



## **AUDIT COMMITTEE**

**21 MARCH 2019**

### **AUDIT & COUNTER FRAUD PLAN 2019-20**

Report from: Phil Watts, Chief Finance Officer

Author James Larkin, Head of Audit & Counter Fraud Shared Service

#### **Summary**

This report presents the Audit & Counter Fraud Plan for Medway for 2019-20 for Members approval.

#### **1. Budget and Policy Framework**

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

#### **2. Background**

- 2.1 Public Sector Internal Audit Standards (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. A risk based plan has been prepared for the authority to meet this requirement. Since 1 March 2016 the Council's internal audit activity has been delivered by the Audit & Counter Fraud Shared Service with Gravesham Borough Council.

#### **3. Preparation of the Audit & Counter Fraud Plan**

- 3.1 The plan has been prepared in line with the requirements of the Standards and is based on a risk assessment to ensure the team's resources are directed to the highest areas of risk. This assessment includes:
  - 3.1.1 Review of the Council's priorities as set out in the Council Plan 2016/17-2020/21 (2017-18 update),
  - 3.1.2 Review of the Council's key risks as set out in the Corporate Risk Register,
  - 3.1.3 Review of the Council's financial plans and budgets,
  - 3.1.4 Review of service plans and service risk registers,

- 3.1.5 The results of previous internal audit work (including the results of the follow up process) and other sources of assurance to the council,
  - 3.1.6 The results of a horizon scanning exercise to identify local and national issues and risks,
  - 3.1.7 Identification and risk assessment of those activities key to the delivery of the council's priorities and the management of its identified risks,
- 3.2 This risk assessment is matched to the resources available in the team to produce the plan presented at Appendix 1.

#### **4. Reporting against the Audit & Counter Fraud Plan**

- 4.1. The Audit & Counter Fraud Team report to the Audit Committee four times per year, providing three updates of progress against the annual work plan and an annual report. All reports will provide details of the team's outputs, findings and performance against agreed indicators.
- 4.2. In addition, the Audit & Counter Fraud Plan will be subject to a quarterly review to ensure that it continues to reflect the best use of the available resources. As such, it will be possible to revise the plan to add work on new/emerging risks and issues as they arise

#### **5. Risk management**

- 5.1. 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.

#### **6. Financial implications**

- 6.1. 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.

#### **7. Legal implications**

- 7.1. 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.

## **8. Recommendation**

- 8.1. That the Committee approve the Audit & Counter Fraud Plan for Medway for 2019-20 presented at Appendix 1.

### **Lead officer contact**

James Larkin, Head of Audit & Counter Fraud Shared Service

### **Appendices**

Appendix 1- Audit & Counter Fraud Plan for Medway for 2019-20.

### **Background papers**

None.