
GOVERNANCE & AUDIT COMMITTEE: 28 September 2021

COUNTER-FRAUD ANNUAL REPORT 2020/21

REPORT OF THE CORPORATE DIRECTOR RESOURCES

AGENDA ITEM: 5.1

Reason for this Report

1. The Governance and 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 Governance and Audit Committee Members with an overview of the counter-fraud activities and outcomes during 2020/21.

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.
4. This report provides a Council-wide appraisal of the Counter-Fraud issues, developments and outcomes in accordance with the Council's Counter Fraud and Corruption Strategy. Focus has been given to maintaining a combination of effective preventative and detective controls, and participating in a breadth of counter-fraud networks, forums, initiatives and activities, in order to continue to effectively tackle fraud.
5. The Audit Manager prepares investigation team / counter-fraud progress reports for the Governance and 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.

Issues

6. The Annual Report (Appendix A) sets out the counter-fraud development, campaigns, resources, work and collaboration over the financial year 2020/21.
7. There have been a number of developments and campaigns this year, designed to develop and maintain a strong counter-fraud culture across the organisation. These activities have centered on the publication and promotion of the Counter-Fraud and Corruption Strategy, which was approved by Cabinet in July 2019. Details of this work

are provided within Section 2 of the report, including information on training and awareness campaigns, the approach taken with the Senior Management Team for measurement and assurance on fraud and corruption, the approach applied for COVID-19 counter-fraud risk management, and details on policy development and review.

8. Section 3 of the report provides details of the resources available for counter-fraud purposes within the Corporate Investigation Team supplemented by a wider resource. This wider resource includes the provision of a pool of Investigating Officers who are provided with professional internal training and support to investigate cases of employee misconduct, coordinated working with directorates to investigate National Fraud Initiative (NFI) matches, the use of a third party claims handler to verify the legitimacy of insurance cases, and the use of a third party for the proactive scheme to target Blue Badge abuse. A comparison is provided of the planned and actual use of time by the Corporate Investigation Team for which notable variances related to cases of employee misconduct and business grants for which details are provided within the report.
9. The counter-fraud work and collaboration activities during the year are documented within section 4 of the report. It is reported that in addition to the completion of corporate counter fraud awareness and risk assessment exercises, and investigation work of a 'business as usual' nature, targeted support and guidance has been given by the Corporate Investigation and Internal Audit Teams in respect of counter-fraud arrangements in the administration of Welsh Government COVID-19 funding to individuals and businesses. This work was followed by post payment verification processes, for further counter-fraud assurances. National Fraud Initiative (NFI) data matching analytics have continued to be utilised during the year, and the Corporate Investigation 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 Governance and 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 a CIPFA fraud and corruption tracking exercise, 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 2021/22.

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 2020/21 and the ambitions for 2021/22. 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 2020/21