

AUDIT COMMITTEE

5 JANUARY 2021

REVIEW OF AUDIT & COUNTER FRAUD QUALITY ASSURANCE & IMPROVEMENT PROGRAMME

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(Chief Audit Executive)

Summary

This report presents a review of the Quality Assurance and Improvement Programme.

1. Budget and policy framework
 - 1.1. Council delegates responsibility for the oversight and monitoring of internal audit and counter fraud to the Audit Committee.
2. Background
 - 2.1. The Public Sector Internal Audit Standards (Standards) require that: The Chief Audit Executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. On 30 July 2020, the Audit Committee approved the Quality Assurance & Improvement Programme (QAIP) prepared to meet this requirement.
3. Review of the Quality Assurance & Improvement Programme (QAIP)
 - 3.1. The QAIP was prepared to reflect both the integration of counter fraud and the shared service with Gravesham Borough Council and was designed to meet the requirements of the Standards and CIPFA's Local Government Application Note to the Public Sector Internal Audit Standards.
 - 3.2. The QAIP has been reviewed and is considered to continue to meet these requirements and will therefore continue to be in place for the coming financial year, subject to the following proposed amendments.
 - 3.3. The target for performance measure PM9 has been reduced from 90% to 85%.

3.4. Analysis of performance against this measure has been undertaken and identified that performance is consistently around 85%-86%, indicating that around 15% of time is required to carry out other council duties and therefore continuing with a target of 90% chargeable time is unrealistic. The target of 85% reflects the true situation and allows managers to ensure performance does not drop below this level.

3.5. A copy of the QAIP with the proposed amendment shown as tracked change can be found at Appendix 1.

4. Risk management

4.1. The Public Sector Internal Audit Standards require that: The Chief Audit Executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity. A Quality Assurance & Improvement Programme (QAIP) has been prepared to meet this requirement. The QAIP is intended to ensure that the service is developed in line with the aspirations of those charged with governance at Medway Council and Gravesham Borough Council.

5. Financial implications

5.1. 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.

6. Legal implications

6.1. The Accounts & 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 to deliver internal audit services through the Shared Service to both authorities.

7. Recommendation

7.1. The Committee is requested to approve the amended Quality Assurance and Improvement Programme, as set out at Appendix 1 to the report.

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Appendices

Appendix 1 - Audit & Counter Fraud Quality Assurance & Improvement Programme
for 2021-22

Background papers

None