

Audit & Counter Fraud Shared Service  
Medway Council & Gravesham Borough Council

---

# Audit & Counter Fraud Plan 2017-18

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 2015 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.

The Audit & Counter Fraud Plan is supported by the Charter which sets out the team's purpose, authority and responsibilities, and the team's Strategy which sets out the key objectives for the development of the team.

# 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 financial plans and budgets,
- Review of service plans and service risk registers,
- The results of previous internal audit work (including the results of the follow up process) and other sources of assurance to the council,
- The results of a horizon scanning exercise to identify local and national issues and risks,
- Identification and risk assessment of those activities key to the delivery of the council's priorities and the management of its identified risks,
- Consultation with senior management and the Chair of the Audit Committee to validate this assessment of the council's 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.

Where the work of other assurance providers is known to the Audit & Counter Fraud Team, the team will seek to review and place reliance on that work to avoid duplication of effort and improve assurance coverage. The team will work to develop and formalize its assurance mapping arrangements during the 2017-18 financial year and this may result in amendment to the plan as agreed during the quarterly reviews.

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 2017-18 Audit & Counter Fraud Plan includes an allowance of 20 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, a total of 13.6FTE comprising 1FTE Head of Audit & Counter Fraud, 1FTE Audit & Counter Fraud Manager, 2FTE Audit & Counter Fraud Team Leaders, 8.6FTE Audit & Counter Fraud Officers and 1FTE 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 results of the risk assessment dictates the amount of assurance work required to deliver an opinion on the effectiveness of the overall control environment of the council. This assessment is based on:

- The professional experience of the Head of Audit & Counter Fraud,
- The risk maturity of the council and the effectiveness of its risk management arrangements, and,
- The proportion of items identified through the risk assessment considered to be of high risk.

The total productive resource available for 2017-18 for Medway is 1,021 days; of this 716 days are planned for assurance work for 2017-18 which is considered sufficient to provide assurance over enough of the council's activities identified through the risk assessment, to deliver a robust opinion.

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. 2017-18 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, and each individual item is categorised as priority 1, 2 or 3 to assist in the prioritisation of work.

## 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 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 senior management and the Audit Committee through 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	Priority
1	Finalisation of 2016-17 planned work	Allowance to finalise work from the 2016-17 plan not completed at 31 March 2017.	20	Q1	1
2	Risk Management (Operational)	Review of arrangements to identify and manage operational risks.	15	Q2	1
3	Data Quality	Review of arrangements to ensure the quality of data supporting the council's decisions.	15	Q2	1
4	NNDR Administration & Reliefs	Review of arrangements for the administration of NNDR accounts including the award of reliefs.	15	Q2	1
5	Financial Planning	Review of arrangements to maintain the council's Medium Term Financial Plan.	15	Q2	1
6	Capital Accounting	Review of arrangements to account for the council's capital programme.	15	Q2	1
7	Bank Reconciliation	Review of the council's bank reconciliation arrangements.	15	Q3	1
8	Sundry Debtors	Review of arrangements to administer the council's sundry debtors.	15	Q3	1
9	Housing Benefit	Review of arrangements to ensure the accuracy of claims and changes processed.	15	Q3	1
10	Ethics	Review of arrangements to ensure high ethical standards across the council.	15	Q4	2
11	Constitution Maintenance	Review of arrangements to maintain the council's Constitution.	15	Q4	2
12	Performance Management	Review of arrangements to report on the council's performance management framework.	15	Q4	2
13	Responsive assurance work	Allowance to conduct responsive assurance work unknown at the time of planning including verification of Medway Action for Families Claims.	15	Q1-Q4	3
		<b>Total</b>	<b>200</b>		

# Corporate risks assurance work

## Finances

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
14	Customer Contact Centre - Financial Assessments	Review of arrangements for the contact centre to carry out financial assessments to confirm eligibility for services.	15	Q1	1
15	Shared Services	Review of arrangements to manage the implementation of shared services.	15	Q1	1
16	Off Payroll Engagements	Review of arrangements to review and record the intermediary status of personal service company workers engaged by the authority.	15	Q1	2
17	Final Accounts Preparation	Review of arrangements to produce the council's financial statements in line with best practice and the required deadlines.	15	Q3	3
18	Coroner's Service	Review of arrangements to provide the Coroner's Service for Medway.	15	Q4	2
19	Digital Transformation	Allowance to provide assurance over the council's Digital Transformation Programme.	20	Q1-Q4	1
		<b>Total</b>	<b>95</b>		

## Children's social care

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
20	Special Educational Needs & Disabilities Transport	Review of arrangements to provide home to school transport for children with Special Educational Needs and Disabilities.	15	Q4	2
		<b>Total</b>	<b>15</b>		

## Keeping vulnerable young people safe and on-track

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
21	Children's Services - 16-19 Strategy	Review of arrangements to deliver the council's 16-19 Strategy.	15	Q2	2
22	Attendance Advisory Service to Schools and Academies (AASSA)	Review of arrangements to monitor and manage persistent school absence.	15	Q2	2
23	Youth Justice	Review of arrangements to respond to the government review of the Youth Justice System.	15	Q4	3
		<b>Total</b>	<b>45</b>		

## Adult social care transformation

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
24	Deprivation of Liberty Arrangements	Review of arrangements to ensure the Deprivation of Liberty Safeguards are followed in assessments.	15	Q1	1
25	Safeguarding Adults	Review of corporate arrangements to safeguard vulnerable adults.	15	Q2	1
26	Medway Integrated Community Health Equipment Service	Review of arrangements to deliver the Medway Community Health equipment Service.	15	Q2	2
27	Adult Social Care Programme Management Office	Review of arrangements to deliver the Getting Better Together Strategy through the Programme Management Office.	15	Q4	2
		<b>Total</b>	<b>60</b>		

## Government changes to local authority responsibility for schools

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
28	Schools	Allowance to carry out schools audit work including site reviews and/or thematic review to be based on an assessment of risk	50	Q3-Q4	2

		<b>Total</b>	<b>50</b>		
--	--	--------------	-----------	--	--

### Delivering regeneration

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
29	Common Housing Register	Review of arrangements to process applications and manage the common housing register.	15	Q1	2
30	Environmental Protection	Review of the delivery of the council's Environmental Protection service.	15	Q1	3
31	Parks & Open Spaces	Review of arrangements to manage the council's Parks & Open Spaces (including the agreement with Medway Norse).	15	Q2	3
		<b>Total</b>	<b>45</b>		

### Procurement and savings – capacity & delivery

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
32	Medway Commercial Group - Governance & accounting	Review of the governance and accounting arrangements of the council services delivered through MCG.	15	Q1	1
33	Legal Services	Review of arrangements to ensure the council meets its obligation to provide Legal Services to Gravesham Borough Council under the new shared service.	15	Q3	2
34	Traded services - Health & Wellbeing	Review of the establishment of the Health & Wellbeing traded service.	15	Q4	2
35	Traded services - Staffing Agency	Review of the establishment of Staffing Agency traded service.	15	Q4	2
		<b>Total</b>	<b>60</b>		

### Business continuity & emergency planning

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
36	Business Continuity Planning		15	Q3	1

			<b>Total</b>	<b>15</b>	

## Data & information

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
37	Information Governance (Data protection)	Review of arrangements to ensure the council's records management arrangements are in line with the General Data Protection Regulation.	15	Q3	1
38	Information Requests	Review of the council's arrangements to record and respond to requests for information under the Freedom of Information Act, Subject Access Requests and requests under the Environmental Information Regulations.	15	Q4	2
			<b>Total</b>	<b>30</b>	

## Impact of Welfare Reform

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
39	Nil				
			<b>Total</b>	<b>0</b>	

## Counter fraud work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
	<b>Counter fraud assurance work:</b>				
40	Adult Social Care - Self Directed Support (Direct Payments)	Review of arrangements to carry out and verify financial assessments for direct payments.	15	Q1	2
41	Staff Expense Reimbursement	Review of arrangements to verify staff claims for reimbursement.	15	Q1	2
42	Serious & Organised Crime Risk	Review of the council's arrangements to prevent and detect serious and organised crime based on new guidance from the Home Office & DCLG.	15	Q3	2

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
43	Procurement compliance	Allowance to conduct periodic sample checks of compliance with Public Contracts Regulations 2015 & council Contract Procedure Rules.	15	Q1-Q4	2
	<b>Counter fraud proactive work:</b>				
44	Responsive investigations work	Allowance to carry out investigations into referrals of suspected fraud or malpractice.	165	Q1-Q4	1
45	Liaison with the Department for Work & Pensions Fraud & Error Service (DWP FES)	Allowance to provide the Single Point of Contact (SPOC) role for the DWP FES for their investigation of Housing Benefits administered by the council.	74	Q1-Q4	1
46	Responding to information requests from investigative bodies	Allowance to respond to information requests from the other investigatory bodies.	49	Q1-Q4	1
47	Data matching exercises, including National Fraud Initiative and Kent Intelligence Network	Allowance to carry out data matching exercised to identify fraud and error.	10	Q1-Q4	2
48	Fraud awareness	Allowance to carry out activities to increase awareness among staff to the risk of fraud.	10	Q1-Q4	3
		<b>Total</b>	<b>368</b>		

## Follow up work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
49	Allowance for follow up of agreed recommendations		8	Q1-4	1
		<b>Total</b>	<b>8</b>		

## Consultancy work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
50	Code of Corporate Governance and Review & Statement process	Allowance to support the review of the council's arrangements to meet new best practice.	5	Q1-Q4	3
51	Risk Management Framework	Allowance to support the development of the council's risk management arrangements.	5	Q1-Q4	3

52	Allowance for consultancy services including the provision of advice & information	20	Q1-Q4	3
	<b>Total</b>	<b>30</b>		

## Summary

Ref	Activity	Resources (days)
	Core governance & financial systems assurance work	200
	Corporate risks assurance work (including counter fraud assurance work)	415
	Follow up work	8
	Counter fraud assurance work	308
	Counter fraud proactive and responsive work	60
	Consultancy work	30
	<b>Total</b>	<b>1021</b>

## Cyclical programme of core financial and governance activities

Activity	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
<b>Governance arrangements</b>								
Governance framework		1		1		1		1
IT Governance		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	1
Data quality	1			1			1	
Partnership working			1			1		
Shared services		1			1			1
Project & change management		1			1			1
Ethics	1			1			1	
<b>Financial systems</b>								
General ledger & bank reconciliation	1			1			1	
Treasury management			1			1		
Debtors, write offs & bad debt provision	1			1			1	

Activity	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Creditors, purchase cards & petty cash		1		1		1		1
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			1
Asset management			1			1		
Insurances		1			1			1
Financial statements preparation		1				1		
Budget monitoring		1			1			1
Financial planning	1			1			1	
Capital accounting	1			1			1	
Grant payments			1			1		