



Shared Service:

Audit & Counter Fraud

Shared service commenced:

December 2015

Author:

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Review Date: July 2021

Overview of the shared service arrangement:

A summary of the structure of the shared service and the services provided. Include any details of changes that have taken place with regards to the shared service in the past 12 months.

The Audit & Counter Fraud Shared Service was established in December 2015, with a Shared Service Agreement setting out the basis for splitting the available resources between the two councils as approximately 64% for Medway and 36% for Gravesham.

The main driver behind this arrangement was to respond to cuts in government funding associated with the creation of the Single Fraud Investigation Service (SFIS) within the Department for Work and Pensions (DWP) and ensure that there was resource available to meet the requirements of the associated SLA's for local authorities to provide housing benefit related information to SFIS officers investigating housing benefit claims.

These objectives were achieved with the creation of the service delivering savings to both Medway and Gravesham in excess of the funding cuts and the service continually exceeding the minimum requirements under the SLA's.

At the start of 2020-21 the shared service was made up of the Head of Internal Audit & Counter Fraud, three Audit & Counter Fraud Team Leaders, eight Audit & Counter Fraud Officers (7.64FTE), one Audit & Counter Fraud Intelligence Analyst and one Audit & Counter Fraud Assistant.

Since inception, the service has had an establishment of 14 officers, who were in multi-disciplinary roles. During the first three years of the shared service, it became apparent that officers were experiencing difficulties trying to manage both audit and investigation

activity, due to the conflicting priorities and deadlines and the difference in the skillsets required for each role.

In 2019-20, officers were trialled in designated roles, as either Internal Auditors or Counter Fraud Officers, to establish whether this would lead to an improvement in service delivery and resulted in targets being met for internal audit activity and the highest levels of fraud savings for both councils since the creation of the shared service.

Following this trial, it was decided to make the designated roles permanent and following a delay caused by the Covid 19 pandemic, officers moved into these roles with effect from 01 April 2021.

The retirement of the Team's Counter Fraud Assistant in April 2021 also gave the opportunity to look at the structure of the service to determine whether the role was still the most suitable for the work being undertaken. It was determined that it would be more beneficial for the service to have a second Intelligence Analyst, which would increase the resource available for direct counter fraud activity while still being able to maintain the SPOC function for DWP.

These changes mean that at the time of conducting the review, the service is made up of the Head of Internal Audit & Counter Fraud, two Internal Audit Team Leaders, six Internal Auditors (5.78FTE), one Counter Fraud Team Leader, two Counter Fraud Officers, and two Counter Fraud Intelligence Analysts (one post currently vacant).

Progress against objectives:

	Objective	Update
1	Deliver the statutory internal audit function	During 2020-21 the teams operated to revised workplans to reflect the prioritisation of resources to essential services and the response to the Covid 19 pandemic at each authority. For part of the year, audit resources were deployed to emergency planning/assurance and control activity. The level of assurance work delivered to each authority was maintained to a sufficient level to enable the Head of Internal Audit & Counter Fraud, in their role of Chief Audit Executive to provide, an opinion on the control environment of each authority as required at the end of the financial year.

2	Deliver an effective counter fraud and investigation service.	Ongoing national restrictions and redeployment of staff had significant impact on counter fraud activity during the year but we were still able to deliver a partial service that delivered savings, which are detailed later in this document.
3	Provide a Single Point of Contact (SPOC) for the Department for Works and Pensions (DWP) for their investigation of Housing Benefit Fraud	DWP fraud investigation has been extremely limited during the last twelve months but excellent service has been maintained where required.
4	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)	The cost of the service has increased year on year due to national salary increases but analysis shows that this still delivers a saving against the previous services when applying those same increases to the 2015-16 baseline budgets as a comparison.
5	Provide increased resilience and flexibility to meet the needs of both councils.	Although the officers have returned to designated roles, the flexibility to meet the needs of both councils has been demonstrated throughout the pandemic with officers from both audit and counter fraud supporting other critical services across both councils as and when required.

Key Performance Measures:

		Target 2020/21	Outturn 2020-21
1	Proportion of agreed assurance assignments delivered (plan completion)	95%	Gravesham 95% Medway 82%*
2	Proportion of recommended actions agreed by client management	90%	Gravesham 100% Medway 100%

3	Proportion of recommended actions implemented by agreed date	N/A (outside of service control)	Gravesham 74% Medway 86%
4	Value of fraud losses identified	N/A	Gravesham £358,935 Medway £245,115

*Decisions made in year by Medway's Corporate Management Team to redirect further resource to assist with Alternative Restrictions Grant applications were made in the knowledge that this would impact on the service's ability to meet plan delivery targets.

Update against recommendations identified in previous year review:

	Objective	Update
1	Officers to return to designated roles as part of a multi-disciplinary service rather than multi-disciplinary officers	All staff moved into designated roles with effect from 01 April 2021.
2	Invest in additional resource in the form of a second intelligence Analyst (fixed term contract) to deal with the increased data matching.	The retirement of the counter fraud assistant enabled a minor restructure of the service, which resulted in the post being replaced by a second Intelligence Analyst. We were able to do this without increasing the budget and are comfortable that the former assistant duties can be shared between the two analysts.

Recommendations/Service Improvements for the coming year:

1	Review and reset service objectives as current objectives three and four are no longer relevant.
2	Review what determines the effectiveness of the counter fraud function to establish a basis for better assessment against the objective.
3	Analysis of the benefits being brought to the service by investment in professional training.
4	Review performance data to establish whether the introduction of an additional Counter Fraud Intelligence Analyst has led to service improvements