

**Classification:** Public

**Key Decision:** No

## Gravesham Borough Council

**Report to:** Performance & Administration Cabinet Committee

**Date:** 21 September 2022

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

**Subject:** Annual review of the Internal Audit & Counter Fraud Shared Service

### Purpose and summary of report:

To provide Members of the Performance & Administration Committee with a copy of the annual review that has been conducted in respect of the Internal Audit & Counter Fraud shared service with Medway Council.

### Recommendations:

1. None - this paper is for information purposes only.

<b>Key Implications:</b>	
<b>Item</b>	<b>Implications</b>
<b>Legal</b>	<p>The Accounts &amp; Audit Regulations 2011 require a relevant body to “undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control.” Proper practice has been defined as that contained within the Public Sector Internal Audit Standards and the CIPFA Local Government Application Note to the Public Sector Internal Audit Standards.</p> <p>The Local Government Act 1972 provides the Council with the ability to investigate and prosecute offences committed against them.</p> <p>Section 151 of the Local Government Act 1972 requires the council to “make arrangements for the proper administration of their financial affairs”.</p> <p>Finally, the shared service arrangement has been established with due regard to Section 113 of the Local Government Act 1972, which allows a local authority to place any of its officers, who consent to the arrangement, at the disposal of another local authority on such terms as may be agreed between the parties.</p>
<b>Finance and Value for Money</b>	<p>In respect of the 2022-23 financial year, the payment to Medway Council for the provision of Internal Audit and Counter Fraud services is budgeted as £214,670.</p> <p>Had the council not entered into the shared working arrangements, the projected costs of the original in-house teams would now be £303,280.</p>

<b>Corporate Plan</b>	The work of the Audit & Counter Fraud team contributes to the overall internal control and governance arrangements of the council, therefore supporting all of the objectives set out within the Corporate Plan. Specifically, the delivery of a shared service contributes to objective #3 – Progress.
<b>Climate Change</b>	There are no direct climate change implications to this report.

## 1. Introduction

- 1.1 Since December 2015, the council has had in place a shared service with Medway Council for the delivery of the Internal Audit & Counter Fraud service. This involved the transfer of all Gravesham Borough Council (GBC) staff who were employed within Internal Audit and Fraud at GBC to Medway Council.
- 1.2 The creation of the Internal Audit & Counter Fraud Shared Service was driven by changes to the delivery of fraud services brought about by the introduction of the Single Fraud Investigation Service (SFIS) and has been operational for just over six years (at the time of the review).
- 1.3 There have been changes to the structure of the service since its creation; the most recent being in January 2021, to move from multi-disciplinary roles to dedicated internal audit and counter fraud teams within the service.

## 2. Internal Audit & Counter Fraud Annual Report 2021-22

- 2.1 As per the council's *Working in Partnership Framework* (which was adopted by Council on 22 June 2021), the annual review of the Internal Audit & Counter Fraud arrangement was undertaken in July/August 2022 and reported to the Gravesham Borough Council Management Team accordingly.
- 2.2 A copy of the final review document is attached at appendix two for Member perusal.

## 3. Appendices

- 3.1 The following documents are to be published with the report:
- 3.2 Appendix 2: Internal Audit & Counter Fraud Annual Review

## 4. Background Documents

- 4.1 Background papers pertaining to this report are as follows:
  - “*Proposed development of a fully shared Internal Audit and Fraud Service with Medway Council*” – report to Cabinet – 07 September 2015
  - “*Working in Partnership Framework – June 2021*” – report to Full Council – 22 June 2021
- 4.2 Anyone wishing to inspect background papers should, in the first place, be directed to Committee & Electoral Services who will make the necessary arrangements.

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<b>Secondary Implications</b>	
<b>Risk Assessment</b>	The risks associated with this arrangement are considered to be 'low' at this time. The annual review and the annual performance reports has shown that the service is meeting and in some cases, exceeding its objectives.
<b>Data Protection Impact Assessment</b>	<p><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></p> <p>a. Does the project/change being recommended through this paper involve the processing of <a href="#">personal data</a> or <a href="#">special category data</a> or <a href="#">criminal offence data</a>? A definition of each type of data can be found on the Information Commissioner's Office website via the above links. No</p> <p>b. If yes to question a, have you completed and attached a DPIA including Data Protection Officer advice? N/A</p> <p>c. If no to question b, please seek advice from your nominated DPIA assessor or the Information Governance Team at <a href="mailto:gdpr@medway.gov.uk">gdpr@medway.gov.uk</a>. N/A</p>
<b>Equality Impact Assessment</b>	<p>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</p> <p>b. Does the decision being made or recommended through this paper make a positive contribution to promoting equality? If yes, please explain answer. No</p> <p><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></p>
<b>Crime and Disorder</b>	<p>Internal Audit 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 Internal Audit combined with a sound internal control environment has a positive contribution to community safety in its broadest sense.</p> <p>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.</p>
<b>Digital and website implications</b>	There are no digital or website implications resulting from this report.
<b>Safeguarding children and vulnerable adults</b>	There are no direct safeguarding implications to this report.