



Review of the Audit & Counter Fraud Shared Service

(Shared service Commenced: December 2015)

Author(s): Stuart Bobby, Director (Corporate Performance) at Gravesham Borough Council and Phil Watts, Chief Financial Officer at Medway Council

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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.

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

The internal audit service has been delivered with 91% plan completion (as at 31 March) for both authorities. An external Quality Assessment was completed by Gateway Assure in year and concluded that the service was performing in line with the Public Sector Internal Audit Standards (PSIAS). Benchmarking provided showed that in relation to the three categories of measurement, the service was performing above the average for local government.

Investigative work undertaken has identified both cashable and non-cashable savings for both authorities and work to strengthen fraud prevention has also been undertaken, including awareness presentations to Members at both authorities.

While plan completion fell short of its 95% target, the performance is still considered very good given the long term sickness of two officers and staff turnover in year that left an officer and manager vacancies for half the year.

The overall costs of the service were under budget for 2017-18.

One officer has completed exams to qualify as a Chartered Internal Auditor and one has passed Level 4 AAT.

The Quality Assurance & Improvement Programme has been reviewed and updated to better reflect the performance of the service. This has been approved by Members.

2. Have there been any other, unforeseen benefits, as a result of the shared service?

Yes

No

Human Resources have found that the A&CF provide more comprehensive investigations in relation to disciplinary matters and as a consequence are now the first point of contact on a large number of disciplinary matters, both for advice and investigation.

While not unforeseen, the resilience that the service was designed to create has been demonstrated by the achievement of 91% plan delivery despite the significant loss of resource created by staff turnover and sickness. Previously GBC's audit team comprised of the Head of Audit and 2 FTE auditors; a proportionate level of sickness/turnover would likely have led to significantly reduced plan delivery.

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

Yes

No

Issues relating to pay that were identified in the 2017 review; these being the grading of team leaders and the pay disparity between officers, were both addressed by a restructure of the service early in 2018. This saw the team leaders being regraded and the lowest paid officers given an increase to match their colleagues.

Striking a balance between audit & counter fraud workloads has presented difficulties due to the conflicting priorities and deadlines that are created by each discipline. The differences in the mind-set required for each discipline have also been highlighted with feedback suggesting that clients can sometimes feel like they are being investigated rather than audited. Work is ongoing to address both these issues.

The objective for staff to become multi-disciplinary has been hindered throughout the year. Audit assurance work is necessary to review the councils internal control framework and resource must be directed to ensure the audit workplan is delivered as this impacts on the councils ability to deliver the annual governance statement. The significant sickness has meant that staff previously employed as auditors have been utilised on assurance delivery due to their knowledge and experience, consequently they have been unable to progress with training as investigators during the year. It is felt that this can be addressed moving forward.

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

Both authorities have seen budget savings from the introduction of the shared service, with baseline budgets being significantly reduced in comparison to 2015-16 before the service was launched.

Moving forward with the shared service

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

Yes

No

The service will continue to operate under its new structure, which has increased the amount of productive resource available without any increase to the overall budget.

The introduction of an intelligence analyst will provide resource for a more pro-active approach to identifying fraud and in turn will hopefully lead to an increase in the value of savings identified.

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

Key areas of focus for the coming year are as follows:

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

Summary of recommendations

There are no recommendations at this stage.