

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

Audit & Counter Fraud Plan 2020-21

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.

The 2020-21 Audit & Counter Fraud Plan includes a total of 220 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 (0.36FTE currently vacant), 1 FTE Audit & Counter Fraud Intelligence Analyst and 1FTE Audit & Counter Fraud Assistant. All available 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 chargeable resource available for 2020-21 for Medway is 1,208 days; of this 655 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. 2020-21 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	Governance framework	Review of the council's corporate governance arrangements.	15	Q1	1
2	Performance data quality	Review of arrangements to ensure the quality of performance data supporting the council's decisions.	15	Q4	1
3	Member standards	Review of the framework to maintain high ethical standards across the council.	15	Q2	1
4	General ledger	Review of arrangements to ensure accurate information is recorded on the general ledger.	15	Q2	1
5	Creditors	Review of arrangements to administer and pay the council's creditors.	15	Q4	1
6	Council tax collection	Review of arrangements to administer, bill and collect council tax.	15	Q2	1
7	Payroll	Review of arrangements to calculate and pay staff salaries (including allowances & overtime).	15	Q3	1
8	Housing rent collection & arrears	Review of arrangements to collect rent and manage arrears, including former tenant arrears.	15	Q1	1
9	Financial planning	Review of arrangements to maintain the council's Medium Term Financial Strategy.	15	Q3	1
10	Capital accounting	Review of arrangements to account for the council's HRA capital programme.	15	Q2	1
11	Schools	Allowance to carry out school audit work including site and/or thematic reviews, to be based on an assessment of risk (four schools).	80	Q3	1
		Total	230		

Corporate risks assurance work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
12	Adult social care - assessments & reviews of financial support	Review of arrangements to conduct initial assessments and regular reviews of adult social care financial support.	15	Q1	1
13	Section 17 - Intentional homelessness	Review of arrangements to manage applications for assistance in respect of children in need where the council does not owe a homelessness duty.	15	Q1	1
14	Commercial property management - Pentagon Centre	Review of arrangements to manage the Pentagon Centre and account for income.	15	Q4	1
15	Cyber security	Review of arrangements to ensure the National Cyber Security Centre (NCSC) 10 steps to cyber security are in place and effective.	15	Q2	1
16	Section 17 - No Recourse to Public Funds	Review of arrangements to manage applications for assistance in respect of children in need where the household has No Recourse to Public Funds (NRPF).	15	Q3	1
17	Child Sexual Exploitation	Review of arrangements to tackle child sexual exploitation	15	Q2	1
18	Market Income	Review of arrangements to collect, bank and account for market income.	15	Q1	1
19	Disabled Facilities Grants	Review of arrangements to administer Disabled Facilities Grants.	15	Q1	1
20	Children's' Independent Safeguarding & Review Service	Review of arrangements to ensure quality assurance over the practice and performance of children's services.	15	Q3	1
21	Income collection - visitor parking permits	Review of arrangements for managing stock, income collection and reconciliation.	15	Q2	1
22	Tenancy enforcement	Review of arrangements to ensure that appropriate action is taken in respect of all tenancy breaches in a timely manner.	15	Q4	2
23	Free school transport	Review of arrangements to monitor and review the provision of free home to school transport, including accounting.	20	Q3	1
24	Parking enforcement	Review of arrangements for the collection of Penalty Charge Notices, including appeals.	15	Q1	2

25	HR - sickness absence reporting & monitoring	Review of arrangements for staff sickness to be reported, recorded and monitored.	15	Q4	2
26	Medway Adult & Community Learning Service - 24+ Advanced Learning Loans & repayment	Review of arrangements to administer and monitor loans and repayments.	15	Q4	1
27	Highways - winter gritting	Review of arrangements to monitor and undertake winter gritting.	15	Q2	2
28	Medway Norse - waste & recycling contract	Review of arrangements to monitor performance and delivery of the waste & recycling contract.	15	Q4	2
29	Cultural venue management	Review of arrangements to manage the council's cultural venues.	15	Q4	1
30	Adult social care - Assessments & reviews of care packages	Review of arrangements to assess and review care packages.	15	Q1	1
31	Information requests	Review of arrangements to record and respond to requests for information under the Freedom of Information Act, Subject Access Requests and requests under the Environmental Information Regulations.	15	Q4	2
32	Public health improvement programmes - NHS health checks	Review of arrangements to monitor and report on the performance of the NHS health check public health improvement programme.	15	Q2	2
33	Calidicott guardian	Review of arrangements to ensure compliance with the Caldicott principles.	15	Q1	2
34	North Kent Marshes Internal Drainage Board	Full review of accounts in accordance with the Annual Governance and Accountability Return.	15	Q1	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	Department for Transport grant validation	Allowance for validation of 2019-20 Department for Transport grant funding allocations.	10	Q2	1

37	Finalisation of 2018-19 planned work	Allowance to finalise work from the 2019-20 plan not completed at 31 March 2019.	20	Q1	1
38	Responsive assurance work	Allowance to conduct responsive assurance work unknown at the time of planning.	20	Q1-Q4	2
		Total	425		

Follow up work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
39	Follow up of agreed recommendations	Allowance to monitor and report on the implementation of agreed recommendations.	15	Q1-Q4	2
		Total	15		

Consultancy work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
40	Attendance at Corporate Working Groups	Allowance for attendance of corporate working groups and project boards.	5	Q1-Q4	3
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.	30	Q1-Q4	3
		Total	35		

Counter fraud work

Ref	Activity	Scope of work	Resources (days)	Timescale	Priority
Proactive counter fraud work:					
42	Adult social care - self directed support (direct payments)	Fraud proofing review of arrangements to carry out and verify financial assessments for direct payments.	15	Q4	2
43	Business parking permits	Fraud proofing review of arrangements to manage the application process for business parking permits.	15	Q3	2
44	Special Guardianship Orders	Fraud proofing review of arrangements to manage Special Guardianship Orders.	15	Q1	2
45	Proactive investigation work	Allowance to carry out pro-active exercises to identify fraud and error.	53	Q1-Q4	2
46	Data matching exercises (including NFI & KIN)	Allowance to carry out and evaluate data matching exercises to identify fraud and error.	53	Q1-Q4	2
47	Fraud awareness	Allowance to carry out activities to increase awareness among staff to the risk of fraud.	10	Q1-Q4	3
Reactive counter fraud work:					
48	Responsive investigation work	Allowance to carry out investigations into referrals of suspected fraud or malpractice.	206	Q1-Q4	1
Other counter fraud work:					
49	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.	82	Q1-Q4	1
50	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.	54	Q1-Q4	1
		Total	503		

Summary

Ref	Activity	Scope of work	Resources (days)	Timescale
	Core governance & financial systems assurance work		230	Q1-Q4
	Corporate risks assurance work		425	Q1-Q4
	Follow up work		15	Q1-Q4
	Consultancy work		35	Q1-Q4
	Counter fraud work		503	Q1-Q4
	Total		1208	

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	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	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		1		1		1	
Data Quality	1			1			1
Partnership working		1			1		
Project & change management			1			1	
Ethics	1			1			
Financial systems							
General ledger & bank reconciliation	1			1			1
Treasury management			1			1	
Debtors, write offs & bad debt provision		1			1		
Creditors, purchase cards & petty cash	1		1		1		
Income collection		1		1		1	

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