

Audit & Counter Fraud Strategy 2020-2024

Review of Progress
February 2021

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 Shared Service to drive us towards achieving our mission & vision:

Objective	Progress in 2020-21 to date
Aligned priorities	
<p>Our strategies & 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 emergency response to the covid 19 pandemic has seen significant changes to the working practices at both organisations, some of which may well remain permanent if they have led to efficiency savings. The Audit & Counter Fraud service has been monitoring these emergency changes to process and ways of working throughout the emergency response and recovery stages, with the aim of identifying potential changes to the control environment that need to be factored into the planning process for 2021-22.</p> <p>The process to develop the Audit & Counter Fraud Plans for both councils in the shared service for 2021-22 began in December 2020. While every effort has been made to be aware of potential changes to the control environment, there was still the possibility that there may have been other planned changes within services that could add further change to the control environment. Accordingly, the planning process commenced with the Head of Audit & Counter Fraud, consulting with the various Directorate and Divisional management teams of the two authorities, seeking service views on what they considered to be their areas of risk.</p> <p>All of the information gathered through this consultation and the risk areas identified through the monitoring of emergency decisions was used to update the risk assessment that identifies the areas requiring potential audit review.</p> <p>The draft 2021-22 plans for each council will shortly be presented to the respective Audit Committee's for approval.</p>
<p>Our audit work will be scheduled and the scope defined in consultation with key clients to ensure we focus on the right areas.</p>	<p>The audit & counter fraud plan for 2020-21 was subject to significant changes as a result of the pandemic response, which led to the shutdown of the service for at least two months, with staff redeployed to critical services.</p> <p>A revised plan was agreed by the Finance & Audit Committee in July 2020 but due to the urgency of the changes, there wasn't the usual level of consultation with Service Managers. However, the scope of all assurance and consultancy engagements the</p>

	<p>team carry out was developed in consultation with the key client to ensure we focused on the right risk areas.</p> <p>The scheduling of reviews for 2021-22 has been set in consultation with services to try and ensure that they are not taking place during peak periods for the client services.</p>
<p>Our Counter Fraud activity will be directed to the most appropriate areas of risk within each authority.</p>	<p>Most of the counter fraud activity during 2020-21 has focused on fraud prevention, with officers assisting services dealing with the various grant schemes launched by central government as part of the pandemic response.</p> <p>Resource has also been directed towards dealing with the data matching cases received as part of the National Fraud Initiative 2018-19 and 2019-20 exercises, trying to ensure that the impact of the service shut down was kept to a minimum before matches from the 2020-21 exercise were received.</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. Due to the current nature of the ongoing restrictions, the team has been making good use of virtual meeting software to maintain contact with clients.</p> <p>The process for the follow up of recommendations is fully embedded at both councils with one of the Audit Team Leaders contacting officers responsible for the implementation of recommendations that have reached their due date at the end of each month. 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>On a quarterly basis a report is issued to the Management Teams at each of the councils to provide Directors and the Chief Executive with an update on progress against all recommendations.</p> <p>The outcomes of this follow up work are detailed in the Audit & 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</p>

	<p>Members and provides assurance that management are strengthening the council's control environment as a result of our work.</p> <p>Any recommendations that are still outstanding more than six months after their agreed implementation date are now specifically identified to Members as they will have been through the Management Team Reporting cycle on at least two occasions.</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 both authorities.</p>	<p>Our performance measurement and monitoring arrangements have been formally defined in the Quality Assurance & Improvement Programme (QAIP) that has been endorsed by senior management and the respective Audit Committees.</p>
<p>Effective staff</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>One of the Team Leaders was accepted directly into the third year of a three-year Internal Audit Apprenticeship, completing a Masters Degree - MSc Internal Audit Management & Consultancy</p> <p>The second Audit Team Leader has successfully completed an ILM Level 3 Team Leader / Supervisor course with Merit.</p> <p>Two Officers have commenced a Level Four Internal Audit Practitioner Apprenticeship, which will take approximately two years to complete.</p> <p>The Service Manager, Counter Fraud Team Leader and two Counter Fraud Officers are part way through an assessment process for accreditation under the newly created Government Counter Fraud Profession.</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>Since the launch of the shared service, individual assurance reviews have been 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>This practice has continued with rotations of staff each year to increase the knowledge base amongst the team and provide greater resilience. This practice has still also considered their particular skill sets.</p> <p>While we will aim to ensure a good knowledge base across all officers, we are considering whether training should be undertaken in some specialist areas such as IT, to ensure that we have suitable skills within the service.</p>

<p>We will be a great place to work with a motivated, productive, and aspirational workforce.</p>	<p>One to one meetings between the Service Manager and all members of the team resulted in trials for a new way of working in 2019-20, with officers returning to designated roles as internal auditors or counter fraud officers in place of the multi-disciplinary approach.</p> <p>This change resulted in some of the highest levels of counter fraud savings with over £776,000 identified across the two authorities, while still achieving approx. 90% assurance review delivery; despite the impacts of covid, which included shut down of the service as non-critical and significant resource directed to assisting other services.</p> <p>A recent exercise has been undertaken to formalise these arrangements and allow officers to focus on their chosen disciplines.</p>
<p>Positive impact</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>The alternative work undertaken during the pandemic response over the course of 2020-21 has had a positive effect on relations between Audit & Counter Fraud and other services. Officers from the service have had opportunity to learn things about some other services through the course of their alternative duties and managers have been extremely appreciative of the assistance provided and very complimentary about the conduct of the officers and quality of their work.</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>There has been limited progress in this area during 2020-21 due to the redeployments already mentioned, although the vast majority of redeployment activity has been focused on fraud prevention, so it is hoped that some of this will have increased awareness of some of the services available.</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 working groups at both councils including the Security Information Governance Group (Medway) and Information Governance Group (GBC).</p> <p>The Service Manager has also been part of the Tactical Command Group at Medway throughout the pandemic response and an Audit Team Leader was also part of the resilience group at Gravesham, in both cases monitoring emergency decisions for control and governance purposes.</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>The processes for assurance reviews have been refined with target time periods set for each phase of the review process. Outputs are monitored by the Audit & Counter</p>

	<p>Fraud management team and all officers have specific targets for the completion of reviews within set timescales.</p> <p>The format of Committee update reports has been amended based upon feedback from Members and now includes an executive summary.</p>
<p>We will continue to build on the success of the shared working arrangements and explore all opportunities for further development, including the potential to expand the partnership and increase cost savings and resilience or sell services.</p>	<p>There has been no progress on this area during 2020-21 due to other more urgent priorities. As operational demands return to normal, this is an area that will be explored further in consultation with the senior management of both councils.</p>