

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

Audit & Counter Fraud Plan 2019-20

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,
- Horizon scanning to identify local and national issues and risks,
- The results of previous internal audit work (including follow up work) and other sources of assurance to the council,
- Identification and risk assessment of those activities key to the delivery of the council's priorities and the management of its identified risks, and,
- Consultation with senior management 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.

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. The programme can be found at Appendix A to this Plan, though it should be noted that several amendments have been necessary as part of the 2019-20 planning process; these include:

- The Performance Management Framework and Data Quality activities being combined due to their similarity,
- The cycle for the Partnership Working activity being altered to fall in an alternate year to the Project & Change Management activity, and,

- The cycle for the Risk Management Framework, Compliance & Reporting activity being altered from annually to bi-annual due to the infrequency of changes to procedures in this area and a number of positive assurance reviews having recently been undertaken.

Consequently, the 2019-20 Audit & Counter Fraud Plan includes a total of 185 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 14FTE comprising 1FTE Head of Audit & Counter Fraud, 3FTE Audit & Counter Fraud Team Leaders, 8FTE Audit & Counter Fraud Officers (1FTE currently vacant), 1 FTE Audit & Counter Fraud Intelligence Analyst and 1FTE Audit & Counter Fraud Assistant. All available productive days for these staff are allocated on the plan; resources spent on strategic leadership and management provided by the Head of Audit & Counter Fraud 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 2019-20 for Medway is 1,248 days; of this 684 days will be spent on assurance work which is considered sufficient to provide assurance over enough of the council's activities identified through the risk assessment, for the Head of Audit & Counter Fraud to deliver an opinion on the effectiveness of the overall control environment of the council.

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. 2019-20 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 assurance work focusing on the council's core governance and finance arrangements and corporate / fraud risks, proactive counter fraud work, responsive investigation work and consultancy services as defined in the Audit & Counter Fraud Charter, as well as time to provide the Single Point of Contact (SPOC) role for the DWP Fraud and Error Service for their investigation of Housing Benefits administered by the council. The work planned is presented below, with each individual item categorised as priority 1, 2 or 3 to assist in the prioritisation of work.

Core governance and financial systems assurance work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
1	Staff Performance management framework	Review of arrangements to ensure staff performance is effectively monitored and managed through the PDR process.	15	Q3	3
2	Project & change management	Review of arrangements to manage the councils Digital Transformation programme	20	Q1	2
3	General ledger	Review of arrangements to ensure accurate information is recorded on the General Ledger.	10	Q2	1
4	Treasury management	Review of treasury activities and compliance with the CIPFA Code of Practice & Prudential Code	15	Q2	1
5	Housing Benefit Overpayments	Review of arrangements to recover overpaid housing benefit	15	Q1	1
6	NNDR Recovery	Review of arrangements to recover unpaid NNDR liabilities.	15	Q1	1
7	Asset management	Review of arrangements to manage and account for the council's asset base, including maintaining renewal and replacement programmes where appropriate.	20	Q2	1
8	Grant payments to voluntary organisations	Review of arrangements to award and pay grants to voluntary organisations in line with the CIPFA Governance Guide	15	Q2	2
9	Schools	Allowance to carry out schools audit work including site reviews and/or thematic review to be based on an assessment of risk (four schools).	60	Q3	2
		Total	185		

Corporate risks assurance work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
10	Transparency	Review of arrangements to ensure compliance with the local government transparency code 2015.	15	Q4	2
11	Write offs	Review of arrangements in place to ensure that suitable checks are conducted before a debt is written off.	15	Q3	2
12	Adult social care - Assessments & reviews of care packages - Adults with	Review of arrangements to assess and review adult care packages	15	Q2	1

	Physical Disabilities				
13	Joint Health & Wellbeing Strategy	Review of arrangements to deliver the council's Joint Health & wellbeing strategy 2018-2023	20	Q2	2
14	Public Health - Remote Workers	Review of arrangements to manage costs associated with remote workers	10	Q4	2
15	Looked After Children – Commissioning of Placements	Review of arrangements to commission suitable placements for children in care	15	Q2	1
16	Payroll	Review of arrangements to calculate and pay staff salaries (including allowances & Overtime)	15	Q2	1
17	Temporary Accommodation - Rent Collection and Arrears	Review of arrangements to collect rent for temporary accommodation, including arrears	15	Q4	2
18	Advocacy	Review of arrangements to provide Advocacy services in line with the Care Act 2014	15	Q4	2
19	Community hubs - income collection	Review of the cash handling arrangements at community hubs	20	Q2	2
20	Workforce Development	Review of arrangements to manage the councils training requirements	15	Q1	3
21	Allocations - Managed Moves	Review of arrangements for banding amendments and property allocations via 'managed moves'.	15	Q1	1
22	Trading standards - Enforcement	Review of arrangements to enforce Trading Standards, including record keeping.	15	Q2	1
23	Innovation Centre Medway	Review of arrangements for Tenancy Management including income collection	15	Q4	2
24	Whistleblowing	Review of arrangements for managing whistleblowing reports	15	Q2	3
25	Building Repair & Maintenance Fund	Review of arrangements for managing the councils building repair & maintenance fund.	15	Q3	2
26	Recharges	Review of arrangements to ensure that internal recharges are calculated and actioned appropriately	15	Q1	3
27	Parking Enforcement - Civil Enforcement	Review of arrangements for the collection of fines, appeals, tracing and write off	15	Q4	2

28	SEND education - Education, Health & Care Plan reviews	Review of arrangements for the review of EHC Plans	15	Q3	1
29	Leisure Centre Membership & Income Collection	Review of arrangements to manage membership and income collection at Strood leisure centre	15	Q4	2
30	ICT - frontline support	Review of arrangements to manage workflows through the new Top Desk service	15	Q3	2
31	Special Educational Needs & Disabilities Transport	Review of arrangements to provide home to school transport for children with Special Educational Needs and Disabilities.	15	Q1	2
32	HRA capital repairs & maintenance work allocation	Review of the arrangements for the award of works outside of the Mears contract and approval of invoicing	15	Q4	2
33	Allotments - allocations & income collection	Review of arrangements to allocate allotments and collect income	15	Q1	3
34	Medway Development Company (MDC) - Governance & Accounting	Review of the governance and accounting arrangements for the councils interactions with MDC	15	Q4	1
35	Early Help Service (Inc. MAfF, Family Support Service, Common Assessment Framework)	Allowance for validation of assessments for MHCLG Troubled Families claims.	25	Q1-Q4	1
36	Bus Subsidy Validation	Allowance for validation 2018-19 Grant Fund expenditure.	2	Q2	3
37	Pothole & Flood Fund validation	Allowance for validation 2018-19 Grant Fund expenditure.	2	Q2	3
38	Finalisation of 2018-19 planned work	Allowance to finalise work from the 2018-19 plan not completed at 31 March 2019.	30	Q1	1
39	Responsive assurance work	Allowance to conduct responsive assurance work unknown at the time of planning.	15	Q1-Q4	3
		Total	454		

Follow up work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
40	Follow up of agreed recommendations	Allowance to monitor and report on the implementation of agreed recommendations.	8	Q1-Q4	1
		Total	8		

Consultancy work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
41	Responsive consultancy work	Allowance to conduct responsive consultancy work unknown at the time of planning, as directed by senior management and including the provision of advice & information.	10	Q1-Q4	3
42	Corporate Working Groups and Project Boards	Allowance for attendance of corporate working groups and project boards	10	Q1-Q4	3
		Total	20		

Counter fraud work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
Counter fraud assurance work:					
43	Adoption & Fostering Allowances/Expenses	Fraud focused review of arrangements to verify claims for expenses/allowances associated with Adoption and Foster Care	15	Q2	2
44	Carers Parking Permits	Fraud focused review of the arrangements to manage the application process for Carers Parking Permits.	15	Q3	2
45	Recording of working hours	Fraud focused review of arrangements for the recording and monitoring of working hours for Agency staff	15	Q1	2
Counter fraud activity:					
46	Responsive investigation work	Allowance to carry out investigations into referrals of suspected fraud or malpractice.	278	Q1-Q4	1
47	Proactive investigation work	Allowance to carry out pro-active exercises to identify fraud and error.	54	Q1-Q4	2
48	Data matching exercises (including NFI & KIN)	Allowance to carry out and evaluate data matching exercises to identify fraud and error.	54	Q1-Q4	2
49	Fraud awareness	Allowance to carry out activities to increase awareness among staff to the risk of fraud.	10	Q1-Q4	3

50	Liaison with the DWP	Allowance to provide the Single Point of Contact (SPOC) role for the DWP FES for their investigation of Housing Benefits administered by the council.	84	Q1-Q4	1
51	Responding to information requests	Allowance to respond to information requests from the Police, local authorities and other investigatory bodies under exemptions in the Data Protection Act/General Data Protection Regulations.	56	Q1-Q4	1
		Total	581		

Summary

Ref	Activity	Scope of work	Resources (days)	Timescale
	Core governance & Financial systems assurance work		185	Q1-Q4
	Corporate risks assurance work		454	Q1-Q4
	Follow up work		8	Q1-Q4
	Consultancy work		20	Q1-Q4
	Counter fraud work		581	Q1-Q4
		Total	1248	

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.

Cyclical programme of core financial and governance activities

Activity	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Governance arrangements							
Governance framework		1		1		1	
IT Governance			1			1	
Constitution & policy maintenance			1				1
Corporate & business planning				1			
Risk management framework, compliance & reporting		1		1		1	
Performance management framework, compliance & reporting / Data quality	1		1		1		1
Partnership working			1			1	
Shared services		1			1		
Project & change management	1			1			1
Ethics		1			1		
Financial systems							
General ledger & bank reconciliation	1			1			1
Treasury management	1			1			1
Debtors, write offs & bad debt provision		1			1		
Creditors, purchase cards & petty cash		1		1		1	
Income collection		1		1		1	

Activity	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Housing Benefit & Council Tax reduction	1		1		1		1
Council Tax administration, collection & recovery		1		1		1	
NNDR administration, collection & recovery	1		1		1		1
Payroll establishment, payments & deductions		1		1		1	
Housing rent administration, collection & recovery		1		1		1	
VAT			1			1	
Asset management	1			1			1
Insurances			1			1	
Financial statements preparation			1				1
Budget monitoring			1			1	
Financial planning		1			1		
Capital accounting		1			1		
Grant payments	1			1			
Remote sites financial management - including schools	1	1	1	1	1	1	1