

AUDIT COMMITTEE

29 SEPTEMBER 2016

AUDIT & COUNTER FRAUD UPDATE TO END AUGUST 2016

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

Summary

This report provides Members with an update on the work, outputs and performance of the Audit & Counter Fraud Team for the period 1 April to 31 August 2016.

1. Budget and Policy Framework

- 1.1 Council has delegated responsibility for the oversight and monitoring the effectiveness of the Audit & Counter Fraud Shared Service to the Audit Committee.

2. Background

- 2.1 The Public Sector Internal Audit Standards (the Standards) require that: *The chief audit executive must report periodically to senior management and the board on the internal audit activity's purpose, authority, responsibility and performance relative to its plan. Reporting must also include significant risk exposures and control issues, including fraud risks, governance issues and other matters needed or requested by senior management and the board.*

3. New update report format

- 3.1 As previously agreed with Members, the Audit & Counter Fraud Team will now be reporting on the results and performance of both audit and counter fraud work in combined update reports, where these were previously reported separately. This report is the first in the new format, and has been prepared taking into account of feedback from Members on the previous reporting.
- 3.2 It had initially been planned that the team would report on a quarterly basis, issuing separate reports on the results and performance of the team for each quarter of the financial year. Due to the scheduled Audit Committee dates and required reporting deadlines, this would have meant that the Committee would receive information:

- On Q1 (April to June) in September,
- On Q2 (July to September) in January,
- On Q3 (October to December) in March, and,
- On Q4 in June with an Annual Report.

3.3 This would mean that at the time of each report, the team would have completed work for the following quarter but that work would not be reported until some months later. As such it is proposed that the team will provide an update report to four meetings of the Audit Committee (September, January, March and June) but that those updates are not restricted to just the period covered by the relevant quarter; instead all work completed up to the reporting deadlines will be included to ensure the work of the team is reported to the Committee on a timely basis.

3.4 In addition to noting the results of the work of the team and its performance in the period, Members' views are sought on the format and content of the new report format.

4. Risk management

4.1. This report, summarising the work of the Audit & Counter Fraud team, provides a key source of assurance for the council on the adequacy and effectiveness of its internal control arrangements.

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 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.

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.

7. Recommendations

7.1. Members are requested to note the outputs and performance of the Audit & Counter Fraud Plan for Medway for the period 1 April to 31 August 2016 as detailed at Appendix 1.

Lead officer contact

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

Appendices

Appendix 1- Audit & Counter Fraud Update for Medway.

Background papers

None.