

GOVERNANCE COMMITTEE**28th JUNE 2016****REPORT OF HEAD OF WELLAND INTERNAL AUDIT CONSORTIUM****FRAUD LOG AND UPDATE 2015/16****1.0 PURPOSE OF REPORT**

- 1.1 As part of the Council's Counter Fraud Strategy, the Head of the Internal Audit Consortium maintains a record of any suspected non-benefit fraudulent activity committed or attempted against the Council, as reported by officers. This report provides an update on any suspected non-benefit frauds reported to Internal Audit during 2015/16 and also includes details of work undertaken during the year to further develop the Council's counter fraud controls.
- 1.2 The Council recognises that it faces specific challenges in ensuring the financial integrity of the Benefits System. It has therefore adopted a detailed Benefit Fraud Security Strategy for the Benefits Service, which is complementary to the corporate Counter Fraud Strategy. The Council's Benefits Investigation Officer carries out both reactive and proactive investigations of suspected benefit fraud. The Internal Audit Consortium is the agency usually charged with the investigation of any other category of suspected fraud or financial misconduct. As such, this report relates only to non-benefit related fraud.

2.0 RECOMMENDATIONS

- 2.1 **That Members note the report.**

3.0 REPORTED SUSPICIONS OF FRAUD

- 3.1 During 2015/16, Internal Audit received notification of two cases of suspected non-benefit fraud attempted against the Council. Details of each case were obtained and updates from officers were requested to provide assurance over appropriate actions taken to address control weaknesses.
- 3.2 Table 1 in Appendix A to this report provides a summary of the two cases reported to Internal Audit. Neither of these presented a financial cost to the authority and Internal Audit is satisfied that appropriate action has been taken by the Council in response to all reported incidents.
- 3.3 At the time of reporting, a fact finding investigation is being conducted by the Head of Internal Audit following a whistle-blowing disclosure regarding a potential fraud. This is being delivered in accordance with the Council's whistle-blowing policy and fraud response plan. Whilst the investigation is ongoing it is vital that all details remain confidential but the Governance Committee will be kept fully informed on outcomes on conclusion of the review as appropriate in the regular Internal Audit progress reports.

4.0 COUNTER FRAUD WORK

- 4.1 During 2015/16, Internal Audit supported the Council's Monitoring Officer in delivering a session for staff on ethical policies including gifts and hospitality and declarations of interest. These also emphasised the connection with whistle-blowing and reporting of fraud.
- 4.2 The Audit Plan for 2016/17 includes a review of the Council's Money Laundering arrangements and the provision of training to high risk staff.

4.3 The Head of Internal Audit for the Welland Internal Audit Consortium also manages the LGSS Counter Fraud Service which provides fraud investigations and pro-active counter fraud services to local authorities in Cambridgeshire, Northamptonshire and Norwich. As such, it is possible for the Head of Internal Audit to share intelligence with Melton Borough Council on trends, emerging risks and latest scams – such alerts are shared with relevant officers of the Council as they arise. Articles have also been written for the Council's staff newsletter to raise their awareness of potential frauds and what employees need to do to prevent, detect and report fraud.

5.0 **POLICY AND CORPORATE IMPLICATIONS**

5.1 There are no policy or corporate implications arising directly from this report.

6.0 **FINANCIAL AND OTHER RESOURCE IMPLICATIONS**

6.1 There are no financial or other resource implications arising directly from this report.

7.0 **LEGAL IMPLICATIONS/POWERS**

7.1 There are no legal implications arising directly from this report

8.0 **COMMUNITY SAFETY**

8.1 There are no community safety implications arising directly from this report.

9.0 **EQUALITIES**

9.1 There are no equalities implications arising directly from this report.

10.0 **RISKS**

10.1 The Council must ensure that a robust framework of internal control is in place to prevent, detect and recover monies from any attempted frauds to manage the risk of financial loss and reputational damage. Any emerging fraud risks should be suitably managed and any weaknesses highlighted by reported frauds should be suitably addressed.

11.0 **CLIMATE CHANGE**

11.1 There are no climate change implications arising directly from this report.

12.0 **CONSULTATION**

12.1 N/A

13.0 **WARDS AFFECTED**

13.1 All wards are indirectly affected by the report.

Contact Officer Rachel Ashley-Caunt

Date: 28th June 2016

Appendices : A – Fraud log

Background Papers: N/A

Reference : N/A