

Classification: Part A

Key Decision: No

Gravesham Borough Council

Report to: Finance & Audit Committee

Date: 19 February 2018

Reporting officer: James Larkin, Head of Audit & Counter Fraud Shared Service (Chief Audit Executive)

Subject: Audit & Counter Fraud Shared Service Quality Assurance & Improvement Programme 2018-19

Purpose and summary of report:

To present for approval the Audit & Counter Fraud Shared Service Quality Assurance & Improvement Programme 2018-19.

Recommendations:

Members approve the revised Audit & Counter Fraud Shared Service Quality Assurance & Improvement Programme 2018-19.

1. Background

- 1.1 The Public Sector Internal Audit Standards (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. On 14 March 2017, the Finance & Audit Committee approved the Quality Assurance & Improvement Programme (QAIP) prepared to meet this requirement.

2. Review of the QAIP

- 2.1 The QAIP was prepared to reflect both the integration of counter fraud and the shared service with Gravesham Borough Council and was designed to meet the requirements of the Standards and CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards.
- 2.2 The QAIP has been reviewed and is considered to continue to meet these requirements and will therefore continue to be in place for the coming financial year, however there are some proposed amendments to the performance measures and the table in which they are presented. The changes are detailed below and the revised QAIP is presented for Members approval at Appendix 2.
 - 2.2.1 PM1 – Cost of the Audit & Counter Fraud Service compared to the 2015-16 baseline year budgets: This has been split into a) the total cost of the Audit & Counter Fraud Service and b) the split of those costs for Medway or Gravesham.

- 2.2.2 PM2 – Audit & Counter Fraud day: the target costs have been set at £400 based on an outturn of £376 in the year to date and to take into account any annual increases in staff costs for 2018-19.
- 2.2.3 PM3 - Proportion of staff with relevant professional qualification: the target has been increased to 75%. Previously this only took into account staff attaining a professional audit qualification. It now takes into account both audit and counter fraud qualifications.
- 2.2.4 PM10 - Proportion of productive time spent on a) assurance work b) consultancy work: The target has been increased from 55% to 65% to reflect the planned split of resources for audit and counter fraud work.
- 2.2.5 PM11 - Proportion of productive time spent on a) proactive counter fraud work b) reactive counter fraud work: The target has been reduced from 45% to 35% to reflect the planned split of resources for audit and counter fraud work.
- 2.2.6 PM12 – Proportion of agreed assurance assignments a) Delivered b) Underway: This was previously ‘Proportion of agreed plan delivered’ but has been amended to more accurately reflect the monitoring of assurance reviews by showing the proportion delivered and proportion also underway. This gives Members a much clearer picture of progress against the target.
- 2.2.7 PM17 - Proportion of recommended actions implemented by agreed date: The target for this performance measure has been removed as the Audit & Counter Fraud Service has no control over the outturns. Implementation of recommendations is the responsibility of the services to which the recommendations were made. The performance will continue to be reported to Members to ensure they are aware of any significant issues.
- 2.2.8 PM20 - Value of fraud losses identified, by fraud type: This has been split into a) cashable and b) non-cashable in order to make clear to members which losses are recoverable and those that are notional savings based on national estimates.
- 2.2.9 The performance measure ‘Investigator Average caseload’ has been removed. The average caseload can only be determined at a specific point in time, will fluctuate considerably dependent on the level of referrals received and complexity of cases and does not give any indication of an officer’s performance or that of the team. The measure for the number of cases closed provides the relevant indication of performance.

3. BACKGROUND PAPERS

- 3.1 Nil

IMPLICATIONS		APPENDIX 1	
Legal	The Accounts & Audit Regulations 2015 require local authorities to: undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Section 151 Officer of a local authority is responsible for establishing the internal audit service. Gravesham Borough Council has delegated this responsibility to the Section 151 Officer of Medway Council to deliver internal audit services through the Shared Service to both authorities. The Public Sector Internal Audit Standards are supported by CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards.		
Finance and Value for Money	An adequate and effective internal audit function provides the council with assurance on the proper, economic, efficient and effective use of council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the financial statements of the council.		
Risk Assessment	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 QAIP is intended to ensure that the service is developed in line with the aspirations of those charged with governance at Medway Council and Gravesham Borough Council.		
Equality Impact Assessment	Screening for Equality Impacts		
	Question	Answer	Explanation
	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community?	No	No impact
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality?	No	No impact
	c. What steps are you taking to mitigate, reduce, avoid or minimise the impacts identified above?		N/A
<i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i>			

Corporate Business Plan	The work of the Audit & Counter Fraud Team supports the council in achieving all of its objectives set out in the Corporate Business Plan but is particularly relevant to Objective 4: Sound & self-sufficient council.
Crime and Disorder	The Audit & Counter Fraud Team provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisations' objectives. The work of the team combined with a sound internal control environment has a positive contribution to community safety in its broadest sense.