

AUDIT COMMITTEE

30 JULY 2020

REVISED AUDIT AND COUNTER FRAUD PLAN 2020-21

Report from:

James Larkin, Head of Audit & Counter Fraud Shared Service (Chief Audit Executive)

Summary

This report presents the Revised Audit and Counter Fraud Plan 2020-21 for Medway for Members' approval.

1. Budget and Policy Framework

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

2. Background

- 2.1 The 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.
- 2.2 A risk based plan was prepared for the authority to meet this requirement and was due to be considered by the Committee in March 2020. However, that meeting had to be cancelled due to the Covid19 pandemic and since then there have been significant changes caused by the impact of the pandemic. This has resulted in the need for a revised plan to be created for the period 1 July 2020 to 31 March 2021.

3. Preparation of the Revised Audit and Counter Fraud Plan

- 3.1 The revised plan has been prepared taking into account any changes to the control environment brought about by emergency decisions during the emergency response, which a representative from Audit and Counter Fraud has been monitoring throughout the response phase as well as taking into account the original risk assessment, which included;

- 3.1.1 Review of the Council's priorities as set out in the Council Plan 2016/17-2020/21,

- 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, and
 - 3.1.8 Consultation with senior management to validate this assessment of the council's risks.
- 3.2 This assessment is matched to the resources available in the team to produce the revised plan presented at Appendix 1.
- 3.3 A list of reviews originally included in the plan for 2020-21 that could not be included in the revised plan due to loss of resource are detailed at Appendix 2, with a brief explanation as to why they were not selected as part of the new assessment

4. Reporting against the Audit and Counter Fraud Plan

- 4.1. The Audit and Counter Fraud Team report to the Audit Committee four times per year, providing three updates on progress against the annual workplan and an annual report. All reports will provide details of the team's outputs, findings and performance against agreed measures.
- 4.2. In addition, the Audit and Counter Fraud Plan will be subject to continual review to ensure that it continues to reflect the best use of the available resources and any changes to control risks brought about by any further response to the pandemic.
- 4.3. Under normal circumstances all revisions to the plan would be brought to the Committee for approval, however the potential for frequent changes is far higher given the current pandemic situation and the Committee are asked to approve an alternative approach whereby the Head of Internal Audit & Counter Fraud may make changes to the agreed workplan following consultation with the Chairman of the Committee. This approach would only be applied in the event that the next meeting of the Committee would be too late for the changes to be approved.

5. Risk management

- 5.1. The Public Sector Internal Audit 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 and

Counter Fraud Plan is intended to ensure that the work of the team is effectively directed and is in line with the organisation's goals. Member approval of the plan ensures the status of the plan is maintained.

6. Financial implications

- 6.1. An adequate and effective Audit and 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 and 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.
- 7.2. Any urgent amendments to the Plan made by the Head of Internal Audit and Counter Fraud would need to be recorded and published in accordance with The Openness of Local Government Bodies Regulations 2014

8. Recommendations

- 8.1. Members approve the revised Audit and Counter Fraud Plan 2020-21 for Medway presented at Appendix 1.
- 8.2. Members agree that the Head of Internal Audit and Counter Fraud be given authority, following consultation with the Chairman of the Committee, to make urgent changes to the Plan where it is not practicable to seek approval from the Committee and that any such amendments to the Plan be reported to the next meeting of the Committee for information.

Lead officer contact

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Appendices

Appendix 1 - Audit & Counter Fraud Plan for 2020-21.
Appendix 2 - Planned Assurance reviews no longer on 2020-21 plan

Background papers

None.