

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

Audit & Counter Fraud Plan 2018-19

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 201 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,
- The results of previous internal audit 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.
- Consultation with senior management and the Chair of the Finance & Audit Committee 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. The team will work to develop and formalize its assurance mapping arrangements during the 2018-19 financial year and this may result in amendment to the plan as agreed during the quarterly reviews.

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. This programme can

be found at Appendix A to this Plan. The 2017-18 Audit & Counter Fraud Plan includes a total of 115 days to complete the work identified on the cycle for the year.

III. Resourcing

The Audit & Counter Fraud Plan will be delivered using the in-house resources within the Shared Service, a total of 13.6FTE comprising 1FTE Head of Audit & Counter Fraud, 3FTE Audit & Counter Fraud Team Leaders, 7.6FTE Audit & Counter Fraud Officers, 1FTE Audit & Counter Fraud Intelligence Analyst and 1FTE Audit & Counter Fraud Assistant. All productive days of 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 2018-19 for Gravesham is 666 days; of this 389 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. 2018-19 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 work focusing on the council's core finance and governance arrangements, operational assurance work, proactive counter fraud work, responsive investigations and consultancy services as defined in the Audit & Counter Fraud Charter. The work planned is presented against the framework of the council's corporate risk register to reflect how the service will provide assurance over the highest areas of risk to the council, and each individual item is categorised as priority 1, 2 or 3 to assist in the prioritisation of work.

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.

Core governance and financial systems assurance work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
1	Finalisation of 2017-18 planned work	Allowance to finalise work from the 2017-18 plan not completed at 31 March 2018.	25	Q1	1
2	Performance Management	Allowance to verify corporate performance information reported by the Corporate Performance Team, and to verify Audit & Counter Fraud Team performance information.	5	Q1	1
3	Corporate & Business Planning	Review of arrangements to prepare and review the council plan and individual service plans.	10	Q4	1
4	Performance Management Framework	Review of the council's arrangements to monitor & report on corporate performance.	10	Q2	2
5	Ethics	Review of arrangements to ensure high ethical standards across the council.	15	Q1	2
6	General ledger	Review of arrangements to ensure accurate information is recorded on the General Ledger.	10	Q3	1
7	Bad Debt Provision	Review of arrangements to plan and account for unrecoverable debts	15	Q3	1
8	NNDR Recovery	Review of arrangements to recover unpaid NNDR liabilities.	15	Q2	1
9	VAT	Review of arrangements to identify calculate and reclaim appropriate VAT.	10	Q2	1
10	Financial statements preparation	Review of arrangements to produce the council's financial statements in line with best practice and the required deadlines.	15	Q2	3
11	Grant payments	Review of arrangements to award and pay grants to voluntary organisations.	10	Q3	2
12	Responsive assurance work	Allowance to conduct responsive assurance work unknown at the time of planning.	8	Q1-Q4	3
		Total	148		

Corporate risks assurance work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
	IT Strategy & implementation	Review of arrangements to monitor acquisition, registration and disposal of IT assets as part of IT equipment review.	10	Q2	1
	Use of Bailiffs	Review of arrangements for the instruction of Bailiffs for collection from Debtors.	10	Q4	3
	Procurement compliance	Review of the arrangements to manage compliance with the Public Contracts Regulations 2015 & council Contract Procedure Rules.	10	Q1	2
	Refunds	Review of arrangements to ensure refunds are processed in accordance with corporate policy and legislative requirements.	10	Q3	1
	Write Offs	Review of arrangements in place to ensure that suitable checks are conducted before a debt is written off.	15	Q3	2
	Counter Fraud	Review of the counter fraud arrangements for Tonbridge & Malling BC (Reciprocal arrangement. Assurance for A&CF shared service will be provided by Tonbridge & Malling/KCC. Day allocation split between Gravesham and Medway plans).	5	Q2	2
	General Data Protection Regulation	Review of arrangements to ensure compliance with GDPR post implementation.	15	Q4	2
	Homelessness	Review of arrangements to meet the requirements of the Homelessness Reduction Act.	15	Q4	2
	Establishment Management	Review of arrangements to manage and account for the council's establishment.	15	Q2	1
	Staff Performance Management Framework	Review of arrangements to ensure staff performance is effectively monitored and managed.	10	Q4	3
	Manual Handling	Review arrangements to ensure that staff involved in manual handling receive adequate training & guidance, including temporary workers.	10	Q3	3
	Tenancy Enforcement	Review of arrangements to ensure recovery action is taken in accordance with timescales where appropriate.	15	Q3	1
	Rent Deposit Scheme	Review of arrangements for the administration of the	10	Q1	2

		Gravesham Family Lettings Scheme			
	Repairs & Maintenance Supplies Management	Review of arrangements to order, receive, allocate and audit repairs & maintenance supplies.	15	Q4	2
		Total	165		

Counter fraud work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
	Counter fraud assurance work:				
	Housing Allocations	Fraud focused review of the arrangements to manage the application process for social housing.	15	Q2	1
	Residents Parking Permits	Fraud focused review of the arrangements to manage the application process for Residents Parking Permits	15	Q1	2
	Counter fraud activity:				
	Responsive investigations work	Allowance to carry out investigations into referrals of suspected fraud or malpractice.	128	Q1-4	1
	Pro-active investigations work	Allowance to carry out pro-active exercises to identify fraud and error.	29	Q1-4	1
	Data matching exercises, including National Fraud Initiative and Kent Intelligence Network	Allowance to carry out and evaluate data matching exercised to identify fraud and error.	29	Q1-4	2
	Fraud awareness	Allowance to carry out activities to increase awareness among staff to the risk of fraud.	10	Q1-4	3
	Liaison with the Department for Work & Pensions Fraud & Error Service (DWP FES)	Allowance to provide the Single Point of Contact (SPOC) role for the DWP FES for their investigation of Housing Benefits administered by the council.	47	Q1-4	1
	Responding to information requests from investigative bodies	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	Q1-4	1
		Total	304		

Follow up work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
	Follow up of agreed recommendations		8	Q1-4	1
		Total	8		

Consultancy work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
	Repairs & maintenance supplies management	Allowance to support the implementation of new arrangements to order, receive, allocate and audit repairs & maintenance supplies	5	Q1	3
	Verification of European Grant Funding Claims	Allowance for verification of Interreg grant funding claims.	20	Q1-4	1
	Consultancy services	Allowance for consultancy services as directed by senior management including the provision of advice & information	10	Q1-4	3
		Total	35		

Summary

Ref	Activity	Scope of work	Resources (days)	Timescale
	Core governance & financial systems assurance work		148	Q1-Q4
	Corporate risks assurance work		165	Q1-Q4
	Counter fraud work		304	Q1-Q4
	Follow up work		8	Q1-Q4
	Consultancy work		35	Q1-Q4
		Total	660	

Cyclical programme of core financial and governance activities

Activity	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Governance arrangements								
Governance framework		1		1		1		1
IT Governance			1			1		
Constitution & policy maintenance		1			1			1
Corporate & business planning	1				1			
Risk management framework, compliance & reporting		1		1		1		1
Performance management framework, compliance & reporting	1		1	1		1	1	
Data quality		1			1			1
Partnership working		1			1			
Shared services			1			1		
Project & change management		1			1			1
Ethics	1		1		1		1	
Financial systems								
General ledger & bank reconciliation	1			1			1	
Treasury management		1			1			1
Debtors, write offs & bad debt provision	1		1		1		1	

Activity	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Creditors, purchase cards & petty cash		1		1		1		1
Income collection		1		1		1		1
Housing Benefit & Council Tax reduction		1		1		1		1
Council Tax administration, collection & recovery		1		1		1		1
NNDR administration, collection & recovery	1		1		1		1	
Payroll establishment, payments & deductions		1		1		1		1
Housing rent administration, collection & recovery		1		1		1		1
VAT	1			1			1	
Asset management		1			1			1
Insurances		1			1			1
Financial statements preparation	1				1			
Budget monitoring		1			1			1
Financial planning							1	
Capital accounting			1			1		
Grant payments	1				1			