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Audit and Standards

14 December 2020

Report of: Head of Internal Audit

Counter Fraud Update Report

Corporate Priority:	All
Relevant Ward Member(s):	N/A
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No

1 Summary

- 1.1 To provide Members with a six monthly update on counter fraud activity.

RECOMMENDATION(S)

That Committee:

1. Notes the report.

2 Reason for Recommendations

- 2.1 To ensure the Committee has an oversight of the Council's counter fraud activity.

3 Background

- 3.1 The Council has a zero tolerance to fraud and corruption which is communicated and enforced through its policies and procedures. In order to actively promote this culture and ensure controls are robust as possible, the Head of Internal Audit and the Director for Corporate Services review fraud risks and assess against good practice on a regular basis. Opportunities are also sought to engage with staff and maintain awareness of key policies and expectations.
- 3.2 This report is intended to provide an update on counter fraud activity during the last six months.
- 3.3 At the end of each financial year, the fraud log is presented to the Audit and Standards Committee which summarises any investigations during the year. This log is maintained by the Head of Internal Audit.

4 Main Considerations

- 4.1 During the last six months, pro-active counter fraud activity at the Council has included the following:
- a) An all staff briefing by the Head of Internal Audit and Monitoring Officer on 9th September 2020. This covered an update on ethical governance policies, fraud trends and whistleblowing;
 - b) Update of the Fraud Response Plan to align with latest best practice and to review strengthening of processes in light of any lessons learnt from investigations conducted in the last year;
 - c) Promotion of Fraud Awareness Week in November 2020 via the Council's intranet. This included a requirement for all staff to complete the updated online training module by the end of December 2020 and promoted the newly updated Fraud Response Plan;
 - d) Quarterly review of the fraud risk register and highlighting of potential areas for coverage in the 2021/22 audit plan;
 - e) Support from the LGSS Counter Fraud service in conducting post payment assurance checks on grants paid to local businesses during the Covid-19 pandemic. This has included conducting checks via the Cabinet Office's National Fraud Initiative tools and advising on alerts and intelligence gathered from work at other LGSS clients. Internal Audit have been notified of one grant that was identified as fraudulent and have advised on reporting this to the relevant bodies;
 - f) An additional item in the staff newsletter in October 2020 regarding specific fraud trends highlighted during the pandemic and risks to be alert to, both in the workplace and to share with vulnerable family members or friends outside of the workplace; and
 - g) Producing a new page on the Council's external website to provide advice and guidance on where to report different types of fraud and promoting the new 'Report Fraud' mailbox. This should signpost members of public to the most appropriate body for reporting any concerns of fraud or corruption, including a clear line of reporting for any allegations of fraud against the Council, including housing related fraud, to the Head of Internal Audit.

4.2 Also during this period, the Head of Internal Audit has been notified of fact finding investigation work in relation to one case where an allegation had been made against a member of staff. This will be reflected in the Fraud Log at year end, with the formal outcome. Under the revised Fraud Response Plan, any draft reports on fraud related allegations must be shared with the Head of Internal Audit for review before issuing and this should enable consistent oversight of any such cases, even where Internal Audit has not been actively engaged in the investigation.

5 Options Considered

5.1 Not applicable.

6 Consultation

6.1 Not applicable.

7 Next Steps – Implementation and Communication

7.1 Internal Audit will continue to work with the Council to build upon its counter fraud work to date and to continue to review and manage fraud risks.

8 Financial Implications

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

Financial Implications reviewed by: Director for Corporate Services

9 Legal and Governance Implications

The risk of fraud and corruption is present in any organisation, and it is important that the organisation is clear about the level of this risk, and that a range of actions are put in place to reduce this risk to a tolerable level. This report outlines these issues and how the organisation, supported by Internal Audit, can ensure the continued development of a counter-fraud environment.

Legal Implications reviewed by: Monitoring Officer – 03.12.20

10 Equality and Safeguarding Implications

10.1 There are no equalities or safeguarding implications arising directly from this report.

11 Community Safety Implications

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

12 Environmental and Climate Change Implications

12.1 There are no environmental or climate change implications arising directly from this report.

13 Other Implications (where significant)

13.1 There are no other implications arising directly from this report.

14 Background Papers

14.1 Not applicable.

15 Appendices

15.1 None

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