

## **AUDIT COMMITTEE**

**8 JANUARY 2019**

### **REVIEW OF AUDIT & COUNTER FRAUD QUALITY ASSURANCE & IMPROVEMENT PROGRAMME**

Report from/Author: James Larkin, Head of Audit & Counter Fraud Shared Service (Chief Audit Executive)

#### **Summary**

This report presents the results of the review of the Audit & Counter Fraud Quality Assurance & Improvement Programme.

#### **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 Public Sector Internal Audit Standards (Standards) require that: *The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity.* On 09 January 2018, the Audit Committee approved the Quality Assurance & Improvement Programme (QAIP) prepared to meet this requirement.

#### **3. Review of the QAIP**

- 3.1. The QAIP was prepared to reflect both the integration of counter fraud and the shared service with Gravesham Borough Council and was designed to meet the requirements of the Standards and CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards.
- 3.2. The QAIP has been reviewed and is considered to continue to meet these requirements and will therefore continue to be in place for the coming financial year with three minor amendments proposed;
  - 3.2.1. Reference to the Audit & Counter Fraud Manager has been removed from the QAIP as the post has now been deleted.
  - 3.2.2. PM11a has been inserted to provide details of the level of time devoted to the Single Point of Contact (SPOC) duties associated with the requirements to provide benefit information to the Single Fraud Investigation Service. In previous years this time has been recorded under

the pro-active and reactive counter fraud activity at PM11 but as it does not link directly to the counter fraud work the service delivers for the council, it is felt that this should be recorded separately.

3.2.3. PM20 value of fraud losses identified – a third category has been added to reflect prevented losses associated with applications that have been blocked as a result of fraud intervention. As an example, this would relate to Right to Buys that have not been actioned.

3.3. A copy of the QAIP can be found at Appendix 1.

#### **4. Risk management**

4.1. The chief audit executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement. The QAIP is intended to ensure that the service is developed 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 approve the Quality Assurance and Improvement Programme, presented at Appendix 1, for use in 2019/20.

#### **Lead officer contact**

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#### **Appendices**

Appendix 1 – Audit & Counter Fraud Quality Assurance & Improvement Programme.

#### **Background papers**

None.