

Wiltshire Council

Audit and Governance Committee

23 November 2022

Subject: Fraud Risk update report

Executive Summary

This report provides an update for the Audit and Governance Committee on Fraud Risk.

Proposal(s)

To note the update on Fraud Risk.

Reason for Proposal(s)

The Audit and Governance Committee have responsibility for the oversight of risk mitigation and more specifically fraud risk mitigation. As part of the governance and assurance controls an Anti-Fraud, Bribery and Corruption Policy is approved by the committee and it is best practice for the committee to receive updates on any activity associated with this policy and updates on fraud risk.

Andy Brown
Corporate Director of Resources and Deputy Chief Executive (S.151 Officer)

Wiltshire Council

Audit and Governance Committee

23 November 2022

Subject: Fraud Risk update report

Purpose of Report

1. This report provides an update for the Audit and Governance Committee on Fraud Risk.

Relevance to the Council's Business Plan

2. Providing updates on areas of risk and specific fraud risk following the approval of the Anti-Fraud, Bribery and Corruption policy is best practice and supports a good governance framework that evidences a strong financial control environment to help protect the public purse.
3. The policies and reporting are reflective of the Council's aims within its business plan to be open and transparent and ensure that all are working together. They are also consistent with the Council's aim for prevention and early intervention which would equally apply with internal arrangements.

Background

4. The committee approved a new Anti-Fraud, Bribery and Corruption Policy at its meeting on 27 April 2022. This policy set out the council's commitment and approach to tackling fraud, bribery and corruption, responsibilities for reporting any suspicions and the importance of tackling fraud.
5. A vital part of tackling fraud is understanding the risk of fraud and which service areas face greater risk of fraud attempts as well as ensuring officers in those services are aware of the risk and controls and mitigations.
6. As part of the services provided to us by SWAP, our internal auditors provide support on the detection and prevention of fraud from their specialist Counter Fraud team. As part of this support a Baseline Fraud Risk assessment was undertaken in 2021 to assess the general underlying risk of fraud and the maturity of fraud risk mitigation within the council.
7. There are six themed areas of consideration for the review which are Resource Management, Fraud Risk Management, Policy Related, Committee Related, Culture and Awareness and Reporting, Investigating and Monitoring. Each area also has specific requirements that set out the detailed action expected to be in place. There are 27 of these specific requirements and each requirement is given an assessment based on RAG assessment, with Red rated as mitigations and controls either not in place or not operating

effectively, Amber rated as mitigations and controls partially in place and Green with mitigations and controls in place and working effectively rating.

8. Officer representatives from services that are deemed at higher risk of fraud attempts were involved in this assessment exercise and controls that are in place for the council and mitigations to reduce the risk of fraud and to protect the public purse were set out.
9. A follow up review has recently taken place to review the position of the council and assess progress made since the assessment performed in 2021.

Main Considerations for the Council

10. The follow up review findings are included in Appendix A. Progress can be seen with the 27 requirements originally rated as 2 red, 18 amber and 7 green now with a movement of 4 of the amber assessed requirements moving to a green rating.
11. Fraud risk mitigation is an important aspect of the control environment for the council and work continues implementing actions to address the areas not rated green, although it should be noted that individual recommended requirements set out by SWAP in isolation do not increase the likelihood of any fraud attempt.
12. An action plan is in place focusing on areas for improvement, and this action plan covers all requirements assessed as amber and red. The review highlights that 2 requirements rated as red remain which are associated with the corporate risk register not including fraud related risks and the absence of a mechanism for capturing and reporting progress of investigations. These specific areas are deemed to be of lower impact on the overall fraud risk mitigations, so activity has been focused on other areas of the requirements. Officers who are responsible for service areas at higher risk of fraud attempts are more aware through the engagement on the work associated with the baseline risk assessment and the initial awareness training that has been carried out and having an Anti-Fraud, Bribery and Corruption Policy supports the council's no tolerance position.
13. The action plan can be seen in Appendix B with actions set out to address all requirements, with clear owners and timescales for implementation.

Overview and Scrutiny Engagement

14. Anti-Fraud, Bribery and Corruption activity and reporting is the responsibility of the Audit and Governance Committee there has been no engagement with the Overview and Scrutiny Committee.

Safeguarding Implications

15. There are no safeguarding implications associated with this report.

Public Health Implications

16. There are no public health implications associated with this report.

Procurement Implications

17. There are no procurement implications associated with this report.

Equalities Impact of the Proposal

18. The Anti-Fraud, Bribery and Corruption policy is designed to give workers, members and the public assurance that they have an avenue where they can raise any issues associated with any alleged attempts of fraud, bribery or corruption and where they have serious concerns the policy will be applied equally to all and therefore the policy is consistent with the council's public sector equalities duties.

Environmental and Climate Change Considerations

19. There are no environmental and climate change considerations arising from this report.

Risks that may arise if the proposed decision and related work is not taken

20. This update on fraud risk report does not require any formal decision. By not providing updates, the committee will not have assurance and will not be aware of the fraud risk exposure for the council and action taking place to address any weaknesses or gaps.

Risks that may arise if the proposed decision is taken and actions that will be taken to manage these risks

21. This update on fraud risk report does not require any formal decision. By providing this update, the committee will gain assurance and will be aware of the fraud risk exposure for the council and action taking place to address weaknesses and gaps in mitigations.

Financial Implications

22. The Anti-Fraud, Bribery and Corruption policy and reporting on specific fraud controls and mitigations in place supports the financial control environment by clearly setting out the council's approach to the prevention, detection and reporting of all forms of financial irregularity and helps protect the public purse.

Legal Implications

23. There are no legal implications associated with this report. Examples of relevant legislation is included in the Fraud Act 2006, the Bribery Act 2010, the Theft Act 1968, the Forgery and Counterfeiting Act 1981, the Criminal Finance Act 2017 and the Proceeds of Crime Act 2002.

Workforce Implications

24. There are no direct workforce implications associated with this report. The policy sets out the framework for staff and ensures that there is a safe, reliable, and confidential way of staff reporting any suspicious activity.

Options Considered

25. It is best practice for the council to have an approved Anti-Fraud, Bribery and Corruption policy with update reporting associated with this policy

Conclusions

26. It is recommended that Audit and Governance Committee note this update report.

Andy Brown

Corporate Director of Resources and Deputy Chief Executive (S.151 Officer)

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10/11/2022

Appendices

Appendix A – Baseline Assessment of Maturity in relation to Fraud – October 2022 – Follow-up report with Appendix 1 & 2
Appendix B – Fraud Risk action plan

Background Papers

Anti-Fraud, Bribery and Corruption Policy