Review of the Audit & Counter Fraud Shared Service

(Shared service Commenced: December 2015)

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In line with all shared service/shared working arrangements, it is necessary to undertake an annual review of the arrangement. The purpose of the review is two-fold; to ensure that the shared service is delivering against its agreed objectives and to identify any improvements/changes that need to be made to ensure the successful continuation of the arrangement.

The objectives identified for the Audit & Counter Fraud shared service are as follows:

- Deliver the statutory internal audit function.
- Deliver an effective counter fraud and investigation service.
- Provide a Single Point of Contact (SPOC) for the Department for Works and Pensions (DWP) for their investigation of Housing Benefit Fraud.
- Deliver a reduction in the cost of service delivery to mitigate the reduction in funding from the DWP as a result of the introduction of the Single Fraud Investigation service (SFIS).
- Provide increased resilience and flexibility to meet the needs of both councils.

Key areas of focus for the 2018-19 financial year were identified as follows:

- Delivery of the Audit & Counter Fraud Workplans for 2018-19
- Delivery of assurance work in reduced timescales
- Increased counter fraud activity
**Review Findings**

**How is the shared service operating?**

1. Has the shared service delivered on the objectives that are set out on page two of the review document?

   - Yes
   - No
   - In part √

   Please provide details of how the objectives have been met. If they haven’t been met or have been met in part, please provide the reasons for this and any action identified to rectify this.

   - **Deliver the statutory internal audit function** – Internal Audit elements of targets set have been met and annual opinions delivered.
   - **Deliver an effective counter fraud and investigation service** – a service has been delivered but undermined by sickness.
   - **Provide a Single Point of Contact (SPOC) for the Department for Works and Pensions (DWP) for their investigation of Housing Benefit Fraud** – excellent service maintained
   - **Deliver a reduction in the cost of service delivery to mitigate the reduction in funding from the DWP as a result of the introduction of the Single Fraud Investigation service (SFIS)** – cost of service has increased in line with salary increases but still delivers a saving against the previous service if same increases were applied to the 2015-16 baseline budgets as a comparison.
   - **Provide increased resilience and flexibility to meet the needs of both councils** – resilience only achieved for audit.
   - **Delivery of the Audit & Counter Fraud Workplans for 2018-19** - Plan completion 95% for GBC and 97% for Medway
   - **Delivery of assurance work in reduced timescales** – overall only 63% of reviews delivered within set timescales
   - **Increased counter fraud activity** – some results are higher but still significantly impacted by sickness.
2. Have there been any other, unforeseen benefits, as a result of the shared service?

Yes [✓] No [ ]

*Please provide details of any other benefits, which were not anticipated at the start, which have come about as a result of the shared service.*

As identified in the 2018 review, the service has been able to provide comprehensive investigations into disciplinary matters. It continues to be the preferred point of contact on a number of disciplinary matters for both advice and investigation at both Gravesham and Medway as the availability of trained investigators means that managers do not have to undertake investigations and results are often achieved more quickly, saving resources and time.

3. Have there been any unforeseen issues or problems resulting from the shared service?

Yes [ ] No [✓]

*Please provide details of any other issues of problems that have arisen which were not previously identified and how these have been managed/rectified.*

The service had been impacted by significant sickness in the last two years and while this is not a direct result of working in a shared service, it was an unforeseen problem that has impacted on the service’s ability to work towards its key objectives.

The most significant impact has been the ability for staff to be trained in a new discipline to meet the objective of all staff becoming multi-disciplinary.

4. What has been the financial impact of the shared service on both authorities?

*Please provide details of the financial impact of the shared service i.e. confirmation of any savings achieved, if these are above/below anticipated levels, any costs that were not previously considered or have arisen etc.*

Both authorities have seen budget savings from the introduction of the shared service, with baseline budgets being significantly reduced in comparison to before the service was launched.

While the cost of service has increased due to salary increases in line with national changes, it still delivers a saving against the previous services, which would be demonstrated if the same increases were applied to the 2015-16 baseline budgets as a comparison.
5. Feedback from officers involved in the shared service:

<table>
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<tr>
<th>Positives</th>
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<tr>
<td>• The majority of staff said that they are happy working as part of the shared service and a number feel that it has had a positive effect on them as individuals, with more opportunities for progression and to develop in a new discipline.</td>
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<td>• A number of staff members indicated that they like the multi-disciplinary approach, albeit one highlighted that it would be useful to spend some time focusing on perfecting their ‘new’ discipline and 1 said they prefer doing single skill and the role they are better at. Another highlighted successes with investigators who have embraced auditing through the shared service.</td>
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<td>• Several staff members indicated that they enjoy the freedom of working across two sites and appreciate the flexible working arrangements in the team.</td>
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<td>• The majority of staff said that they have found it useful to see how two different council’s work, particularly given the differences in the services that the two council’s provide. Staff also feel that there have been instances where they have been able to make suggestions to improve services at one council by using examples of good practice at the other, including within our own team.</td>
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<td>• Several staff members indicated that they appreciate the commitment to training and qualifications.</td>
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<td>• One staff member said that they found it useful that the shared service was formed with staff who originated from each council and could therefore share with the team the intricacies of how each council works.</td>
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<td>• One staff member commented that there have been examples of good engagement with staff where decisions are needed on matters that affect them.</td>
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<th>Negatives</th>
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<td>• The majority of staff highlighted the difficulties associated with needing to learn the various different systems / processes at two councils, as well as, the challenges of knowing who everyone is and what they do at two organisations. This is particularly relevant to officers complete new to both organisations.</td>
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<td>• Several staff members also commented on the challenges of learning a new discipline.</td>
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| • A number of staff members highlighted the need for a period of stability in the team due numerous changes in staffing, leadership, direction / approach and structure over the last few years. Several staff members made the link to concerns regarding the levels of
sickness absence in the team. Staff also highlighted a desire to have a clear picture of the
direction in which the team is heading and what we, as a team, are aiming to achieve.
(multi-discipline or not)

- Several staff members commented on the lack of audit knowledge / experience in the
team and the reliance that places on the few members of the team with that knowledge /
experience. A link was also made to the impact of this on the quality of work.

- Several staff members indicated that they feel there has been less opportunity /
expectation for auditors to upskill to investigators than there has been for investigators to
up skill to auditors.

- A number of staff members indicated that they feel there has been a reduction in the
level of engagement with / profile of the team by officers at both council’s since the
shared service, with engagement particularly low at Medway. Once commented that
there is less visibility of senior management at Medway as it is a much larger organisation
and several also have the perception that our services aren’t valued by the two councils,
with concern that we are not seen as independent as per the results of the recent
satisfaction survey.

- One staff member said that they felt the centralised training budget / focus on
apprenticeships had restricted to some extent the commitment to upskill staff through
training and qualifications.

- One staff member commented that they would have appreciated a formal induction for
each council (introduction to senior members of staff, housekeeping etc.) at the start of
the shared service.

- One staff member indicated that there is still an element of an ‘us and them’ mentality in
the team with officers who previous came from audit / fraud and Medway / Gravesham.

- One staff member indicated that building relationships with colleagues is harder as the
cross site working means you can go long periods without seeing some team members,
although it is acknowledged that the bi-monthly team days are a means of addressing
this.

- One staff member indicated additional plan consideration required to ensure auditors can
effectively undertake their role, avoiding duplication and issues with engagement.
Moving forward with the shared service

6. Based on the review that has been undertaken will the shared service continue to operate?

Yes [✓]  No

If ‘No’ please provide details of why it is felt that the shared service should not continue and any exit plans that have been discussed/agreed.

If the answer is ‘Yes’ but there are changes that need to be made to ensure the shared service is effective, please provide details of the changes that are required and how they will be addressed.

7. If the shared service is to continue to operate, what are the key areas of focus for the coming year for both authorities?

If answered ‘Yes’ to question 6, please provide details of the key aspects of work that are going to be undertaken in the year in order to ensure the shared service continues and is further strengthened.

- Ensure delivery of the audit & Counter Fraud work plans for 2019-20
- Create a period of stability within the service
- Look for training opportunities to achieve ambition for multi-disciplinary officers

Summary of recommendations

Please list any recommendations that you feel need to be reviewed by the relevant Directors at both authorities. This may include changes to processes or potential supplement increases (if applicable) if it is felt that partnership is working well.

1. Investigate potential apprenticeship opportunities for staff development

2.

3.