
Audit & Counter Fraud Quality Assurance & Improvement Programme 2016-17

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I. Introduction

The Audit & Counter Fraud Shared Service Charter sets out that the delivery of internal audit services will be in line with the Public Sector Internal Audit Standards (the Standards), with the delivery of counter-fraud and investigation services in line with relevant legislation and best practice. The Standards require the Service to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of the internal audit activity: A QAIP is designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The Standards require the QAIP to include both internal and external assessments.

This QAIP is intended to cover the Audit & Counter Fraud Shared Service for both the delivery of internal audit and counter fraud work wherever appropriate and to drive continuous improvement in the delivery of the service as a whole. For the purposes of the Public Sector Internal Audit Standards (PSIAS) the board is defined as the Audit Committee for Medway Council and the Finance & Audit Committee for Gravesham Borough Council. Senior Management is defined as the Corporate Management Team for Medway Council and the Management Team for Gravesham Borough Council.

II. Supervision & quality management

The Audit & Counter Fraud Service is structured to ensure that all officers are appropriately supervised and supported to deliver their work. Robust quality control arrangements are built into every stage of the process of planning and conducting audit and counter fraud work to ensure that the service delivers consistent and high quality outputs to both authorities:

- The Audit & Counter Fraud Shared Service works to an agreed process, developed in consultation with officers that includes the best elements from the previously separate teams. This process is delivered through standard template documents and will be supported by a procedure manual, to be prepared in 2016-17. The process, templates and manual will all be subject to periodic review.
- Routine supervision checks and one to ones are in place to support officers in the planning and delivery of all work. The 'matrix' structure of the service ensures that officers working at either site have a member of Audit & Counter Fraud management team on hand to provide ad-hoc support and supervision.
- Quality control arrangements are in place for the supervising officer to review and sign off the Terms of Reference of each piece prior to issue to the client, and for agreement of the programme of work to be completed in advance of the fieldwork beginning.
- Following the completion of each audit or counter-fraud review, the officer conducting the review will carry out a self-assessment against the Standards based on a checklist developed for this purpose.
- Each completed audit or counter-fraud review has a detailed quality control review conducted by the senior officer responsible for supervising the review. This review seeks to confirm that:
 - The objectives and scope of the review have been met,
 - The right risks and controls (including those absent) have been identified,
 - Audit testing methodologies and samples are sufficient to reach reasonable conclusions,
 - Sufficient evidence has been collated to support the conclusions drawn, and conclusions drawn are soundly based,

- Recommendations made are practical and address the weaknesses identified,
 - No independence issues have arisen from the work carried out,
 - Work completed is in compliance with the Standards,
 - Agreed review budgets and timescales have been met.
- All final reports will be reviewed by the Audit & Counter Fraud Manager or the Head of Audit & Counter Fraud prior to issue to the client.
 - Ten percent of all audit and counter fraud reviews completed will be subject to an additional quality control review by a member of the Audit & Counter Fraud management team, independent of the conduct of the initial quality review conducted. This review ensures consistency among the reviewers and these checks may be directed to the most complex or potentially contentious areas of work.

III. Internal assessments

On an annual basis, the Audit & Counter Fraud management team will conduct a self-assessment of the compliance of the service with the Chartered Institute of Internal Audit (CIIA) definition of internal auditing, code of ethics and the Standards. Any areas of non-compliance will be identified and a plan for addressing these will be implemented.

Results of the Internal Assessment will be shared with the wider Audit & Counter Fraud Team and reported to senior management and the Audit Committees of both authorities.

IV. External assessments

The Standards require an external assessment to be carried out at least once every five years by a qualified assessor or assessment team from outside the organisation. This assessor should be independent to avoid any conflict of interest. The scope of this assessment will be agreed with the Section 151 Officers of both authorities as sponsors of the Shared Service.

The Chartered Institute for Internal Auditors (CIIA) have developed a QAIP Procedure and Evaluation document that will be used in advance of the external assessment to prepare the management team for the assessment process and results.

The Audit & Counter Fraud Shared Service proposes to schedule its first external assessment in the financial year 2017-18 to enable the service to establish and refine working practices and procedures in advance. The approach, including who will conduct this external assessment, will be agreed by the Head of Audit & Counter Fraud, S151 Officers and Audit Committees of both authorities.

V. Performance measurement & monitoring

The Audit & Counter Fraud Shared Service has arrangements in place to capture performance data across the delivery of all aspects of work. Performance measurement will be based on the balanced scorecard approach to ensure all aspects of the team's activities are monitored and reported appropriately, covering four perspectives:

- Financial – measuring the cost of the service,
- Internal process – measuring how the service is delivered,
- Learning & growth – measuring how the service supports and develops staff,
- Customer – measuring customer engagement & satisfaction.

The service will measure, monitor and report against the performance indicators set out in the table on page 6.

It is not appropriate to set targets for some indicators listed as the returns against these will be for information only and the service has no or limited control over the results, for instance the number of fraud referrals received by the team.

Since the shared service is in its infancy, the table at page 6 sets out the aspirations of the team in terms of performance measurement and monitoring. The 2016-17 financial year will be spent developing the arrangements to deliver our service, and to collect and report on performance data. As such the indicators themselves, method of calculation, target and frequency of measurement/reporting are all subject to revision; any amendments will be subject to the agreement of senior management and the Audit Committees of both authorities.

Ref	Indicator	Target	Frequency
Financial			
PM1	Total cost of the Audit & Counter Fraud Service compared to the 2015-16 baseline year budgets	N/A	Annual
PM2	Average cost per assurance review	TBC	Annual
PM3	Cost per A&CF day	TBC	Quarterly
PM4	Value of fraud losses identified, by fraud type (cashable & non-cashable)	N/A	Quarterly
Internal process			
PM5	Compliance with PSIAS	100%	Annual
PM6	Proportion of available resources spent on productive work	90%	Annual
PM7	Proportion of productive time spent on assurance work	75-85%	Annual
PM8	Proportion of productive time spent on consultancy work	15-25%	Annual
PM9	Investigator average caseload	TBC	Annual
PM10	Proportion of agreed plan delivered	95%	Quarterly
PM11	Proportion of assignments completed within allocated day budget	90%	Quarterly
PM12	Proportion of recommended actions agreed by client management	90%	Quarterly
PM13	Proportion of recommended actions implemented by agreed date	95%	Quarterly
PM14	Number of recommendations agreed that are: not yet due, implemented, outstanding.	N/A	Quarterly
PM15	Number of referrals received	N/A	Quarterly
PM16	Number of investigations closed	N/A	Quarterly
Learning & growth			
PM17	Proportion of staff with relevant professional qualification	25%	Annual
PM18	Proportion of non-qualified staff undertaking professional qualification training	25%	Annual
PM19	Time spent on CPD/non-professional qualification training, learning & development	TBC	Annual
PM20	Staff turnover	N/A	Annual
PM21	Proportion of completed reviews subject to a second stage (senior management) quality control check in addition to the primary quality control review	10%	Quarterly
Customer			
PM22	Customer satisfaction with overall service	95%	Annual
PM23	Member satisfaction	Positive	Annual
PM24	Opinion of external audit	Positive	Annual
PM25	Customer satisfaction with individual review/assignment	95%	Quarterly

VI. Reporting

Quarterly update reports will be prepared and presented to senior management and the Audit Committees of both authorities, to provide details of the findings made by the team in delivering agreed work plans, and performance against the indicator suite according to the timescales set out in the table above.

An Annual Report will be prepared and presented to senior management and the Audit Committees of both authorities, to provide:

- A summary of how the team's resources have been used,
- A summary of the findings of the work of the service in the year,
- The opinion of the Head of Audit & Counter Fraud on the effectiveness of the overall control environment of each authority,
- A summary of the team's performance against the indicator suite outlined above.

This QAIP will be reviewed on an annual basis and presented to senior management and the Audit Committees of both authorities for approval.