

AUDIT COMMITTEE

8 JANUARY 2019

AUDIT & COUNTER FRAUD STRATEGY: REVIEW OF PROGRESS

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Summary

This report provides an update on progress against the Audit & Counter Fraud Strategy 2016-2020 made by the team during 2018-19 to date.

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. The Audit Committee approved the Audit & Counter Fraud Strategy 2016-2020 on 22 March 2016. The Strategy was prepared to set out a clear vision and set of objectives for the development of the Shared Service over its first four years. The Strategy reflects that 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. Review of progress against the Audit & Counter Fraud Strategy 2016-2020

- 3.1. The Strategy sets out three strategic objectives:
 - 3.1.1. Aligned priorities: Ensuring the team's work is focussed on the areas of most importance to the organisation, ensuring the results of our work are balanced, pragmatic and emphasise positive findings alongside areas for improvement, and ensuring our performance measurement arrangements are focussed on those areas most valued by the organisation.

- 3.1.2. Effective staff: Developing the team into a flexible, resilient and multidisciplinary service, providing development opportunities and supporting professional and skills training to ensure staff are motivated and productive.
 - 3.1.3. Positive impact: Building strong, positive working relationships with officers and Members, raising the profile of the service so the team's skills and resources are used to support the organisation in key projects, and producing high quality reports promptly following our work to maximise the positive impact of the work we do.
 - 3.2. A review of this strategy and of action carried out to date against these objectives has been carried out. The Strategy is considered to remain appropriate and there are no changes proposed to the objectives.
 - 3.3. Good progress is considered to have been made in relation to the objectives for aligned priorities and positive impact, with positive feedback from services in relation to individual audit reviews and the profile of the service improving with increased requests for consultancy advice and investigative assistance. The sickness within the service has impacted on staff ability to undertake professional qualification training, meaning the drive for multi-disciplinary working has been affected but in-house training at team meetings has continued throughout the year.
 - 3.4. Members are provided with details of the actions carried out to date along with those planned for the coming year at Appendix 1.

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.* The Audit & Counter Fraud Strategy is intended to ensure that the service continues to develop 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. Recommendation

- 7.1. Members note the progress made by the Audit & Counter Fraud Team towards delivering its strategic objectives during the 2018-19 year to date.

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Appendices

Appendix 1 – Audit & Counter Fraud Strategy: Review of Progress.

Background papers

None