

AUDIT COMMITTEE: 02 April 2019

INTERNAL AUDIT INVESTIGATION TEAM PROGRESS REPORT 2018/19

REPORT OF THE AUDIT MANAGER

AGENDA ITEM: 11.2

Reason for this Report

1. The Audit Committee's Terms of Reference requires Members to:
 - Review the assessment of fraud risks and potential harm to the council from fraud and corruption.
 - Monitor the Counter-fraud strategy, actions and resources.
2. This report has been prepared to provide Audit Committee with an update on the work of the Audit Section's Investigation Team, as at the 15th March 2019.
3. It also informs Audit Committee on the development of a draft Counter-Fraud and Corruption Strategy.

Background

4. The Audit Manager prepares quarterly progress reports, outlining the work undertaken by the Investigation's Team, its key outputs and outcomes.
5. Progress reports focus on the proactive and reactive investigation activities underway, including participation in initiatives, such as National Fraud Initiative (NFI) data matching exercises. Information is also provided on the officer training delivered by the team.
6. This report also includes information on the draft Counter-Fraud and Corruption Strategy, which is being developed to set out the strategic aim improve understanding of fraud risk, and to prevent and detect fraud more effectively across the organisation and its activities.

Issues

Progress Update

7. The progress report can be found at Appendix A, and highlights the resource demands a large-scale Police investigation has had on the team's ability to conduct other investigations for much of the reporting period.
8. The employee investigations within Waste have been concluded, however there will still be resource implications for the Investigation Team, albeit greatly reduced, as individuals proceed through the Council's Disciplinary process.

9. Completed investigations have continued to reduce compared to last year, whilst there are 53 current investigations ongoing.
10. Referrals received are higher than last year, the team continues to risk assess and prioritise cases to ensure that investigations are undertaken as necessary.
11. The value of concluded reactive investigations exceeds £73,000; additionally the team continues to process National Fraud Initiative, Council Tax exercise matches. During 2018/19, 2,323 matches were processed, resulting in 539 overpayments classified as fraud or error, totalling £286,000.
12. Despite resource pressures, mandatory Investigating Officer training has continued to be delivered and well received, including a bespoke session for Senior Managers within Social Services. The number of delegates allowed on each session has been increased, resulting in two less training sessions this year with an overall attendance comparable with 2017/18.

Counter-Fraud and Corruption Strategy Development

13. A draft Counter-Fraud and Corruption Strategy is in development, and is designed to support a fraud reporting culture, strong fraud awareness, assurance, and ownership within directorates and teams.
14. The Strategy will sit above the current range of core policies and documents which support one or more of its Counter-Fraud objectives as follows:
 - 'Acknowledge' and understand fraud risks
 - 'Prevent' and detect more fraud
 - 'Pursue' and punish fraudsters
15. Over the coming week's discussions and reviews will take place with the Senior Management Team and the portfolio Cabinet Member to agree a final draft document.
16. The draft Strategy will be circulated to Members of the Audit Committee within the next few weeks, who will have an opportunity to comment and submit questions, which will be addressed in the Audit Committee Meeting of 25 June 2019 through an agenda item on the draft Strategy.

Legal Implications

17. There are no legal implications arising from this report.

Financial Implications

18. There are no financial implications arising from this report.

RECOMMENDATIONS

19. That the Committee:

- Notes the content of the progress report
- Notes the current development of the draft Counter-Fraud Strategy

CHRIS PYKE
AUDIT MANAGER
02 April 2019

The following is attached:

Appendix A: Investigation Team - Progress Report March 2019