

AUDIT COMMITTEE: 8 September 2020

COUNTER-FRAUD ANNUAL REPORT 2019/20

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 6.1

Reason for this Report

1. The Audit Committee's Terms of Reference requires that Members:
 - monitor the Counter-fraud strategy, actions and resources;
 - review the assessment of fraud risks and potential harm to the Council from fraud and corruption.
2. This report has been prepared to provide Audit Committee Members with an overview of the counter-fraud activities and outcomes over the past twelve months.

Background

3. The Council has a responsibility to protect the public purse through proper administration and control of the public funds and assets to which it has been entrusted. This report has evolved from previous annual reports, which have focused on the work of the corporate Investigation Team, to providing a Council-wide appraisal of the Counter-Fraud issues, developments and outcomes in accordance with the Council's Counter Fraud and Corruption Strategy, which was approved by Cabinet on July 2019.
4. In preparing this report following the financial year-end, it is recognised that there is an increased risk of fraud, as criminals seek to take advantage of the opportunities presented by the COVID-19 crisis. Directorates have been provided with information and guidance to remain vigilant from internal audit and counter-fraud colleagues to uphold an effective control environment, particularly where services have been adapted or redesigned.
5. The Annual Report is written, at a time when Audit Wales was concluding its latest national study of counter-fraud arrangements in place within Local Authorities, NHS bodies and certain central government bodies. The Audit Committee will consider an overview of the report, from Audit Wales in September 2020, and the Council's management response as part of agenda item 5.2.
6. The Audit Manager prepares investigation team / counter-fraud progress reports for the Audit Committee on a regular basis. Counter-fraud activities, initiatives risks and issues are discussed with the Corporate Director Resources (Section 151 Officer) and the portfolio Cabinet Member, Councillor Chris Weaver.

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7. The Annual Report (Appendix A) sets out the counter-fraud development, campaigns, resources, work and collaboration over the financial year 2019/20. Following the launch of the Council's Counter-Fraud and Corruption Strategy in July 2019, a Council-wide training, awareness and engagement campaign commenced in order to embed key messages. Details of this work are provided within Section 2 of the report.
8. There has been an investment in the counter-fraud resource during 2019/20, with the appointment of an investigator post within the Investigation Team at the end of quarter two, aligned to delivering the Counter-Fraud and Corruption Strategy. Section 3 of the report provides details of the resources available for counter-fraud purposes, which includes having capacity to investigate cases of employee misconduct through the provision of a pool of Investigating Officers who are provided with professional internal training and support.
9. The counter-fraud work and collaboration activities during the year are documented within section 4 of the report. National Fraud Initiative (NFI) data matching analytics have continued to be utilised during the year, and the team have benefited from use of professional networks for shared intelligence and insight.
10. Within section 5 of the report, the impact of the counter-fraud work is outlined, and a comparison of activity and outcomes against prior years is provided for Audit Committee information.
11. The approach to fraud measurement and assurance is outlined within Section 6 of the report, built upon assessments against best practice government models, participation in CIPFA fraud and corruption tracking exercises, and corporate arrangements for assurance statements and risk assessments. The report contains a number of appended assessments, a review of the position against the action plan set in the previous annual report, and a counter-fraud action plan for 2020/21.

Legal Implications

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

Financial Implications

13. The report sets out the counter-fraud activities and performance for 2019/20 and the ambitions for 2020/21. These outcomes can be contained within the overall budget allocation for Internal Audit.

RECOMMENDATIONS

14. That the Committee notes and considers the content of the report.

Christopher Lee
Corporate Director Resources

The following is attached:

Appendix A: Counter-Fraud Annual Report 2019/20