

AUDIT COMMITTEE

22 MARCH 2016

AUDIT & COUNTER FRAUD STRATEGY 2016-2020

Report from: Katey Arrowsmith, Head of Audit & Counter Fraud
Audit & Counter Fraud (Chief Audit Executive)

Summary

This report presents the Audit & Counter Fraud Strategy 2016-2020 for Members approval.

1. Budget and Policy Framework

- 1.1. Council delegates responsibility for the oversight and monitoring of internal audit and counter fraud to the Audit Committee.

2. Background

- 2.1. From 1 March 2016 the previously distinct internal audit and investigations teams will be delivered by the Audit & Counter Fraud Shared Service with Medway Council. There is no formal requirement for local authorities to prepare a strategy for Audit & Counter Fraud. One Strategy has been prepared to covers the performance and development of the team as a whole and is therefore not specific to each council.

3. Audit & Counter Fraud Strategy 2016-2020 preparation & review

- 3.1. The formation of the Audit & Counter Fraud Shared Service with Gravesham 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.
- 3.2. This Strategy has been prepared to set out a clear vision and set of objectives for the development of the Shared Service over its first four years. It will be presented to Members at both authorities to ensure the development of the service is in line with the aspirations those charged with governance.
- 3.3. The Strategy will be kept under review, with progress against the objectives reported through the quarterly and annual reports of the service as appropriate.

4. Risk management

- 4.1. 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.*
- 4.2. The Audit & Counter Fraud Strategy is intended to ensure that the service is developed in line with the aspirations of those charged with governance at Medway Council and Gravesham Borough Council.

5. Financial implications

- 5.1. An adequate and effective Audit & Counter Fraud function provides the council with assurance on the proper, economic, efficient and effective use of 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.

6. Legal implications

- 6.1. 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.

7. Recommendations

- 7.1. Members approve the Strategy presented at Appendix A.

Lead officer contact

Katey Arrowsmith, Head of Audit and Counter Fraud Shared Service
katey.arrowsmith@medway.gov.uk

Appendices

Appendix A – Audit & Counter Fraud Shared Service Strategy 2016-2020.

Background papers

None