

Audit & Counter Fraud Shared Service  
Medway Council & Gravesham Borough Council

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# Audit & Counter Fraud Plan 2019-20

Gravesham Borough Council

# I. Introduction

The Audit & Counter Fraud Shared Service was established on 1 March 2016 to provide internal audit, counter fraud and investigation services to Medway Council and Gravesham Borough Council.

Section 151 of the Local Government Act 1972 and Regulation Six of the Accounts & Audit Regulations 2011 set out the requirement for Local Authorities to have an Internal Audit function. The Public Sector Internal Audit Standards (the Standards) define Internal Audit as an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. The Standards require that: the chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals.

The Audit & Counter Fraud Plan is supported by the Charter which sets out the team's purpose, authority and responsibilities, and the team's Strategy which sets out the key objectives for the development of the team.

# II. Preparation of the Audit & Counter Fraud Plan

The plan has been prepared in line with the requirements of the Standards and is based on a risk assessment to ensure our resources are directed to the highest areas of risk. This assessment includes;

- Review of the council's priorities as set out in the Corporate Plan 2015-19,
- Review of the council's key risks as set out in the Corporate Risk Register,
- Review of the council's financial plans and budgets,
- Review of service plans and service risk registers,
- Horizon scanning to identify local and national issues and risks,
- The results of previous internal audit work (including follow up work) and other sources of assurance to the council,
- Identification and risk assessment of those activities key to the delivery of the council's priorities and the management of its identified risks, and,
- Consultation with senior management to validate this assessment of the council's risks.

The risk assessment is used, along with input from senior management and knowledge of the wider control environment, to help ensure that our resources are directed to the areas where they are considered to be of most effective use to the council in helping to ensure the achievement of its objectives, the improvement of internal control and the efficiency of service delivery.

Where the work of other assurance providers is known to the Audit & Counter Fraud Team, the team will seek to review and place reliance on that work to avoid duplication of effort and improve assurance coverage.

While all council activities are considered in the risk assessment, a cyclical programme of core financial and governance activities has been prepared to supplement this risk assessment and help ensure the council receives assurance over these functions on a periodic basis. The programme can be found at Appendix A, though it should be noted that several amendments have been necessary as part of the 2019-20 planning process; these include:

- The Partnership Working and Shared Working Arrangement activities being combined due to both being delivered through the council's Partnership Working Framework,
- The cycle for the Project and Change Management activity being altered to fall in an alternate year to the Partnership Framework and Shared Working Arrangement activity, and,

- The cycle for the Risk Management Framework, Compliance & Reporting activity being altered from 2-yearly to 3-yearly due to the infrequency of changes to procedures in this area and a number of positive assurance reviews having recently been undertaken.

Consequently, the 2019-20 Audit & Counter Fraud Plan includes a total of 125 days to complete the work identified on the cycle for the year. The scheduled assurance review of Data Quality will instead be delivered as consultancy work to support the Corporate Performance Team in ensuring that appropriate methodologies are established for all performance measures / indicators collected as part of the council's Performance Management Framework on implementation of the new Corporate Plan.

### III. Resourcing

The Audit & Counter Fraud Plan will be delivered using the in-house resources within the Shared Service, a total of 14FTE comprising of 1FTE Head of Internal Audit & Counter Fraud, 3FTE Audit & Counter Fraud Team Leaders, 8FTE Audit & Counter Fraud Officers (1FTE currently vacant), 1FTE Audit & Counter Fraud Intelligence Analyst and 1FTE Audit & Counter Fraud Assistant. All available productive days for these staff are allocated on the plan; resources spent on strategic leadership and management provided by the Head of Audit & Counter Fraud and the Audit & Counter Fraud Team Leaders are not allocated on the plan.

The results of the risk assessment dictates the amount of assurance work required to deliver an opinion on the effectiveness of the overall control environment of the council. This assessment is based on:

- The professional experience of the Head of Audit & Counter Fraud,
- The risk maturity of the council and the effectiveness of its risk management arrangements, and,
- The proportion of items identified through the risk assessment considered to be of high risk.

The total productive resource available for 2019-20 for Gravesham is 703 days; of this 368 days will be spent on assurance work which is considered sufficient to provide assurance over enough of the council's activities identified through the risk assessment, for the Head of Audit & Counter Fraud to deliver an opinion on the effectiveness of the overall control environment of the council.

The skills and experience of the in-house team have been considered in preparing this plan and all work planned is considered to be within the capability of the in-house team. The Audit & Counter Fraud Officer assigned to each activity on the plan is selected by the Audit & Counter Fraud Management Team based on their skills, knowledge, experience, discipline and any declared conflicts of interest to ensure all work is conducted effectively. If an activity planned was found to require specialist skills/experience beyond that of the team, arrangements would be put into place to secure the services of an external contractor.

The Audit & Counter Fraud Plan contributes to the council's overall assurance framework and as such, where possible information will be shared and activities coordinated with other internal and external providers of assurance to the council.

### IV. 2019-20 Audit & Counter Fraud Plan

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. The plan includes assurance work focusing on the council's core governance and finance arrangements and corporate / fraud risks, proactive counter fraud work, responsive investigation work and consultancy services as defined in the Audit & Counter Fraud Charter, as well as time to provide the Single Point of Contact (SPOC) role for the DWP Fraud and Error Service for their investigation of Housing Benefits administered by the council. The work planned is presented below, with each individual item categorised as priority 1, 2 or 3 to assist in the prioritisation of work.

## Core governance and financial systems assurance work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
1	Governance framework	Review of the council's corporate governance arrangements.	10	Q3	2
2	Constitution maintenance	Review of arrangements to maintain the council's Constitution and ensure that it reflects current working practices.	10	Q4	2
3	Partnership framework and shared working arrangements	Review of the effectiveness of the council's partnership framework and compliance with the framework when entering into partnership and shared working arrangements.	10	Q1	2
4	Treasury management	Review of the council's treasury activities, including compliance with the Treasury Management and Prudential Codes.	10	Q2	1
5	Creditors	Review of arrangements for the processing of creditor payments, including the use of automated invoicing.	10	Q3	1
6	Income collection	Review of arrangements to monitor and manage the income collection methods used across the council.	10	Q4	2
7	Insurances	Review of arrangements to maintain appropriate insurance cover and process claims.	10	Q3	2
8	Budget monitoring	Review of arrangements to monitor the council's Housing Revenue Account budget.	10	Q3	2
9	Housing benefit overpayments	Review of arrangements to recover overpaid housing benefit in a timely and equitable manner.	10	Q4	2
10	Council tax recovery	Review of arrangements to recover unpaid council tax in a timely and equitable manner.	10	Q2	2
11	Housing rent administration and collection	Review of arrangements for housing rent to be collected in a timely manner and for the impacts of Universal Credit on rent collection to be managed.	10	Q1	1
12	Asset management	Review of arrangements to manage and account for the council's asset base, including maintaining renewal and replacement programmes where appropriate.	15	Q3	2
13	Performance data verification	Allowance to assist the Corporate Performance Team with verifying annual performance information reported by the council.	3	Q1	1
		<b>Total</b>	<b>128</b>		

## Corporate risks assurance work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
14	Out of hours services	Review of arrangements to staff out of hours services operated across the council.	15	Q1	1
15	Staff sickness management and monitoring	Review of arrangements for staff sickness to be reported, recorded and monitored.	15	Q2	1
16	Apprenticeship scheme	Review of the council's apprenticeship scheme including identification of appropriate apprenticeship opportunities, provision of training / support and use of the apprenticeship levy.	15	Q3	2
17	Public Place Protection Order Enforcement	Review of arrangements to enforce the Public Place Protection Order in Gravesend town centre, including procedures for issuing and enforcing Fixed Penalty Notices.	10	Q2	2
18	Unauthorised encampments	Review of arrangements to take appropriate action in respect of unauthorised encampments on council land.	10	Q3	2
19	Woodville box office and ticketing	Review of Woodville Box Office operations, including collection of income and ticketing.	10	Q4	2
20	Garden waste collection service	Review of arrangements to administer the garden waste collection service, including the collection of income.	10	Q4	2
21	Responsive repairs service (including supplies management)	Review of arrangements to deliver the council's responsive repairs service, including the management of supplies.	20	Q3	1
22	Temporary accommodation	Review of arrangements for the provision of temporary accommodation.	10	Q2	1
23	Sheltered housing	Review of arrangements to manage the council's sheltered housing schemes, including implementation of Intensive Housing Management (IHM) arrangements.	15	Q4	2
24	Private sector housing grants	Review of arrangements to administer applications for grant under the council's Private Sector Housing Assistance Policy, including Disabled Facilities Grant.	15	Q1	2
25	Tenancy enforcement	Review of arrangements to ensure that appropriate action is taken in respect of all tenancy breaches in a timely manner.	10	Q4	1
26	Business continuity - back-up arrangements	Review of arrangements to back-up and restore the council's IT network in the event of disruption.	10	Q1	2

27	Property Acquisition Strategy	Review of arrangements to deliver the council's Property Acquisition Strategy including compliance with the relevant procedures for acquiring investment assets.	10	Q2	1
28	Finalisation of 2018-19 planned work	Allowance to finalise work from the 2018-19 plan not completed at 31 March 2019.	25	Q1	1
29	Responsive assurance work	Allowance to conduct responsive assurance work unknown at the time of planning.	10	Q1-Q4	2
		<b>Total</b>	<b>210</b>		

## Follow up work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
30	Follow up of agreed recommendations	Allowance to monitor and report on the implementation of agreed recommendations.	8	Q1-Q4	1
		<b>Total</b>	<b>8</b>		

## Consultancy work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
31	Data quality	Allowance to support the Corporate Performance Team with ensuring that appropriate methodologies are established for all performance measures / indicators collected as part of the council's performance management framework on implementation of the new Corporate Plan.	10	Q2	3
32	Responsive consultancy work	Allowance to conduct responsive consultancy work unknown at the time of planning, as directed by senior management and including the provision of advice & information.	20	Q1-Q4	3
		<b>Total</b>	<b>30</b>		

## Counter fraud work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
<b>Counter fraud assurance work:</b>					
33	Council Tax Reduction Scheme	Fraud focused review of arrangements to administer the Council Tax Reduction Scheme.	15	Q2	2
34	Flexi, TOIL and overtime	Fraud focused review of arrangements for staff to record and claim Flexi, TOIL and overtime payments.	15	Q3	2
<b>Counter fraud activity:</b>					
35	Responsive investigation work	Allowance to carry out investigations into referrals of suspected fraud or malpractice.	150	Q1-Q4	1
36	Proactive investigation work	Allowance to carry out pro-active exercises to identify fraud and error.	30	Q1-Q4	2
37	Data matching exercises (including NFI & KIN)	Allowance to carry out and evaluate data matching exercises to identify fraud and error.	30	Q1-Q4	2
38	Fraud awareness	Allowance to carry out activities to increase awareness among staff to the risk of fraud.	10	Q1-Q4	3
39	Liaison with the DWP	Allowance to provide the Single Point of Contact (SPOC) role for the DWP FES for their investigation of Housing Benefits administered by the council.	46	Q1-Q4	1
40	Responding to information requests	Allowance to respond to information requests from the Police, local authorities and other investigatory bodies under exemptions in the Data Protection Act/General Data Protection Regulations.	31	Q1-Q4	1
		<b>Total</b>	<b>327</b>		

## Summary

Ref	Activity	Scope of work	Resources (days)	Timescale
	Core governance & Financial systems assurance work		128	Q1-Q4
	Corporate risks assurance work		210	Q1-Q4
	Follow up work		8	Q1-Q4
	Consultancy work		30	Q1-Q4
	Counter fraud work		327	Q1-Q4
		<b>Total</b>	<b>703</b>	

## V. Monitoring & review

Arrangements to monitor progress against the Plan are built into the working processes of the team and will be reported to senior management and the Finance & Audit Committee through the agreed Performance Indicator suite within the Quality Assurance & Improvement Programme.

The service will remain responsive to the needs of the council and will keep the planned work and priorities under review so that new emerging risks arising during the year can be included in the plan in the place of lower priority work. To do this, the Plan will be reviewed and presented to Management Team and the Finance & Audit Committee alongside the quarterly update reports to ensure any amendments to the plan are properly approved.



## Cyclical programme of core financial and governance activities

Activity	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
<b>Governance arrangements</b>							
Governance framework	1		1		1		1
IT Governance		1			1		
Constitution & policy maintenance	1			1			1
Corporate & business planning				1			
Risk management framework, compliance & reporting			1			1	
Performance management framework, compliance & reporting		1	1		1	1	
Data quality	1			1			1
Partnership framework & shared working arrangements	1			1			
Project & change management		1			1		1
Ethics		1		1		1	
<b>Financial systems</b>							
General ledger & bank reconciliation			1			1	
Treasury management	1			1			1
Debtors, write offs & bad debt provision		1		1		1	
Creditors, purchase cards & petty cash	1		1		1		1
Income collection	1		1		1		1
Housing Benefit & Council Tax reduction	1		1		1		1

Activity	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Council Tax administration, collection & recovery	1		1		1		1
NNDR administration, collection & recovery		1		1		1	
Payroll establishment, payments & deductions		1		1		1	
Housing rent administration, collection & recovery	1		1		1		1
VAT			1			1	
Asset management	1			1			1
Insurances	1			1			1
Financial statements preparation				1			
Budget monitoring	1			1			1
Financial planning			1				1
Capital accounting		1			1		
Grant payments				1			