

# Audit & Counter Fraud Strategy 2016-2020

Review of Progress  
December 2017

# 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. The Audit & Counter Fraud Charter sets out our purpose, authority and responsibilities to deliver these services to both authorities. Our Strategy supports the Charter and provides a framework to ensure our work is aligned to the priorities and values of both Medway and Gravesham councils.

This strategy will be delivered through Annual Internal Audit & Counter Fraud Plans prepared for each authority, setting out the annual programme of work and available resources for each. Our Quality Assurance & Improvement Programme (QAIP) will support the service in embedding a culture of continuous improvement, and help demonstrate the quality and performance of the service to both authorities.

The Chartered Institute of Internal Auditors (CIIA) defines internal auditing as: *an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.* The Audit & Counter Fraud Shared Service combines this role with working alongside the councils to manage their fraud risk, including work to prevent, detect and investigate fraudulent activity committed against the councils.

# II. Our mission & vision

We will adopt the mission statement of internal audit of the Chartered Institute of Internal Audit (CIIA) for all aspects of our work: To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

Our vision is to deliver high quality assurance, consultancy and counter fraud work to help ensure the authorities meet their objectives. We will act as a catalyst for driving positive change, promoting improvement, learning & innovation so that we can truly add value. By investing in our staff and working to raise our profile, we aim to become the default respected advisor and critical friend at the heart of Medway Council and Gravesham Borough Council.

### III. Our strategic objectives & progress to date

We have three core strategic objectives for the first four years of the Shared Service to drive us towards achieving our mission & vision:

Objective	Progress in 2017-18 to date
<b>Aligned priorities</b>	
<p>Our strategies &amp; work plans will be developed and reviewed in consultation with key clients to ensure they are closely aligned to the core objectives and risks of the authorities.</p>	<p>The process to develop the Audit &amp; Counter Fraud Plans for both councils in the shared service for 2018-19 is about to commence and will be based on the organisation's priorities and risk assessments and will include consultation with key clients. The process includes:</p> <ul style="list-style-type: none"> <li>• Review of the strategies and plans of the organisations;</li> <li>• Review of the risk management arrangements and risk registers of the organisations;</li> <li>• Review of the budgets and financial monitoring / outturns of both organisations;</li> <li>• Assurance mapping to rely on the work of other providers of assurance to the organisations, to avoid duplication of work;</li> <li>• A horizon scanning exercise to identify any significant legislative or other external risks;</li> <li>• Preparation of detailed risk assessments to determine the areas where assurance is required;</li> <li>• Discussion of those risk assessments with the senior management of the organisations to validate the areas of focus for Audit &amp; Counter Fraud resources;</li> <li>• Presentation of the draft plans to the senior management and Audit Committees of both authorities for endorsement and approval.</li> </ul>
<p>Our work will be scheduled and the scope defined in consultation with key clients to ensure we focus on the right areas.</p>	<p>Service Managers are consulted during the planning process to determine the most suitable time to schedule assurance reviews. Based on survey feedback regarding notice received for audits to commence, the work plan will be re-issued to Service Managers on a quarterly basis to ensure they are aware of any planned reviews in their areas for the coming quarter.</p>

	<p>The scope of all assurance and consultancy engagements the team carry out is developed in consultation with the key client to ensure we focus on the right risk areas.</p>
<p>We will take a balanced and pragmatic approach to our work and our reports will emphasise positive findings alongside areas for improvement.</p>	<p>We continue to invite services to present at our team meetings to ensure that the team are aware of wider issues and gain better understanding of the challenges that clients may be managing as part of their normal workload.</p> <p>Team members liaise with clients face to face or by telephone wherever possible rather than via email to increase the teams visibility and maintain closer working relationships with service users.</p> <p>A process for the follow up of recommendations is now in place. At the end of each month and Audit &amp; Counter Fraud Team leader will contact officers responsible for the implementation of recommendations that have reached their due date. Confirmation of implementation is sought and in the case of high priority recommendations, evidence is also obtained. If the recommendations have not been implemented an update is sought in relation to any progress made.</p> <p>The outcomes of this follow up work are detailed in the Audit &amp; Counter Fraud Update Reports to Audit Committee; this ensures that positive action taken by management to address any weaknesses identified by our work is highlighted to Members and provides assurance that management are strengthening the council's control environment as a result of our work.</p>
<p>Our performance measurement and monitoring arrangements will be focussed on the aspects of the service most valued by senior management and the Audit Committees of the both authorities.</p>	<p>Our performance measurement and monitoring arrangements have been formally defined in the Quality Assurance &amp; Improvement Programme (QAIP) that has been endorsed by senior management and the Audit Committee.</p> <p>The QAIP has been subject to annual review and amended to provide better quality statistical information that has been identified over the course of the year. These enhancements are driven through feedback received from Members.</p>
<p><b>Effective staff</b></p>	
<p>We will develop our team into a multidisciplinary service, delivering increased flexibility to meet the changing needs of the organisations, resilience and succession planning, and development opportunities for staff.</p>	<p>The first year of the shared service was used to introduce staff to the disciplines that are new to them, with learning and development needs and objectives agreed through the Performance Development Review (appraisal) process, and delivered through a mixture of formal qualification training, formal skills training, job-shadowing/mentoring and 'on the job' training.</p>

	<p>All team members now carry out duties in both the audit &amp; counter fraud disciplines and assist colleagues in their development by sharing knowledge and experience from their former roles.</p> <p>Targets have been set for all officers and are both realistic and challenging to push their continued development. Progress against these targets at the mid-year reviews was positive.</p>
<p>We will employ and develop a strong mix of people with different skills, technical expertise and we will match those people to the work plans to make the best use of our staff.</p>	<p>Following approval of the 2017-18 workplans, individual assurance reviews were allocated to officers based upon a mixture of their existing skills and experiences and areas where they were less familiar in order to provide them with more challenge and increase their experience.</p> <p>The work plans for 2018-19 will see further rotation to increase the knowledge base amongst the team and provide greater resilience rather than having certain officers specialising in individual areas, although this will still take into account their particular skill sets.</p>
<p>We are committed to investing in staff development through training and other opportunities and will support professional qualification training and continuing professional development across the service.</p>	<p>All team members agreed personal learning and development objectives through the council's Personal Development Review process, and all staff are encouraged and supported to do professional qualification training and to attend non-professional training and development as identified through their one to ones. The team has continued bi-monthly team away days that focus on sharing knowledge and skills and training is delivered by team members to the rest of the team at every meeting.</p> <p>A total of 50 days has been spent on training and development in the 2016-17 year to date. One member of the team has passed one of her exams for the Chartered Internal Auditor qualification and another has completed AAT level 4.</p>
<p>We will be a great place to work with a motivated, productive and aspirational workforce.</p>	<p>Feedback from both team members and from clients has indicated that while staff are finding their new roles challenging, they are happier with the working environment and the team culture than they were in the previous separate teams; this is having a demonstrable positive impact on the team's relationships with clients and has in turn resulted in more positive responses from clients to our work and findings.</p> <p>All members of the team had one to one meetings with the new Head of Audit &amp; Counter Fraud to seek their views on what improvements could be made to the team, its structure and operational approach. While feedback was largely positive a</p>

	<p>number of constructive suggestions were received and will be fed into improvements planned for 2018-19.</p>
<p><b>Positive impact</b></p>	
<p>We will build strong, positive professional relationships with key clients and Members across both authorities and engage them in the development of our strategies and work plans.</p>	<p>All team members continue to have an objective in their Performance Development Reviews to: Contribute to the raising of the profile/impact of the team; by being proactive in building good working relationships with clients, achieving positive customer feedback / satisfaction scores where applicable and being a positive ambassador for the team and the services we can provide to the councils.</p> <p>Communication with all clients has increased and the closer working relationships ensure that the scope of the work undertaken during the course of assurance reviews is more accurate. The improved communication also means that the process of reviews runs more smoothly.</p> <p>Work to identify and liaise with services that may be vulnerable to fraud continues with counter fraud reviews being conducted to assist in improving the councils resilience to instances of fraud.</p>
<p>We will raise the profile of the work of the service to ensure senior management and Members are aware of the responsive consultancy and investigation services we can provide.</p>	<p>The work to increase the visibility of the team during the service's first year of operation has proven successful with the Audit &amp; Counter Fraud Team now being the first point of call when managers feel that investigation services may be required.</p> <p>A number of assurance reviews have been conducted in response to thefts that have occurred with reports outlining recommendations to improve controls and reduce the risk of thefts occurring again in the future.</p> <p>A programme of fraud awareness sessions has also commenced, starting with Members. The next phase will involve presentations to service managers with the aim being to increase awareness of both fraud risks and the responsive investigative and assurance resources available within the Audit &amp; Counter Fraud Team.</p>
<p>We will seek to be involved in key projects and working groups at both authorities to provide assistance on governance, risk and control and also to promote our work and the services we can provide to a wider audience.</p>	<p>Representatives from the team remain involved in a variety of projects and working groups at both councils including for Medway the Transformation Delivery Group, the Security Information Governance Group, and part of a group looking into a virtual team across the council who will pool experience and resources to deal with persons presenting to the council for financial assistance as they have no recourse to public funds.</p> <p>The team has seen an increase in the number of requests to be involved in</p>

	<p>disciplinary investigations as well as other corporate fraud investigations, providing assistance to HR to ensure that matters are investigated thoroughly and expediently.</p>
<p>We will share our outputs promptly with clients and Audit Committees through high quality reports to maximise the positive impact of our work.</p>	<p>Efforts to streamline processes during the course of assurance reviews have continued throughout the year to ensure that reviews are completed within reasonable timescales and reports are issued to clients in a timely fashion.</p> <p>Outputs are monitored by the Audit &amp; Counter Fraud management team and all officers have specific targets for the completion of reviews within set timescales.</p> <p>The new templates introduced for reporting work to clients and Members have all been positively received and are reviewed for potential further enhancements when feedback is received.</p>