

AUDIT COMMITTEE

18 MARCH 2021

REVIEW OF AUDIT AND COUNTER FRAUD QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

Report from: James Larkin, Head of Audit & Counter Fraud Shared Service
(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. Members will be aware that the annual review of the QAIP took place in December 2020 and was presented to the Committee in January 2021. Only one change was proposed and this was to reduce the target for performance measure PM9, which records the amount of time spent on planned audit & counter fraud work, expressing it as a percentage figure, from 90% to 80%. This was subsequently approved by the Committee.
 - 3.2. It has already been brought to the attention of the Committee that this measure does not reflect time spent on other duties a council employee, which was the reason for changing the description from 'productive time' to chargeable time. Since the meeting in January, some further issues have highlighted that this is more for management information to monitor

performance of individuals rather than as a true reflection of the performance of the service, which is more relevant to measures PM13 to PM15.

- 3.3. The ongoing restrictions and enforced home working have also placed greater importance on staff wellbeing, particularly mental health, and both Gravesham and Medway have been encouraging activity to combat isolation and poor mental health. Officers from within the service have expressed concerns over their ability to take part in some of these initiatives due to impact it could have on their 'chargeable time', which is in contradiction to what the councils are hoping to achieve.
- 3.4. Staff will continue to record how their time is spent and this will be monitored by managers for performance purposes but setting a specific target for chargeable time is now considered to be counterproductive as the potential impacts of losing staff to sickness have a far greater impact on the service's ability to achieve its key targets.
- 3.5. Members will continue to receive the outturn against this measure and will also be furnished with details of the amount of time spent on audit and counter fraud activity, as well as the number of days on specific reviews, in the update reports provided.
- 3.6. 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