

Summary of 'Other' work completed by Internal Audit during the period April – 2012 – March 2013

Maidstone Museum East Wing Development - Fundraising

In September 2007 a grant of £1,999,000 was offered by the Heritage Lottery Fund towards the anticipated £4.2 million cost of the Maidstone Museum East Wing Development Project (47.6% of the expected total cost). The project cost was subsequently reduced to £3,709,000; however, the HLF contribution was confirmed at £1,999,000 in October 2009 (54% of the expected total cost).

The Council allocated £400,000 of capital funding for the project, leaving a balance of £1,310, 000 to be found from fundraising.

In 2012 Cabinet commissioned specialist consultants to carry out reviews of the capital project and the final account. At the same time, Cabinet commissioned the Mid Kent Audit Partnership to review the fundraising arrangements.

Cabinet decided that the Internal Audit report on fundraising would be submitted to the Chief Executive, to report to the Leader of the Council, the Cabinet Member for Economic Development and Transport, Cabinet and the Audit Committee.

The first draft of the Internal Audit report was issued on 21 May 2012. That report has since been updated to reflect the funding position at 31 March 2013 and the updated report was provided to the Chief Executive on 24 April 2013. Minor changes were made to the original draft.

A report from the Chief Executive relating to all aspects of the Museum East Wing Development is shown as an Exempt Report on tonight's agenda.

National Fraud Initiative (NFI) – data matching exercise

The National Fraud Initiative is a biennial data matching exercise carried out on behalf of the Audit Commission. The Council is required to submit a broad range of data which is matched against other data sets that the Commission has obtained from a number of sources. Data sets provided by the Council have included Benefits, Payroll, Creditors, Residents Parking Permits, Licensing, Insurance Claims and Register of Electors.

Internal Audit facilitated the Council's operations and sought to confirm that data matches from the 2011/12 Single Person Discount/Rising 18s exercise were being appropriately investigated and that the new data sets had been correctly and completely submitted for the wider 2012/13 initiative.

For Council Tax Single Person Discount, the outcome was that that claims totalling £90,907 were withdrawn.

Maidstone Governance - Scrutiny Review

Internal Audit was requested to provide independent project assurance for the Governance (Scrutiny) review. The review was undertaken by a group of elected Members to identify and evaluate the different governance arrangements made available to the Council through the Localism Act. The Auditor was asked to provide assurance that a fair and objective process was followed and that the options were fully evaluated inline with the agreed framework; in addition, that a comprehensive evidence file was maintained to support the findings. A written report and presentation was provided to full Council, where a preferred option was voted on for adoption.

Fraud Service – Business Plan

The work was conducted to gather key information about fraud services across the Mid-Kent audit partners to inform the business case of the Head of Internal Audit on the potential to have a fraud service within the Internal Audit Partnership. The work consisted of identifying and analysing the work streams of the existing fraud teams, including costs and resource; identifying the income streams from the work conducted by the fraud teams including revenue, grant funding and recharges, and collating recovery statistics from successful fraud investigation work. The comparative sets of data were collated and verified, before being submitted along with the business case to the Partnership board. The eventual outcome is likely to be a shared fraud resource within the Revenues and Benefits team, which concentrates on the tax evasion in relation to Council Tax and Business Rates.

Investigation (Tunbridge Wells – Officer Grievance)

Internal Audit was requested to support an HR investigation relating to a grievance claim received from a Tunbridge Wells Borough Council member of staff.

The investigation comprised a series of fact finding interviews with the complainant and staff to establish the validity of the claim and to support the management consideration of the case.

Investigation (Tunbridge Wells – Planning Service)

Internal Audit was requested to investigate concerns that a Planning Officer had been conducting unauthorised private work. Internal Audit section collated evidence to produce a case file for the Management disciplinary investigation.

Investigation (Maidstone Benefits Security Breach)

The Department for Work and Pensions (DWP) issued a report to the Head of Revenues & Benefits Shared Service showing a suspected security breach by a Council Benefits Officer. According to the report, the Officer had used the secure DWP Customer Information System (CIS) to access personal records relating to family members. Internal Audit was asked to compile an investigation report to consider the suspected security breach, and to independently verify previous access attempts into the system to

rule out any repeated or further breaches of the system. The evidence was considered by a disciplinary panel.

Strategic Risk Management

Internal Audit is responsible for overseeing the development of Strategic Risk Management within the Council. A fundamental review of the Council's strategic risks was undertaken by the Senior Management Team and Cabinet Members in July/August and a new Risk Register agreed by Cabinet in September 2012. A further workshop was arranged for the Cabinet in January 2013 to agree the allocation of risks and development of risk management action plans and revised Strategic Risk Register was adopted by Cabinet at its meeting in February 2013. The process of obtaining management action plans commenced in March 2013.

Internal Audit takes the role of facilitators of the risk management process but do not have responsibility for the individual risks or for the corporate risk register.

Risk Management Policy

This is one of four Policy work streams carried out by the audit teams within the Audit partnership. The other topics comprised Money Laundering, Whistle Blowing and Anti-Fraud and Corruption. Each work stream has sought to identify best practice and policies/strategies that can be implemented across the four Councils. The intention is to bring a suite of revised policies for consideration within the Council's policy framework.

Audit Commission Fraud Survey 2011-12

The Audit Commission requires that the Council undertake an internal fraud survey and submit the results to them in a prescribed format.

Internal Audit coordinated the survey and provided the information to the Commission. There were no issues arising from the survey. The results of the survey have been included within the Audit Commission publication – protecting the Public Purse 2012

Teammate Administration

Audit resource is required to ensure the effective maintenance of the Audit Teammate system – including training, system developments and upgrades and technical support. This essential support is rotated within the team to minimise disruption to the audit plan and to ensure resilience.

Teammate Project

Additional Audit Resource was allocated to enable the reporting functionality of the Teammate system to be investigated and developed in order to produce efficiency savings to the audit team when preparing working papers, audit programmes and audit reports. Reporting functionality has also been investigated to identify opportunities for the automation of management responses to audit reports and ongoing monitoring of recommendations and action plans