Management update
Communities	Fraud Focused Review of Flexi, TOIL & Overtime	<p>Information about flexi time and TOIL on the intranet should be reviewed and a central document created and circulated to staff; in addition to the information already provided on the intranet, this should include:</p> <ul style="list-style-type: none"> - guidance regarding the operation of TOIL, including eligibility, the rate at which time can be re-claimed and how this should be recorded; - clarification on whether a timesheet needs to be completed by employees who are not taking part in the flexi scheme; - the requirement to book flexi leave and TOIL on SS4U, including clarification on the recording of part-days; - additional information / examples on how time should be recorded on days when personal appointments have occurred; - responsibility for completing timesheets, including updating the templates; - a reminder for staff that that they should ensure the correct number of hours are recorded for a standard working day / half day; - the requirement to give an explanation for any authorised adjustments. 	High	31 December 2020	Although outstanding as of 31 December 2021, this action has now been completed.

Communities	Fraud Focused Review of Flexi, TOIL & Overtime	Following the circulation of the guidance recommended at R1, line managers should be reminded of their role in ensuring that this is adhered to, by checking and signing-off timesheets on a monthly basis, as well as how they should deal with any concerns.	High	31 December 2020	Although outstanding as of 31 December 2021, this action has now been completed.
Communities	Fraud Focused Review of Flexi, TOIL & Overtime	A council overtime policy document should be created, highlighting the Green Book section on overtime, and reiterating the correct rates of pay and the Working Time Directive. The policy should include the process for claiming overtime. This document along with a copy of the Conditions of Service of the National Joint Council for Local Government Services (Green Book) should be made available on the intranet.	High	31 December 2020	Although outstanding as of 31 December 2021, this action has now been completed.
Communities	Fraud Focused Review of Flexi, TOIL & Overtime	Service managers should be reminded of the overtime rates including the guidelines for part-time staff and also the Working Time Directive.	High	31 December 2020	Although outstanding as of 31 December 2021, this action has now been completed.

Definitions of audit opinions & action 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. Actions 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 actions 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. Actions 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 action 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 action 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 action as resources allow.</p>