

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

Revised Audit & Counter Fraud Plan 2020-21

Medway Council

I. Introduction

The Audit & Counter Fraud Plan 2020-21 for Medway was originally due to be approved by the Audit Committee on 19 March 2020; however the meeting did not take place and while Members were able to review the papers, no formal approval of the plan could be provided.

Unfortunately both Medway and Gravesham councils initiated their emergency response plans to manage the impacts of the Covid19 pandemic; with the Audit & Counter Fraud Service ceasing 'business as usual' activity after being identified as non-critical and officers from within the service redeployed to other areas of both organisations.

Where possible the redeployed officers have been utilised in areas where work could contribute to alternative forms of assurance or fraud prevention while planned assurance reviews and responsive investigation work was not taking place.

The impact of this situation meant that no planned assurance work took place during Q1 of 2020-21 and consequently a revised plan has been created.

II. Preparation of the Audit & Counter Fraud Plan

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 & Counter Fraud has been monitoring throughout the response phase as well as taking into account the original risk assessment, which included;

- 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.

III. Resourcing

The Audit & Counter Fraud Plan will be delivered using the in-house resources within the Shared Service, a total of 14FTE comprising of 1FTE Head of Internal Audit & Counter Fraud, 3FTE Audit & Counter Fraud Team Leaders, 7.64FTE Audit & Counter Fraud Officers (0.36FTE currently vacant), 1FTE Audit & Counter Fraud Intelligence Analyst and 1FTE Audit & Counter Fraud Assistant. All available chargeable 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 total chargeable resource originally available for 2020-21 for Medway was 1,208 days. The impact of the shutdown has resulted in this available resource being reduced to 866 days for the period 01 July 2020 to 31 March 2021; of which approximately 560 days will be spent on assurance work. In order to ensure good coverage across the organisation and make the best use of the reduced resource available, a number of shorter reviews are proposed in areas that are reviewed frequently and have received

positive outcomes in the past. The idea behind this is to provide assurance that the controls are still working effectively and allow resource to be used elsewhere.

This has enabled a large proportion of the reviews originally proposed to 2020-21 to remain on the revised plan and the 560 days for assurance work are considered sufficient to provide assurance over enough of the council's activities for the Head of Audit & Counter Fraud to deliver an opinion on the effectiveness of the overall control environment of 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 remainder of 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. (Light touch review to conduct testing and ensure controls remain effective) | 5 | Q2 | 1 |
| 2 | Purchase Cards | Review of arrangements to monitor and make payments in respect of purchase cards. (Light touch review to conduct testing and ensure controls remain effective in light of potential increased use) | 5 | Q2 | 1 |
| 3 | Purchase Ledger | Review of arrangements to pay creditors (Light touch review to conduct testing and ensure controls remain effective) | 5 | Q2 | 1 |
| 4 | Housing rent collection & arrears | Review of arrangements to collect rent and manage arrears, including former tenant arrears. (Light touch review to conduct testing and ensure controls remain effective) | 5 | Q2 | 1 |
| 5 | General ledger | Review of arrangements to ensure accurate information is recorded on the general ledger. | 15 | Q2 | 1 |
| 6 | Capital accounting | Review of arrangements to account for the council's HRA capital programme. | 15 | Q2 | 1 |
| 7 | Council tax collection | Review of arrangements to administer, bill and collect council tax. | 15 | Q3 | 1 |
| 8 | Payroll | Review of arrangements to calculate and pay staff salaries (including allowances & overtime). | 15 | Q3 | 1 |
| 9 | Financial planning | Review of arrangements to maintain the council's Medium Term Financial Strategy. | 15 | Q3 | 1 |
| 10 | Schools | Allowance to carry out school audit work including site and/or thematic reviews, to be based on an assessment of risk (two schools). | 40 | Q3 | 1 |
| | | Total | 135 | | |

Corporate risks assurance work

| Ref | Activity | Scope of work | Resources (days) | Timescale | Priority |
|-----|--|---|------------------|-----------|----------|
| 11 | Adult social care - Assessments & reviews of care packages | Review of arrangements to assess and review care packages. | 10 | Q2 | 1 |
| 12 | 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 |
| 13 | Highways - winter gritting | Review of arrangements to monitor and undertake winter gritting. | 15 | Q2 | 2 |
| 14 | Fostering- Virtual Panels | Review of arrangements to manage decision making through virtual panels | 15 | Q2 | 1 |
| 15 | Tree Service | Review of arrangements to manage Tree Preservation Orders (TPO's) | 15 | Q2 | 1 |
| 16 | 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 | Q2 | 1 |
| 17 | Caldicott guardian | Review of arrangements to ensure compliance with the Caldicott principles. | 10 | Q3 | 2 |
| 18 | Disabled Facilities Grants | Review of arrangements to administer Disabled Facilities Grants. | 15 | Q3 | 1 |
| 19 | 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 |
| 20 | Free school transport | Review of arrangements to monitor and review the provision of free home to school transport, including accounting. | 20 | Q3 | 1 |
| 21 | Children's' Independent Safeguarding & Review Service | Review of arrangements to ensure quality assurance over the practice and performance of children's services. | 15 | Q4 | 1 |
| 22 | Child Sexual Exploitation | Review of arrangements to tackle child sexual exploitation | 15 | Q4 | 1 |

| | | | | | |
|----|---|--|----|-------|---|
| 23 | Income collection - visitor parking permits | Review of arrangements for managing stock, income collection and reconciliation. | 15 | Q4 | 1 |
| 24 | Commercial property management - Pentagon Centre | Review of arrangements to manage the Pentagon Centre and account for income. | 15 | Q4 | 1 |
| 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 | Medway Norse - waste & recycling contract | Review of arrangements to monitor performance and delivery of the waste & recycling contract. | 15 | Q4 | 2 |
| 28 | 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 |
| 29 | 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 | Q4 | 1 |
| 30 | 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 |
| 31 | Cultural venue management | Review of arrangements to manage the council's cultural venues. | 15 | Q4 | 1 |
| 32 | Building Compliance | Allowance to provide independent assurance that buildings are Covid compliant ahead of re-opening. | 15 | Q2-Q3 | 1 |
| 33 | Department for Transport grant validation | Allowance for validation of 2019-20 Department for Transport grant funding allocations. | 10 | Q2-Q4 | 1 |

| | | | | | |
|----|---|---|------------|-------|---|
| 34 | Early Help Service (Inc. MAfF, Family Support Service, Common Assessment Framework) | Allowance for validation of assessments for MHCLG Troubled Families claims. | 20 | Q2-Q4 | 1 |
| 35 | Responsive assurance work | Allowance to conduct responsive assurance work unknown at the time of planning. | 25 | Q2-Q4 | 2 |
| | | Total | 380 | | |

Follow up work

| Ref | Activity | Scope of work | Resources (days) | Timescale | Priority |
|-----|-------------------------------------|--|------------------|-----------|----------|
| 36 | Follow up of agreed recommendations | Allowance to monitor and report on the implementation of agreed recommendations. | 15 | Q2-Q4 | 2 |
| | | Total | 15 | | |

Consultancy work

| Ref | Activity | Scope of work | Resources (days) | Timescale | Priority |
|-----|--|--|------------------|-----------|----------|
| 37 | Attendance at Corporate Working Groups | Allowance for attendance of corporate working groups and project boards. | 5 | Q2-Q4 | 3 |
| | | Total | 5 | | |

Counter fraud work

| Ref | Activity | Scope of work | Resources (days) | Timescale | Priority |
|--------------------------------------|---|---|------------------|-----------|----------|
| Proactive counter fraud work: | | | | | |
| 38 | 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 |
| 39 | Business parking permits | Fraud proofing review of arrangements to manage the application process for business parking permits. | 15 | Q3 | 2 |
| 40 | Special Guardianship Orders | Fraud proofing review of arrangements to manage Special Guardianship Orders. | 15 | Q2 | 2 |
| 41 | Proactive investigation work | Allowance to carry out pro-active exercises to identify fraud and error. | 34 | Q2-Q4 | 2 |
| 42 | Data matching exercises (including NFI & KIN) | Allowance to carry out and evaluate data matching exercises to identify fraud and error. | 34 | Q2-Q4 | 2 |
| Reactive counter fraud work: | | | | | |
| 43 | Responsive investigation work | Allowance to carry out investigations into referrals of suspected fraud or malpractice. | 115 | Q2-Q4 | 1 |
| Other counter fraud work: | | | | | |
| 44 | 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. | 62 | Q2-Q4 | 1 |
| 45 | 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. | 41 | Q2-Q4 | 1 |
| Total | | | 331 | | |

Summary

| Ref | Activity | Scope of work | Resources (days) | Timescale |
|-----|--|---------------|------------------|-----------|
| | Core governance & financial systems assurance work | | 135 | Q2-Q4 |
| | Corporate risks assurance work | | 380 | Q2-Q4 |
| | Follow up work | | 15 | Q2-Q4 |
| | Consultancy work | | 5 | Q2-Q4 |
| | Counter fraud work | | 331 | Q2-Q4 |
| | | Total | 866 | |

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 must remain responsive to the needs of the council, especially in light of potential further impacts created by Covid19, and will keep the planned work and priorities under review so that new emerging risks arising during the year can be addressed as necessary. The Plan will be reviewed and presented to senior management and the Audit Committee alongside the quarterly update reports to ensure any amendments to the plan are properly approved; however, due to the nature of the current situation, some changes may require urgent approval.

The Audit 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 Chair 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.

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 | | | | 1 |
| Risk management framework, compliance & reporting | 1 | | 1 | | 1 | | 1 |
| Performance management framework, compliance & reporting | | 1 | | 1 | | 1 | |
| Data Quality | | 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 | | 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 | | 1 |
| NNDR administration, collection & recovery | | 1 | | 1 | | 1 | |
| Payroll establishment, payments & deductions | 1 | | 1 | | 1 | | 1 |
| Housing rent administration, collection & recovery | 1 | | 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 | | | 1 |
| Capital accounting | 1 | | | 1 | | | 1 |
| Grant payments | | | 1 | | | 1 | |
| Remote sites financial management - including schools | 1 | 1 | 1 | 1 | 1 | 1 | 1 |