

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

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# Satisfaction Survey 2018-19 Medway Council

## 1 Introduction

- 1.1 The Audit & Counter Fraud Shared Service was established on 1 March 2016 to provide internal audit assurance and consultancy, proactive counter fraud and reactive investigation services to Medway Council & Gravesham Borough Council.
- 1.2 The Public Sector Internal Audit Standards (the Standards) require the service to develop and maintain a Quality Assurance and Improvement Programme (QAIP) that covers all aspects of the internal audit activity; which is designed to enable an evaluation of the internal audit activity's conformance with the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The Standards require the QAIP to include both internal and external assessments.
- 1.3 The QAIP for the Audit & Counter Fraud Shared Service is designed to cover both the delivery of internal audit and counter fraud work wherever appropriate and to drive continuous improvement in the delivery of the service as a whole. Surveys are issued with all final reports to gauge client satisfaction in relation to individual reviews but with the service coming to the end of its third full year of operation, a wider satisfaction survey was issued to all Service Managers, Senior Management and Members of the respective Audit Committees for each council to seek views on their overall satisfaction with the service provided by Audit & Counter Fraud. The option was also given to cascade the invite to supervisors and team leaders where appropriate.

## 2 Executive Summary

- 2.1 The results of the survey indicate that clients are satisfied with the services received from Audit & Counter Fraud, with all 13 respondents saying they were very satisfied or satisfied with the overall service.
- 2.2 The key positives drawn from the survey are that the majority of respondents are happy with the current balance of the type of audit reviews undertaken and also with the balance of the depth of the scope based on the number of days available for each review. The majority also indicated that they are happy with the current format of reports and volume of information they contain. In addition, all respondents stated that they understand the role of the service and know how the team can be contacted.
- 2.3 Areas for improvement have also been identified, the main ones relating to improvements in the accuracy of reporting and practicality of recommendations made and while steps have already been taken to address this, further improvements will be sought. These changes, coupled with improvements in communication with the wider organisation, are also likely to address issues with the perceptions about the service not promoting organisational improvement through its work.

## 3 Survey Results

- 3.1 The survey was designed to focus on six keys areas, which are listed below with a brief explanation behind the views being sought;
  - Awareness of the Audit & Counter Fraud Team – As Audit & Counter Fraud is operated as a shared service, not all officers are on site at Medway every day, though the service aims to maintain a physical presence at all times. As a consequence views were sought to identify whether respondents are aware of how to make contact with and understand the role of the team.

- The Audit & Counter Fraud Annual Workplan – An Audit & Counter Fraud Plan is approved by Members on an annual basis following a comprehensive risk assessment. The questions asked were designed to identify whether respondents feel that they are adequately consulted on the plan.
- Audit & Counter Fraud Services – The services provided by Audit & Counter Fraud can broadly be split into seven categories. The questions asked were designed to identify whether respondents are aware of the types of assistance available and which of these they feel add the most value to the work they do.
- Compliance with the Chartered Institute of Internal Auditors (IIA) Core Principles – The IIA Core Principles articulate internal audit effectiveness and should be present and operating effectively at all times. While the service complies with these principles, views were sought to identify the extent to which those independent of the service agree.
- Audit & Counter Fraud Reports – The service issues reports for all reviews undertaken to outline the findings and, if appropriate, any recommendations. The questions asked were designed to identify whether recipients are happy with the level of information provided in reports and to seek their opinions on the content of any reports they have received.
- Overall Satisfaction with Audit & Counter Fraud – Regardless of any opinions expressed in relation to the team, workplan, services, Core Principles and reports, officers and Members were asked if they are satisfied with the overall level of support and service provided by Audit & Counter Fraud.

3.2 A link to the survey was issued to the council’s wider management (Service Managers, Assistant Directors, Directors and Chief Executive) and Members of the Audit Committee, inviting them to provide their views and opinions; however, the option was also given to cascade the invite to supervisors and team leaders where appropriate.

3.3 There were 13 responses on behalf of Medway and a breakdown of their roles is shown in the table below;

<b>Role</b>	<b>Number of respondents</b>
Chief Executive / Director / Assistant Director / Chief Officer	1
Service Manager	9
Other Manager / Supervisor / Team Leader	1
Elected Member	2
<b>Total</b>	<b>13</b>

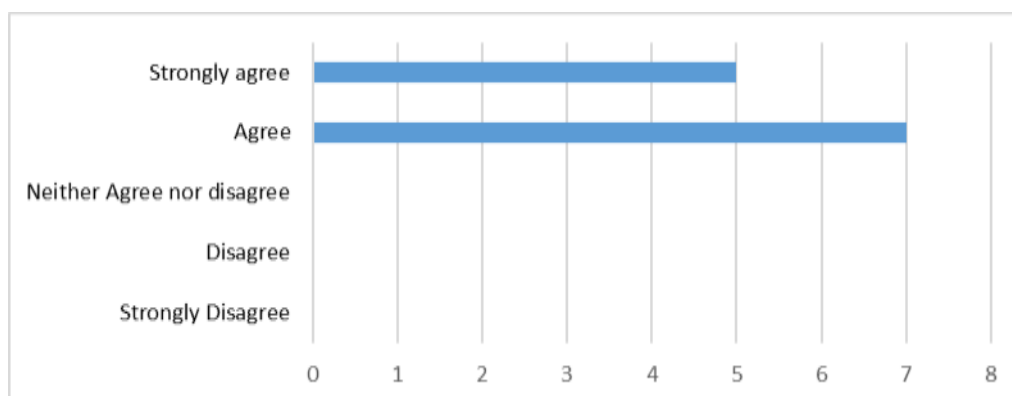
3.4 It should be noted that not all respondents have answered all questions, so the detailed results that follow are not all based upon 13 responses.

#### **Awareness of the Audit & Counter Fraud Service/Team and services provided**

3.5 Several questions were asked aimed at identifying whether respondents are aware of the team and how to make contact, to determine whether further work was necessary to raise the general profile of the service. The responses received were as follows:

Question	Number of respondents	
	Yes	No
Over the last two years have you had contact with or met anyone in the team regarding an audit or counter fraud issue?	13	0
Do you know how to contact the team about an audit or counter fraud issue?	12	0
Do you know where the team are based?	11	2

3.6 Respondents were also asked: How much do you agree that you have a good understanding of the role of the Audit & Counter Fraud Team?



3.7 The results show that all 13 (100%) respondents have had contact with the team, are aware of how to contact them and have a good understanding of the service's role within the organisation. This indicates that the general profile of the service among management within the organisation is good.

### The Audit & Counter Fraud Annual Workplan

3.8 The survey explained that the work of the Audit & Counter Fraud Service is largely driven by the annual workplan and provided a link to a copy of the 2018-19 plan as a point of reference; the following question was then asked;

Question	Number of respondents	
	Yes	No
Do you feel that you are sufficiently involved in the preparation of the team's annual workplan?	13	0

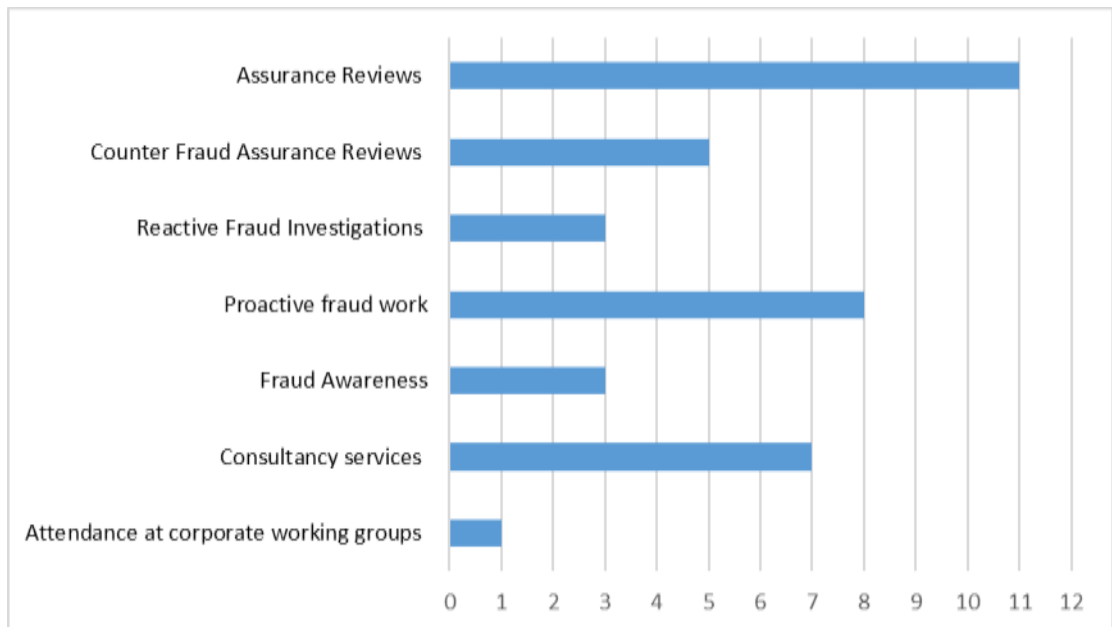
3.9 The responses indicate that all respondents are happy with the level of involvement in the preparation of the annual plan. However, steps are being taken to ensure that all services have greater involvement in the preparation of the 2020-21 plan. Arrangements are currently being made for the Head of Internal Audit & Counter Fraud to attend meetings of all Divisional Management Teams in December 2019 to consult with services on what they consider to be their areas of risk and identify any new issues they face; therefore ensuring that the independent risk assessment undertaken by the Audit & Counter Fraud Service is based upon the most up to date information.

## Audit & Counter Fraud Team Services

3.10 To establish whether respondents are aware of the services provided by Audit & Counter Fraud respondents were asked: *Which, if any, of the following services were you aware that the Audit & Counter Fraud team provides? (Please tick all that apply).*



3.11 Respondents were then asked: *Of the services below, which THREE do you feel add (or have the potential to add) the most value to the work you do? (Please tick up to THREE boxes).*



3.12 The results are largely positive with approximately 92% (12) of the respondents being aware of all the services available from Audit & Counter Fraud and none indicating that they were not aware of any of the services provided.

3.13 Respondents were limited to choosing only three of the services listed when being asked which services added most value to their work. Assurance reviews (11 respondents), consultancy services (seven respondents) and pro-active fraud work (eight respondents) scored highest; while attendance

at corporate working groups (one respondent), reactive fraud investigations (three respondents) and fraud awareness (three respondents) scored lowest. These results suggest that it may be beneficial for Audit & Counter Fraud to provide more information to the wider organisation on the benefits of the other services that can be provided.

3.14 Audit assurance reviews form the largest proportion of the annual workplan and an explanation of the types of assurance reviews was provided; with respondents asked to think about the 2018-19 plan and provide responses to the following statements:

<b>Question: Do you feel the council would benefit from:</b>	<b>Number of respondents</b>
Fewer cyclical audits about our governance and financial system and more risk-based audits of our current priorities and risks	3
I'm happy with the current balance	10
More cyclical audits about our governance and financial systems and fewer risk-based audits of our current priorities and risks	0

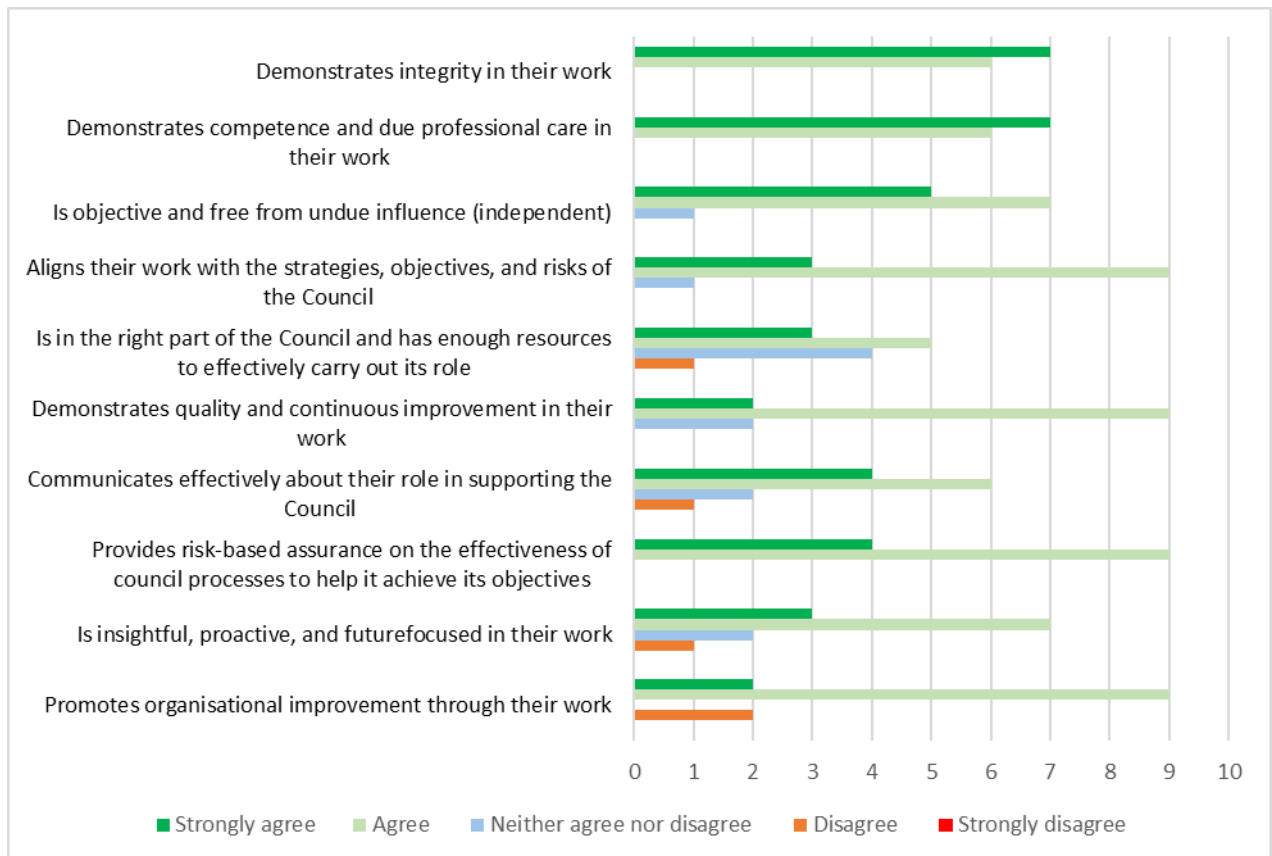
<b>Question: Do you feel the council would benefit from:</b>	<b>Number of respondents</b>
Fewer but more in depth audits with more days available to complete the review	3
I'm happy with the current balance	9
More but less in depth audits with less days available to complete the review; allowing for more areas to be reviewed	1

3.15 The results indicate that the majority are happy with the balance of the types of assurance reviews undertaken and with the time made available for each, which determines the overall volume of reviews on the plan.

3.16 However, a number of respondents do seem to feel that more focus should be on risk based reviews rather than those which are cyclical and occur more frequently and a number of them also indicated that fewer more in depth reviews would be more beneficial.

### **Compliance with the IIA Core Principles**

3.17 The Chartered Institute of Internal Auditors ten core principles were expressed as statements and respondents were asked to confirm to what extent they agree or disagree with each statement.



3.18 All 13 (100%) respondents either strongly agreed, agreed or provided a neutral response for six of the statements but there were statements where respondents disagreed, these being;

- The team is in the right part of the council and has enough resources to effectively carry out its role (one respondent).
- The team communicates effectively about their role in supporting the council (one respondent).
- The team is insightful, proactive, and future-focused in their work (one respondent).
- The team promotes organisational improvement through their work (two respondents).

3.19 It is clear from these responses that the service needs to improve its communication with the wider organisation to explain its role and also take steps to address apparent concerns that it is not proactive and future focused; and not promoting organisational improvement.

3.20 It is hoped that the plans to have greater involvement with services in the preparation of the 2020-21 work plan (as mentioned in paragraph 3.9) will help to address some of these concerns by gaining a greater understanding of the challenges faced by services. This will also be raised at bi-monthly team days, with training given to officers as necessary, as part of a drive for continuous improvement.

### Audit & Counter Fraud Reports

3.21 The views of respondents were sought in relation to the reports issued by the Audit & Counter Fraud Service as part of the assurance review process. Nine respondents confirmed that they had received one of the service's reports in the last two years and were subsequently asked to provide their opinions;

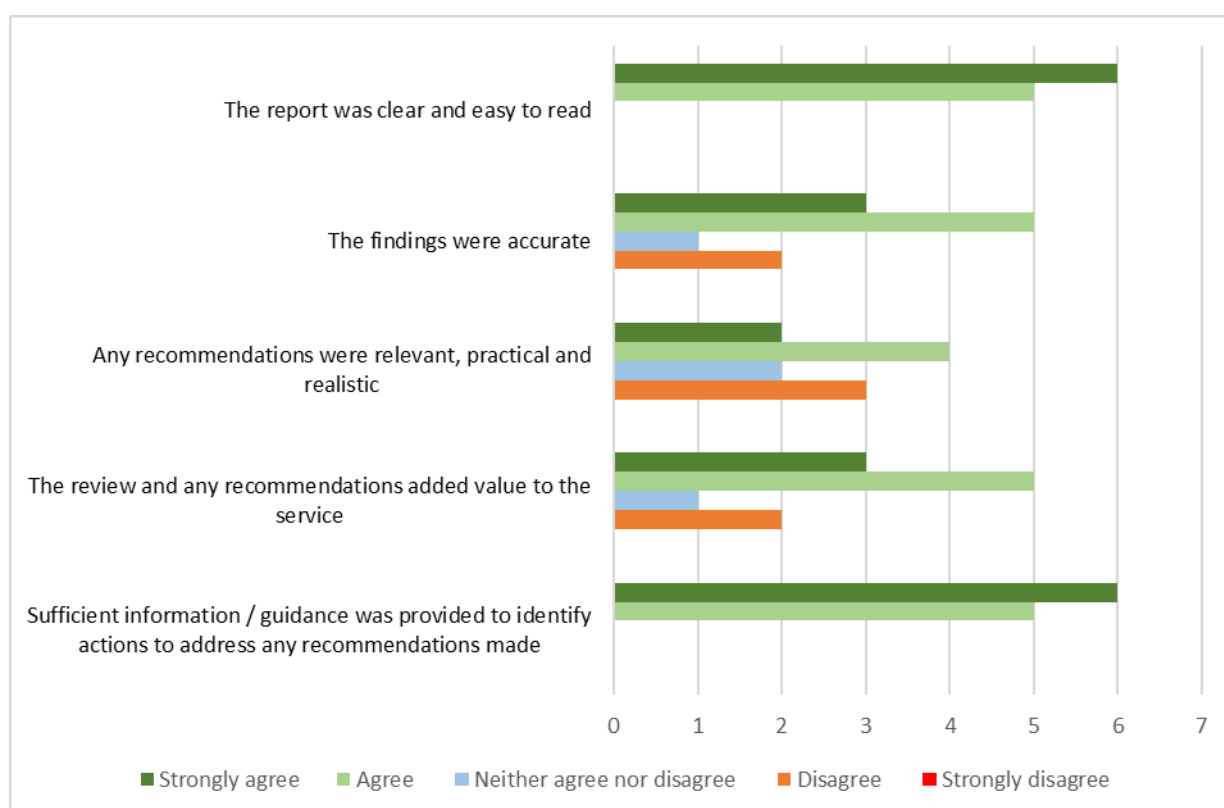
Question: How would you have preferred to receive the findings of your review?	Number of respondents
A full report (Introduction, Executive Summary, Detailed findings and Recommendation Action Plan / Matrix)	9
A summary report (Executive Summary and Recommendation Action Plan / Matrix)	2
Another format	0

Question: Were you satisfied with the level of information provided in the report?	Number of respondents
No, it needed more information	0
Yes, it was about right	11
No, it needed less information	0

3.22 Based on these responses the majority of respondents are comfortable with the current format of reports and level of information provided, so no changes to the report format, in terms of content, are proposed as a result of the survey.

3.23 Respondents were also provided with specific statements about the reports they have received and asked to state how much they agreed or disagreed with each;

Question: Thinking about the report to what extent do you agree or disagree with the following statements;



3.24 Those disagreeing with any statements were asked to tell us what we could do to improve our reports and two such comments were received. These are detailed below, along with responses from the Head of Internal Audit & Counter Fraud (HIACF) on behalf of the service.



**Comment received:** While I appreciate that there is a capacity and time issue for your officers I do think that your team need to obtain a better understanding of the service they are auditing as some of the recommendations are not practical to the work of that team and may have been taken from other reports/issues with services that work very differently.

**HIACF response:** Officers conduct background research as part of the preparation for each audit review but also rely on guidance from officers within the service as they are the people with the knowledge in that particular field. We always aim to ensure that recommendations are relevant and practical and generally wouldn't recommend something from another service unless it was highlighted as best practice.

There are opportunities for discussion during the review process where recommendations can be reviewed and amended as necessary. If it is felt that the recommendation is relevant to a control weakness identified as part of the review, it will form part of our report, but the service can still reject the recommendation if they so choose; on the basis that the level of risk can be tolerated. Any such recommendations and their rejection would be noted within the final report.

**Comment received:** Comments only based on one audit - we had good discussions on a draft report, where there were some inaccuracies and earlier engagement with managers on the way forward may have made the draft a better version. But we got there in the end.

**HIACF response:** Accuracy of reports is something we were already aware of due to feedback on individual audits that have highlighted the issues mentioned above. We have always held draft report meetings to iron out any inaccuracies in reports before they are finalised but have now made our 'wash up' meetings compulsory. These meetings are intended to provide services with an early indication of findings and allow any errors or inaccuracies to be identified before draft reports are issued to a wider circulation, ensuring that any amendments to reports are clerical rather than factual.

**Comment received:** There should be an assessment of the return on investment of the recommendations, along with a DIA (although that might already been done), and a reality check on not setting up service areas to fail by making what on paper might seem a sensible action i.e. communicate changes to policies to all staff when we know that staff in satellite offices and or who rarely attend an office are relying on local management to cascade information down the line. In practice that sounds simple enough, in reality we know that achieving a 100% completion is unrealistic.

**HIACF response:** We always aim to ensure that recommendations provide value for money; for example, we would not recommend an action that costs £5,000 simply to improve control over something that has a financial risk of £100 associated with it.

In response to the specific example given I would like to offer the following as an explanation; The new General Data Protection Regulations and Data Protection Act put far more emphasis on the safeguarding of data; subsequently all members of staff have responsibilities to ensure that data is handled, stored and safeguarded correctly and only shared in appropriate circumstances. The consequences for the council could be quite significant in the event of a serious data breach, so it must take all reasonable steps to mitigate the risk of a breach occurring.

If as part of a review we identified that staff had not been made aware of a policy outlining the expectations of them, we would make a recommendation for that policy to be disseminated. It would be acknowledged that even if that action was taken; reaching 100% of staff could not be guaranteed. However, by disseminating the policy, the recommendation would have been implemented and reasonable steps taken to mitigate the level of risk.

3.25 Two respondents indicated that the findings detailed in a report were inaccurate and this is something that would likely have been identified at the draft report stage. As mentioned in response to the comment above, we have already taken steps to make improvements in this area.

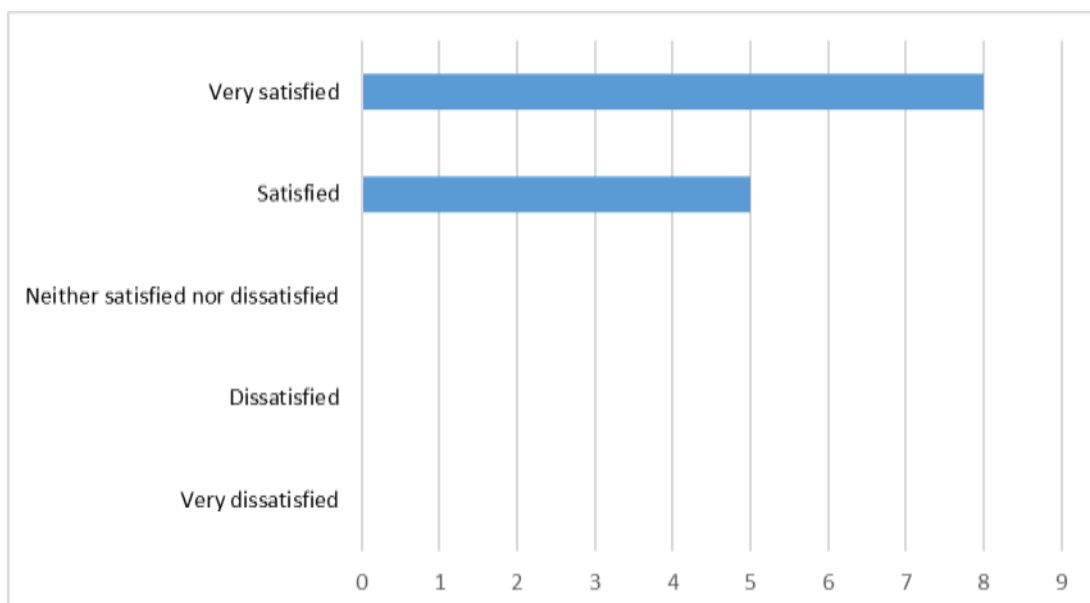
3.26 A number of respondents disagreed with statements relating to recommendations; indicating that they did not feel that;

- Recommendations were relevant practical and realistic (three respondents).
- The review and any recommendations added value to the service (one respondent).
- Sufficient information / guidance was provided to identify actions to address any recommendations made (three respondents)

3.27 As mentioned in response to the specific comments about recommendations, we aim to ensure that all recommendations are practical and add value to a service by suggesting improvements to their control over risks. It is hoped that the steps being taken with regards to compulsory wash up meetings will also identify any issues with recommendations at an earlier stage as a means of improving that element of the service moving forward.

### Overall Satisfaction with Audit & Counter Fraud

Question: Overall how satisfied or dissatisfied are you with support available from the Audit & Counter Fraud Team?



3.28 While a number of issues and areas for improvement have been identified as a result of the responses received, all of the 13 respondents (100%) were either satisfied or very satisfied with the overall service provided by Audit & Counter Fraud.

3.29 As such it is felt that the overall satisfaction with the service is 100% positive, although it is acknowledged that there is still room for improvement.

### Other Feedback

3.30 At the conclusion of the survey respondents were asked: *Is there any other feedback about the Audit & Counter Fraud Team or the work we do that you would like to provide?*

3.31 The comments received are detailed below, along with responses from the Head of Internal Audit & Counter Fraud (HIACF) on behalf of the service.

**Comment received:** I think the service being audited should have more involvement in assessing the risks and have more input in the recommendations. In the past I have been involved in disagreements with auditors who were expressing "opinions" on a service (especially with regard to income generation) without any background knowledge or experience of the service.

**HIACF response:** I am hopeful that the past experience referred to either pre-dates the shared service or occurred during its infancy and would be keen to know more about the specific issue. As part of the preliminary work for any audit, our officers research the area subject to review to gain some background knowledge and also have discussions with the service as part of the process for drawing up the Terms of Reference (TOR), so there is opportunity to be involved in determining the areas of risk to be reviewed. The TOR are then issued to the client for agreement and there is opportunity for further discussion if the service feels it doesn't cover the right areas.

With any audit review, we have to deliver an opinion on the level of control identified during the review and a definition of those opinions is included with every report. We are taking steps to ensure that clients are consulted on the findings of the review through the compulsory wash up meetings, to ensure accuracy and resolve any potential disagreements before they occur. The same applies to recommendations and we are taking steps to ensure that recommendations made are appropriate through discussions with the service, as they are the officers with relevant experience.

**Comment received:** With any shared service there was a concern with transition - I am confident that the system has actually improved with the shared best practice etc. Congratulations to all 14 members of the team!

**HIACF response:** Since the launch of the fully shared service we have taken steps to ensure that there is no drop in service at either council; and this positive comment is appreciated as it is recognition of the effort from officers within the team. I will be passing on all feedback to the team as a whole.

**Comment received:** A&C team members have been supportive in undertaking HR driven investigations, saving both time and money.

**HIACF response:** We have a number of officers who are fully trained investigators and while it may not be necessary to draw on our skills for all disciplinary matters, we are always willing to help if our limited resources allow. It's pleasing to know that our involvement has had a positive impact.