

Classification: Public

Key Decision: No

Gravesham Borough Council

Report to: Finance & Audit Committee

Date: 14 February 2022

Reporting officer: James Larkin, Head of Audit & Counter Fraud Shared Service (Chief Audit Executive)

Subject: Internal Audit & Counter Fraud Strategy 2020-24 – Review of progress 2021-22

Purpose and summary of report:

This report provides an update on progress against the Audit & Counter Fraud Strategy 2020-2024 made by the team during 2021-22 to date.

Recommendations:

1. Members approve the changes to the strategy that have been outlined in Appendix 3 as part of the 2021 refresh.

Key Implications:	
Item	Implications
Legal	The Accounts & Audit Regulations 2015 require local authorities to: undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. The Section 151 Officer of a local authority is responsible for establishing the internal audit service; Gravesham Borough Council has delegated this responsibility to the Section 151 Officer of Medway Council to deliver internal audit services through the Shared Service to both authorities. The Public Sector Internal Audit Standards are supported by CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards.
Finance and Value for Money	Adequate and effective Internal Audit & Counter Fraud functions provide the council with assurance on the proper, economic, efficient and effective use of council resources in delivery of services, as well as helping to identify fraud and error that could have an adverse effect on the financial statements of the council.
Corporate Plan	The work of the Internal Audit & Counter Fraud supports the council in achieving all of its objectives set out in the Corporate Plan but is particularly relevant to Objective #3 Progress.
Climate Change	There are no climate change implications to this report.

1. Introduction

- 1.1 The Finance & Audit Committee approved the Audit & Counter Fraud Strategy 2020-2024 on 10 March 2020. The Strategy was prepared to set out a clear vision and set of objectives for the development of the Shared Service. The Strategy reflects that the formation of the Internal Audit & Counter Fraud Shared Service with Medway was not solely driven by the requirement to reduce costs, but also aspired to deliver increased resilience, flexibility and efficiency and ultimately improve the services received by both authorities through shared learning and investment in staff.

2. Review of progress against the Internal Audit & Counter Fraud Strategy 2020-2024

- 2.1 The Strategy sets out three strategic objectives:
 - Aligned priorities: Ensuring the team's work is focussed on the areas of most importance to the organisation, ensuring the results of our work are balanced, pragmatic and emphasise positive findings alongside areas for improvement, and ensuring our performance measurement arrangements are focussed on those areas most valued by the organisation,
 - Effective staff: Developing the team into a flexible and resilient service, providing development opportunities and supporting professional and skills training to ensure staff are motivated and productive.
 - Positive impact: Building strong, positive working relationships with officers and Members, raising the profile of the service so the team's skills and resources are used to support the organisation in key projects, producing high quality reports promptly following our work to maximise the positive impact of the work we do and exploring opportunities for further development and expansion.
- 2.2 A review has been conducted and progress against the strategic objectives outlined above are detailed in Appendix 2.
- 2.3 As part of the annual review, the strategy has also been refreshed to take into account the way the Internal Audit and Counter Fraud activities are now delivered following the change from multi-disciplinary working to designated roles. The refreshed strategy can be found at Appendix 3.
- 2.4 The 2021 refresh has resulted in significant changes to the introduction to the strategy to make the roles of each team and the activities they will deliver much clearer. Our mission statement has also been updated to incorporate the aims of the counter fraud activity as well as that of internal audit.
- 2.5 There has been no change to the strategic objectives, however, the fourth statement under the objective 'Positive Impact' has been updated to add more clarity around the partnership working that may be undertaken.

3. Appendices

- 3.1 The following documents are to be published with the report:
- 3.2 Appendix 2: Internal Audit & Counter Fraud Strategy 2020-24 - Progress Review December 2021.
- 3.3 Appendix 3: Internal Audit & Counter Fraud Strategy 2020-24 (2021 Refresh)

4. Background Documents

4.1 There are no background documents.

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Secondary Implications	
Risk Assessment	The Public Sector Internal Audit 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 Internal Audit & Counter Fraud Strategy is intended to ensure that the service continues to develop in line with the aspirations of those charged with governance at Gravesham Borough Council and Medway Council.
Data Protection Impact Assessment	<i>A data protection impact assessment (DPIA) should be carried out at the start of any major project involving the use of personal data or if you are making a significant change to an existing process.</i>
	a. Does the project/change being recommended through this paper involve the processing of personal data or special category data or criminal offence data ? A definition of each type of data can be found on the Information Commissioner's Office website via the above links. No
	b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A
	c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at gdpr@medway.gov.uk . N/A
Equality Impact Assessment	a. Does the decision being made or recommended through this paper have potential to cause adverse impact or discriminate against different groups in the community? If yes, please explain answer. No
	b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. No
	<i>In submitting this report, the Chief Officer doing so is confirming that they have given due regard to the equality impacts of the decision being considered, as noted in the table above</i>
Crime and Disorder	The Internal Audit Team & Counter Fraud Service provides an independent and objective opinion to the organisation on the control environment, by evaluating its effectiveness in achieving the organisations' objectives. The work of the team combined with a sound internal control environment has a positive contribution to community safety in its broadest sense. The counter fraud arrangements of the council acknowledge that the council can be exposed to fraud and are intended to, as far as possible, prevent fraud occurring and pursue criminal action if needed when fraud is detected. Working with partners to combat crime and disorder has a positive contribution to community safety in its broadest sense.
Digital and website implications	There are no digital/website implications to this report.
Safeguarding children and vulnerable adults	There are no direct safeguarding implications to this report.