
Audit & Counter Fraud Plan 2016-17

Medway 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 201 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.

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 Council Plan 2016-2021,
- Review of the council's key risks as set out in the Corporate Risk Register,
- Review of the council's budget book,
- The results of previous internal audit work and the work of other assurance providers 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.

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.

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. This programme can be found at Appendix A to this Plan. The 2016-17 Audit & Counter Fraud Plan includes an allowance of 90 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, consisting of two FTE Audit & Counter Fraud Team Leaders, nine FTE Audit & Counter Fraud Officers and one Audit & Counter Fraud Assistant. All productive days of these staff are allocated on the plan; resources spent on strategic leadership and management provided by the Head of Audit & Counter Fraud, Audit & Counter Fraud Manager and the Audit & Counter Fraud Team Leaders are not allocated on the plan.

The total productive resource available for 2016-17 for Medway is 1,195 days; of this 605 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. 2016-17 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 Medway during the financial year. The plan includes work focusing on the council's core finance and governance arrangements, operational assurance work, proactive counter fraud work, responsive investigations and consultancy services. The work planned is presented against the framework of the council's corporate risk register to reflect how the service will provide assurance over the highest areas of risk to the council. The assurance work included on the plan is presented in priority order, based on the results of the risk assessment and in conjunction with senior management.

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.

Core governance and financial systems assurance work

Ref	Activity	Scope of work	Resources (days)	Timescale
1	Corporate governance	Review of the council's Annual Governance Statement	15	Q1
2	Risk management framework	Review of compliance with the council's risk management framework for operational risk	15	Q2
3	Purchase ledger	Review of arrangements to pay creditors	15	Q2
4	Council tax	Review of arrangements to administer council tax discounts, disregards and exemptions	15	Q2
5	Asset management	Review of arrangements to manage and account for the council's assets	10	Q2
6	Housing rents	Review of the management of housing rent arrears with specific focus on the impact of welfare reform	15	Q2
7	Project management	Review of arrangements to support and manage council projects	15	Q3
8	Treasury management	Review of treasury activities and compliance with the CIPFA Code of Practice and council strategy/policy	15	Q3
9	Income collection	Review of arrangements to collect income via the website	15	Q3
10	Payroll	Review of arrangements to calculate and pay staff salaries	15	Q3
11	Grant payments to voluntary organisations	Review of arrangements to award and pay grants to voluntary organisations	10	Q4
		Total	155	

Corporate risks assurance work

Finances

Ref	Activity	Scope of work	Resources (days)	Timescale
12	Human Resources self service	Review of arrangements to ensure controls remain in place where functions are decentralized	20	Q1
13	Medway Norse	Review of governance arrangements to manage the joint venture with Medway Norse	15	Q2
14	Homelessness	Review of arrangements to assess eligibility and securing appropriate temporary accommodation	20	Q3
15	Customer contact – financial assessments	Review of arrangements to deliver financial assessments through Customer Contact	15	Q4
		Total	70	

Children’s social care

Ref	Activity	Scope of work	Resources (days)	Timescale
16	Fostering – payments to carers	Review of arrangements to make payments to foster carers	20	Q1
17	Adoption & fostering – expenses claims and other related expenditure	Review of arrangements to process expenses claims and other payments relating to adoption and fostering	15	Q2
		Total	35	

Keeping vulnerable young people safe and on-track

Ref	Activity	Scope of work	Resources (days)	Timescale
18	Child sexual exploitation	Review of arrangements to tackle child sexual exploitation	15	Q3
		Total	15	

Adult social care transformation

Ref	Activity	Scope of work	Resources (days)	Timescale
19	Adult social care – assessments & reviews of financial support	Review of arrangements to conduct initial assessments and regular reviews of adult social financial support	20	Q3
20	Advocacy	Review of arrangements to provide Advocacy services in line with the Care Act 2014	15	Q3
21	Safeguarding adults	Review of corporate arrangements to safeguard vulnerable adults	20	Q4
		Total	55	

Government changes to local authority responsibility for schools

Ref	Activity	Scope of work	Resources (days)	Timescale
22	Allowance for schools work	Including site reviews and/or thematic review to be based on an assessment of risk	65	Q1-Q4
		Total	65	

Delivering regeneration

Ref	Activity	Scope of work	Resources (days)	Timescale
23	Regeneration	Review of arrangements to deliver regeneration projects	15	Q1
24	Heritage assets – maintenance & preservation	Review of arrangements to ensure heritage assets are maintained and preserved in line with English Heritage guidelines	15	Q1
25	Tourism	Review of the council's arrangements to promote tourism in Medway	15	Q4
		Total	45	

Procurement & tendering

Ref	Activity	Scope of work	Resources (days)	Timescale
26	Procurement	Quarterly checks on compliance with Public Contracts Regulations 2015 & council Contract Procedure rules	35	Q1-Q4
27	Waste management – refuse collection & recycling	Review of arrangements in place to manage the council’s waste management & recycling project	15	Q4
		Total	50	

Business continuity & emergency planning

Ref	Activity	Scope of work	Resources (days)	Timescale
28	Emergency planning	Review of the council’s arrangements to respond to emergencies in Medway	15	Q4
		Total	15	

Data & information

Ref	Activity	Scope of work	Resources (days)	Timescale
29	Information requests	Review of arrangements to monitor and respond to requests made under Freedom of Information Act, Environmental Information Regulations and Subject Access Requests.	15	Q2
30	Cyber security	Review of the council’s arrangements to ensure password security & user access control	15	Q4
		Total	30	

Follow up work

Ref	Activity	Scope of work	Resources (days)	Timescale
31	Allowance for full follow up reviews where original audit opinion was unfavourable		30	Q1-Q4
32	Follow up of agreed recommendations		10	Q1-Q4
		Total	40	

Consultancy work

Ref	Activity	Scope of work	Resources (days)	Timescale
33	Allowance for consultancy services as directed by senior management		60	Q1-Q4
34	Project groups assurance role			Q1-Q4
35	Attendance at corporate boards/groups			Q1-Q4
36	Provision of advice & information		15	Q1-Q4
		Total	75	

Counter fraud work

Ref	Activity	Scope of work	Resources (days)	Timescale
	Counter fraud assurance work:			
37	Right to Buy	Fraud focused review of the arrangements to manage the Right to Buy process	15	Q1
38	No recourse to public funds	Fraud focused review of arrangements to prevent access to council finances to those with no recourse to public funds	20	Q2
39	Disabled parking	Fraud focused review of arrangements to manage Blue Badges	15	Q4
	Counter fraud proactive work:			
40	Action plan for each stream of Fighting Fraud Locally Strategy: Housing Tenancy fraud, Council Tax fraud, Procurement fraud, Grant fraud, Employee fraud, Schools, Personal budgets.	Allowance to work with management to produce and deliver action plans to reduce the risk of fraud through the gateways identified in the government's Fighting Fraud Locally strategy.	55	Q1-Q4
41	Data matching exercises, including National Fraud Initiative and Kent Intelligence Network	Allowance to carry out data matching exercised to identify fraud and error	50	Q1-Q4
42	Fraud awareness	Allowance to carry out activities to increase awareness among staff to the risk of fraud	10	Q1-Q4
43	Responsive investigations work	Allowance to carry out investigations into referrals of suspected fraud or malpractice	260	Q1-Q4
44	Liaison with the Department for Work & Pensions Fraud & Error Service	Allowance to provide the Single Point of Contact (SPOC) role for the DWP FES for their investigation of Housing Benefits administered by the council	120	Q1-Q4
		Total	545	

Summary

Ref	Activity	Resources (days)	Timescale
	Core governance & financial systems assurance work	155	Q1-Q4
	Corporate risks assurance work (including counter fraud assurance work)	430	Q1-Q4
	Follow up work	40	Q1-Q4
	Counter fraud work	495	Q1-Q4
	Consultancy work	75	Q1-Q4
		Total	1195

Cyclical programme of core financial and governance activities

Activity	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Governance arrangements								
Governance framework	1		1		1		1	
Constitution & policy maintenance		1				1		
Corporate & business planning			1				1	
Risk management framework, compliance & reporting	1	1	1	1	1	1	1	1
Performance management framework, compliance & reporting		1	1		1	1		1
Data quality		1			1			1
Partnership working				1			1	
Shared services			1			1		
Project & change management	1		1			1		
Financial systems								
General ledger & bank reconciliation		1			1			1
Treasury management	1			1			1	
Debtors, write offs & bad debt provision		1			1			1
Creditors, purchase cards & petty cash	1		1		1		1	

Activity	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Income collection	1		1		1		1	
Housing Benefit & Council Tax reduction		1		1		1		1
Council Tax administration, collection & recovery	1		1		1		1	
NNDR administration, collection & recovery		1		1		1		1
Payroll establishment, payments & deductions	1		1		1		1	
Housing rent administration, collection & recovery	1		1		1		1	
VAT			1			1		
Asset management	1			1			1	
Insurances			1			1		
Financial statements preparation			1				1	
Budget monitoring			1			1		
Financial planning		1						
Capital accounting		1			1			1
Grant payments	1			1			1	