

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

Audit & Counter Fraud Plan 2021-22

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 2015 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 2019-23,
- 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,
- Horizon scanning to identify local and national issues and risks,
- The results of previous internal audit work (including follow up 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, and,
- Consultation with senior management 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.

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. The programme can be found at Appendix A,

The 2021-22 Audit & Counter Fraud Plan includes a total of 145 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 14FTE comprising of 1FTE Head of Internal Audit & Counter Fraud, 2FTE Audit Team Leaders, 5.78FTE Internal Auditors (0.22FTE Currently vacant), 1 FTE Counter Fraud Team Leader, 1.86FTE Counter Fraud Officers (0.14FTE currently vacant), 1FTE Counter Fraud Intelligence Analyst and 1FTE Counter Fraud Assistant. All available chargeable days for 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 chargeable resource available for 2021-22 for Gravesham is 654 days; of this, 348 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. 2021-22 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 assurance work focusing on the council's core governance and finance arrangements and corporate / fraud risks, proactive counter fraud work, responsive investigation work and consultancy services as defined in the Audit & Counter Fraud Charter, as well as time to provide the Single Point of Contact (SPOC) role for the DWP Fraud and Error Service for their investigation of Housing Benefits administered by the council. The work planned is presented below, with each individual item categorised as priority 1, 2 or 3 to assist in the prioritisation of work.

Core governance and financial systems assurance work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
1	Governance Framework	Review of arrangements to prepare the Annual Governance Statement (AGS).	8	Q2	1
2	Constitution maintenance	Review of arrangements to maintain the council's Constitution and ensure that it reflects current working practices	12	Q1	1
3	Risk management compliance	Review of arrangements to identify and manage operational risks, and escalation to the corporate risk register	10	Q1	1
4	Performance management framework & reporting	Review of the council's arrangements to monitor & report on corporate performance.	15	Q1	1
5	Bank Reconciliation	Review of arrangements to reconcile the councils bank accounts	10	Q3	1
6	Project management - M365	Post Implementation review of controls for the rollout of M365. To be completed in partnership with the Coprorate Change Team.	15	Q3	2
7	Income collection	Review of arrangements to monitor and manage the income collection methods used across the council.	15	Q3	1
8	Housing benefit & CTR appeals	Review of arrangements to process HB/CTR appeals in a timely manner.	15	Q2	1
9	Council Tax Discounts, Disregards & Exemptions	Review of arrangements to appropriately calculate and apply Council Tax discounts, disregards & exemptions to eligible accounts	10	Q2	1
10	Housing rent administration and collection	Review of arrangements for the collection and administration of housing rents.	15	Q4	1
11	VAT	Review of arrangements to identify calculate and reclaim appropriate VAT.	10	Q2	1
12	Financial planning	Review of the arrangements to maintain the council's Medium Term Financial Plan.	10	Q3	1
		Total	145		

Corporate risks assurance work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
13	Planning applications (inc validations and decisions)	Review of arrangements to manage planning applications.	15	Q3	1
14	Business Continuity Planning	Review of arrangements to ensure the effectiveness of the council's business continuity arrangements.	15	Q4	1
15	Garden waste collection service	Review of arrangements to administer the garden waste collection service, including the collection of income.	10	Q1	1
16	Temporary Accommodation	Review of arrangements for the provision of temporary accommodation.	15	Q1	1
17	Leaseholder Management	Review of arrangements to calculating and administering leaseholder service charges.	10	Q1	2
18	Housing Allocations	Review of arrangements to manage the application process for social housing.	15	Q4	1
19	HRA Building Compliance	Review of arrangements to ensure the council meets its duties as a Landlord and has adequate measures in place to address new risks identified in Central Government White Papers.	15	Q2	1
20	Council housing disabled adaptations	Review of arrangements to manage delivery of adaptations to council housing.	15	Q4	2
21	GDPR	Review of arrangements to implement the GDPR action plan in accordance with set timescales.	15	Q4	1
22	Corporate Complaints	Review of arrangements to manage corporate complaints	15	Q3	2
23	Refuse Collection	Review of arrangements to ensure all new properties are captured for service delivery and that suitable arrangements are in place to ensure disposal of increased volumes of refuse	15	Q3	1
24	Accessibility Regulations	Review of arrangements to ensure compliance with the Accessibility Regulations	15	Q2	3
25	Finalisation of 2020-21 planned work	Allowance to finalise work from the 2020-21 plan not completed at 31 March 2021.	20	Q1	1
26	Responsive assurance work	Allowance to conduct responsive assurance work unknown at the time of planning.	13	Q1-Q4	2
		Total	203		

Follow up work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
27	Follow up of agreed recommendations	Allowance to monitor and report on the implementation of agreed recommendations.	10	Q1-Q4	1
		Total	10		

Consultancy work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
28	Attendance at Corporate Working Groups	Allowance for attendance at Corporate Working Groups	5	Q1-Q4	3
29	HR - EU Settlement Status	Allowance to review proposed process for identifying EU employees who require Settlement status	5	Q1	2
30	Responsive consultancy work	Allowance to conduct responsive consultancy work unknown at the time of planning, as directed by senior management and including the provision of advice & information.	12	Q1-Q4	3
		Total	22		

Counter fraud work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
Counter fraud activity:					
31	Responsive investigation work	Allowance to carry out investigations into referrals of suspected fraud or malpractice.	150	Q1-Q4	1
32	Counter fraud proactive work (inc external data matching such as NFI& KIN)	Allowance to carry out and evaluate pro-active data matching exercises to identify fraud and error.	42	Q1-Q4	1
33	Fraud awareness	Allowance to carry out activities to increase awareness among staff to the risk of fraud.	5	Q1-Q4	3
34	Liaison with the DWP	Allowance to provide the Single Point of Contact (SPOC) role for the DWP FES for their investigation of Housing Benefits administered by the council.	46	Q1-Q4	2

35	Responding to information requests	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-Q4	2
		Total	274		

Summary

Ref	Activity	Scope of work	Resources (days)	Timescale
	Core governance & Financial systems assurance work		145	Q1-Q4
	Corporate risks assurance work		203	Q1-Q4
	Follow up work		10	Q1-Q4
	Consultancy work		22	Q1-Q4
	Counter fraud work		274	Q1-Q4
		Total	654	

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.

Cyclical programme of core financial and governance activities

Activity	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Governance arrangements						
Governance framework	1		1		1	
IT Governance			1			1
Constitution & policy maintenance				1		
Corporate & business planning		1				1
Risk management framework, compliance & reporting	1			1		
Performance management framework, data quality, compliance & reporting	1		1		1	
Partnership framework & shared working arrangements		1			1	
Project & change management	1			1		
Ethics		1		1		1
Financial systems						
General ledger & bank reconciliation	1			1		
Treasury management		1			1	
Debtors, write offs & bad debt provision		1		1		1
Creditors, purchase cards & petty cash		1		1		1
Income collection	1		1		1	
Housing Benefit & Council Tax reduction	1		1		1	

Activity	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27
Council Tax administration, collection & recovery	1		1		1	
NNDR administration, collection & recovery		1		1		1
Payroll establishment, payments & deductions		1		1		1
Housing rent administration, collection & recovery	1		1		1	
VAT	1			1		
Asset management		1			1	
Insurances		1			1	
Financial statements preparation		1				1
Financial Planning, Budget Setting & Build, Monitoring		1		1		1
Capital accounting			1			1
Grant payments		1				1